Finnish EdTech Report 2022

Helsinki Education Hub

Helsinki

Summary
Finnish EdTech Report

This report is conducted by **Edtech Finland** for the **Helsinki Education Hub**.

The report provides an **overview of the Finnish EdTech industry,** especially small companies, **highlighting the Helsinki region**. The majority of the Edtech companies are located in the region, however, the Helsinki Education Hub offers services nationally and internationally. The industry has grown in recent years both in Finland and internationally. In Finland, co-operation between the private and public sectors has been close and innovative, strengthening the industry and the dialogue between actors.

We hope that the report will provide an opportunity for reflection, help to outline the challenges and encourage the search for workable solutions, and for setting goals for future growth!

- **Edtech Finland** (Oppimisteknologia ry) is a national association strengthening the conditions of doing business in learning and education technology. In 2022 the association has 60 companies as members. Consultants responsible for the report are
    - Heini Karppinen (heini@edtechfinland.com)
    - Anna Dementyeva (dementyeva.anna@gmail.com)

- **Helsinki Education Hub** is a project by the Economic Development Unit of The City of Helsinki. This report is contributed by Helsinki Education Hub's team:
    - Mia-Stiina Heikkala (Mia-Stiina.Heikkala@hel.fi)
    - Anna Rantapero-Laine (Anna.Rantapuro-Laine@hel.fi)
    - Ville Bengs (Ville.Bengs@hel.fi)

- Photos in this report from Helsinki Education Hub, Helsinki Partners and xEdu (Elissa Jokela, Atte Mäkinen, Helmi Korhonen)

Helsinki | **Helsinki Education Hub**

Forewords   from
Helsinki Education Hub

This report is a continuum for previous annual Finnish EdTech industry surveys commissioned by the City of Helsinki.

A natural service provider for EdTech survey is EdTech Finland - one of the key players in promoting the development of the EdTech industry. Through this report, Helsinki Education Hub aims to provide crucial and transparent information of the Finnish EdTech industry, and to support a strongly evolving EdTech association and other EdTech stakeholders. The primary target of Helsinki Education Hub is to support the development of EdTech startups business and create new business opportunities. Further, through this report, Helsinki Education Hub strives to have an impact on early- stage business development from ideation to market entry. Therefore, this report publicly shares essential key figures and findings, and can be used for analysing and communicating the important information.

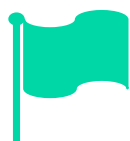**Mia-Stiina Heikkala, Project Lead, Helsinki Education Hub**

Helsinki Education Hub

A typical Finnish EdTech company

280 EdTech Companies
Total Turnover 176 MEUR

Team size
7 people (average)
3 people (median)

Revenue
EUR 631 000 (average)
EUR 65 000 (median)

Founded
2012 (average)
2015 (median)

Growth
21 % per annum

Based on our listing and Trade Register data (n=280)

Business model
- B2B 69 %

Top 3 customer segment
1. K-12 55 %
2. Higher Education 40 %
3. Early Childhood Education 36 %

Top 3 solution category
1. Digital Learning Environments
2. Educational games
3. Learning Content Resources

Break-even
- after 8-10 years

Based on the company survey 2022 (n=42)

Markets of interest
1. Nordic & Baltic
2. Europe
3. English-speaking countries

The Finnish EdTech ecosystem

Strengths
+ Finnish education brand
+ Peer support and knowledge-sharing
+ Quality of pedagogy

Challenges
- Lack of funding
- Access to customers
- Internationalization

Helsinki Education Hub

Summary
Finnish EdTech Industry

This report summarises industry insights and strategies by examining **Trade Register** data and responses to a **Survey** sent to EdTech companies in February 2022.

The **company listing** we used is regularly updated and it is the best one available, however, it is not exact how to define an EdTech company. The EdTech Finland association accepts companies as members if they conduct business related to and choose to identify themselves with the Education Technology.

The sector provides Digital Learning Environments, Educational games, Management Systems for Education and Learning Content Resources and much more. The companies often develop new innovative services and solutions for the international market. Founding a startup company in a small country like Finland often means to have a "born global" mindset.

Globally, the **EdTech sector** has seen strong growth and development in the past years. This growth is driven by focusing in pedagogical quality, digitalisation and individualisation in education sector, accelerated also by the Covid19 and an increasing global awareness and competition. **Education** is one of the world's single largest industries, making up more than 6% of GDP (HolonIQ). With the population growth rate there is also a great need to deliver better education to the global population.

EdTech entrepreneurs in Finland seem to be connected with a strong feeling of doing something that is meaningful, building something innovative as well as willingness to support each other. A global vision for better quality education, also one of the 17 UN SDG goals, encourages and gives hope to social impact business sector to build solutions for better future. The education sector is one of the focus areas for Impact investors seeking to generate financial returns while also creating a positive social or environmental impact.

Helsinki **Helsinki Education Hub**

"EdTech is the study and practice for facilitating learning and improving performance by creating, using and managing appropriate technological processes and resources."

**International Society
For Educational Technology, 2017**

Summary
Finnish EdTech Industry

Finding the right business model is the most important task for any new company. If it is not found, the company needs to end business - and many startups do. For the Finnish EdTech companies the paying customer is most often an organisation (EdTech survey 2022).

- B2B 69%: a public or private education provider, a corporation, education company
- B2C 38%: consumers, individual learners, families
- B2G 24%: a government organisation

In 2020, the sector's **turnover** amounted to EUR 176 000 000 which is over 20% annual growth from 2019. The sector **employed** approximately 2060 (+12%) full-time personnel in 280 companies. In the survey the companies estimated their **exports** to have been 25% of sales in 2021 and are expected to increase to be 36% of sales in 2022.

Most of the companies in the sector are small. When a company is in the startup phase the traditional business metrics are not very useful. In the first years a company's strategic focus is typically to build the product with a small team or with a network of partners, acquiring and keeping the first users or customers and finding the business model. EdTech investors are committed to several years of partnership accepting the company making loss until the break-even point (the generated profits match the total costs) is achieved.

Most EdTech companies will only see **growth after 5 to 10 years of commitment**. It requires experience to build a pedagogically impactful, user-friendly product and a sustainable business model in a fragmented international market. The EdTech ecosystem includes an association, an incubator, an accelerator, business programs, events and advisory services aiming to strengthen the industry, each focusing in a particular business phase or topic. They also continuously need to work on their services and compete to be considered useful by the EdTech companies.

Helsinki **Helsinki Education Hub**

It requires even 10 years of experience to build a pedagogically impactful, user-friendly product and a sustainable business model in a fragmented international market.

Finnish EdTech Report 2022

Finnish EdTech categories 2022

Educational games (12)

TypingMaster · cesim Practice Makes Profit · Fun Academy · MiTale Games Where Stories Come First · seppo · GraphoGame · world of Insights · happia · LORU games · VR4 HEALTHCARE · MusicUs · REALGAME

Language Learning (11)

linguajoy · MOOMIN LANGUAGE SCHOOL · WordDive · MOKA MERA · fun Chinese Easy and Interactive Learning · Language Clubhouse · HOKEMA · sanako · elias · PROMENTOR SOLUTIONS · REACTORED

Learning Content Resources (10)

PPI · NORDIC REBELS · OTAVA · Scandinavian Design School · EDU KUSTANNUS · moov kids www.moovkids.com · sanoma pro · Studeo · New Nordic School · EDITA

Management Systems (10)

TUUDO · solenovo · Lesson App · TINY APP · CLANED · Howspace · INNODUEL Digital Co-Creation Tool · annie ADVISOR · panda · frank

STEAM & Coding (10)

eduten · KiDE SCIENCE · DRAGONBOX Koulu · CODE SCHOOL FINLAND · Ai2Ai · 10 MONKEYS · sumo.app · SkillGrower · FourFerries

Digital Learning Environments (9)

mediamaisteri · Music FairyTales · funzi · thinglink · finpeda Innovations in education · OVO roBots · rec IT · 360 MEDIAHOUSE™ · 3J-AUTOMAATIO OY

ICT Maintenance and Support Services (8)

BITVILLE · Dikaios · FREEED · VALAMIS · MOBIROX · opinsys · MeKiwi · Nolwenture

Socio-Emotional Skills (6)

MIGHTIFIER · positive · ROUNDIES SEL Curriculum · FLYFTA EXPLORE | CONNECT | LEARN · SCHOOL DAY · BEESH

XR, Voice & Chat tools (5)

VISUON · 3D BEAR · DAWN VIRTUAL VD · Leadoo MT · grib

Assessment & Verification (3)

kindiedays Early Learning Matters · QRiDi · eximia

Learning & Curriculum Analytics (2)

EDUAMBIENCE · Headai

EdTech Impact evaluation (1)

Education Alliance Finland

The purpose of this listing is to illustrate the Finnish EdTech categories, example solutions and companies. The listed companies are either members of Edtech Finland association or answered an industry survey in 2021 or 2022. Some publishers and big ICT companies have been added if they are know to work in EdTech. This is not a complete listing of Finnish EdTech companies. Please suggest missing ones to be added.

Helsinki · Helsinki Education Hub · edtech FINLAND

Three Parts of this Report

Part I - Leading the Growth in EdTech
- Link to the new city strategy
- EdTech is booming - a look at industry reports
- Building a common vision for the edtech industry

Part II - The Finnish EdTech industry in 2022
- Overview of the Finnish edtech companies
- Ways to support business growth

Part III - For the Investor
- Overview of the steadily growing EdTech sector
- The largest investments in the Finnish edtech field
- Important considerations for investors

This report provides new insights to decision-makers

- **Companies**
- **Investors**
- **Public organisations**
- **International Partners**

Helsinki Education Hub

8

Contents

Part I - Leading the Growth in EdTech
1. Education in Finland
2. Linking EdTech to the strategies
   a. New Helsinki city strategy
   b. National Digital Education
   c. EU Digital Education Action Plan
   d. UN SDGs Quality Education
3. A look at international reports
   a. Global EdTech Insights
   b. European EdTech Insights
4. Challenges of EdTech in Europe
5. Helsinki, The Learning Capital of the World, and the EdTech Ecosystem

The objective: *to provide insights on EdTech industry for decision makers, the role of EdTech in global Education, present the European EdTech space, and to discuss how Helsinki can support the local ecosystem, especially the startups.*

Part II - The Finnish EdTech industry in 2022
1. Data sources of this report
2. Defining EdTech industry
3. Overview of the Finnish EdTech company listing and key figures
4. The EdTech company survey results
   a. customer segments
   b. money raised
   c. business model
   d. strategy and goals
   e. thoughts on the local ecosystem
   f. markets of interest, export
   g. strengths and weaknesses
5. Ways to support companies to grow
6. Peer-advice from companies in different business stages

The objective*: to provide an overview to the Finnish EdTech sector, companies, growth and support needed.*

Part III - For the Investor
1. Investment interest toward EdTech steadily growing
2. A look into the largest investments in the Finnish edtech field
3. Impact Investing
4. Specifics of investing in Finnish EdTech

The objective*: a look into the EdTech investment space in Finland, to increase funding opportunities for the Finnish EdTech companies.*

Leading the Growth in EdTech

- **Linking EdTech to**
  - The City of Helsinki and National strategies
  - The EU Digital Education Action Plan
  - UN SDGs
- **A look at international reports**
  - Global EdTech Insights
  - European EdTech Insights
- **Strengths of Helsinki in strengthening the EdTech Ecosystem**

Helsinki Education Hub

Helsinki

Finland wants to provide all citizens with equal learning opportunities

The Finnish National Education System

- One of the basic principles is that **all people must have equal access** to high-quality education and training irrespective of their ethnic origin, age, wealth or where they live.
- Most education is **publicly funded** and the aim is to strengthen social cohesion and equity.
- Detailed information on the Finnish National Agency for Education website and downloadable materials.

Lifelong and lifewide learning

- Lifelong learning has become **increasingly important as society is changing** and evolving.
- **Lifelong guidance** is provided by information, guidance and counselling services in education, employment and the youth sector.
- The Ministry of Education and Culture and the Ministry of Economic Affairs and Employment have appointed a new National Lifelong Guidance Forum 2020–2023 to:
  1. prepare a proposal for a lifelong guidance strategy and implementation
  2. support the implementation of the Government Programme.

Source: links mentioned above

Helsinki Helsinki Education Hub

The Finnish education system consists of

- **early childhood education and care**
- **pre-primary education**
- **basic education**
- **general upper secondary education**
- **vocational education**
- **higher education**
- **adult education**

+ **Lifelong Guidance**

"Helsinki is the most equitable and effective place to learn."

One of Helsinki's priorities for the council term and coming decade.

Helsinki city new strategy highlights for Education

Helsinki city is the largest Finnish education provider. Here are some takeaways from the **The Helsinki City Strategy for 2021–2025**.

The most equitable and effective place to learn
- Applications to early childhood education and basic education will be **digitalised.**
- **Analytics** will be developed and utilised in the planning and implementation of these kinds of municipal services.
- Teaching and learning **environments** will utilise and develop technical solutions

Data and digitalisation help run a smart city
- Helsinki is managed by using the **best possible expertise** and allocating skills to where they are needed most.
- Compatible **good quality data and analytics** anticipate our customer needs, make our activities have more impact, and streamline our operations.
- With a better **understanding of our customers**, we can enhance services that are understood to bring the most benefit.
- Helsinki actively **cooperates** with **universities and businesses** in research and innovation projects.

"The guiding principle of the City Strategy is that Helsinki is a place of growth."

The Helsinki City Strategy

Helsinki **Helsinki Education Hub**

Helsinki City new strategy highlights for Economic development

The priorities of the City of Helsinki's industrial policy are based on **The Helsinki City Strategy for 2021–2025.**

The competitiveness of companies is supported by high-quality business and innovation environments
- Developing business and university campuses
- Developing testbed and innovation environments for companies
- Developing new solutions and markets opportunities by carrying out innovative procurements

Entrepreneurship and businesses in Helsinki will grow, develop and become more versatile
- Business advisory services, trainings and events are offered for entrepreneurs and companies

Businesses solving global challenges are developed in Helsinki
- The City arranges incubator programmes in various fields of industries for supporting new innovations and businesses
- Innovation challenges and innovative procurements support the development of new solutions

Public Private partnership
- Helsinki Education Hub is an example of tight collaboration of two large units in the City of Helsinki: Economic Development Unit and Education Division.
- The City of Helsinki puts efforts on promising and prominent industries.
- Helsinki Education Hub is a unique model for Public Private partnership

"Helsinki aims to become the leading innovation environment and startup centre in Europe."

The Helsinki City Strategy

Helsinki | Helsinki Education Hub   Source: Helsinki city

"The main objective of the program is to promote equality in digitalisation, and key actions related to supporting the implementation of curricula and degree criteria."

Digitalisation of Education program,
Finnish National Agency for Education

The learner's interest guides the national development

The **Finnish National Agency for Education** and **The Ministry of Education and Culture** run a program advancing the **digitalisation of education**.

- Finland has succeeded well in many matters related to digitalisation.
  - Education information systems developed on a long-term basis.
  - The nationwide services provide a good basis for promoting digitalisation.

- The digitalisation of education affects all municipalities and schools.
  - Due to decentralized responsibilities, the field of education is fragmented in terms of digitalisation.
  - The challenge is to support every municipality and school to solve the same problems in smart ways and to learn from each other.

- The program seeks a common direction for the digitalisation of education.
  - Close cooperation between different parties: national actors, education providers, teachers, students, the growth community and developers.
  - The goal is the same: to act in the best interests of the learner.

Source: Finnish National Agency for Education, translated from Finnish

Helsinki **Helsinki Education Hub**

"For our part, we help education providers improve the compatibility of systems and services supporting learning. The goal is a situation where the learning experience is smooth."

The Finnish National Agency for Education

"The pandemic has accelerated an existing trend towards online and hybrid learning. This shift has uncovered new and innovative ways for students and educators to organise their teaching and learning activities and to interact in a more personal and flexible manner online."

The EU Digital Education Action Plan (2021-2027)

The EU Digital Education Action Plan to offer a long-term strategic vision

The Digital Education Action Plan (2021-2027) **is a renewed European Union (EU) policy initiative. It puts forward the following actions**

- **Priority 1:** Fostering the development of a high-performing **digital education ecosystem**

- **Priority 2:** Enhancing **digital skills and competences** for the digital transformation

To support both priority areas, the Commission is establishing **a Digital Education Hub** strengthening **cooperation and exchange** in digital education at the EU level.

Source: EU

"To support the sustainable and effective adaptation of the education and training systems of EU Member States to the digital age."

The EU Digital Education Action Plan

| Helsinki | **Helsinki Education Hub**

"Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all"

Goal #4 Quality Education, United Nations Sustainable Development Goals

Helsinki Helsinki Education Hub

Delivering Quality Education for all

Education has always been an integral part of The Sustainable Development Goals

- The 2030 Agenda for Sustainable Development, adopted by all UN Member States in 2015, **provides a shared blueprint** for peace and prosperity for people and the planet, now and into the future.
- **Education has a key role** in shaping values that are supportive of sustainable development, and in consolidating sustainable societies.
- Ending poverty and other deprivations should go hand-in-hand with strategies that improve health and **education**, **reduce inequality**, and **spur economic growth** – all while tackling climate change.

EdTech businesses want to scale and make global impact

- SDG's provide a universal lens to maximize the positive impact of a company.
- Investors, corporate boards, and government leaders have raised expectations for progress in climate, biodiversity and other environmental concerns, **social issues** like **diversity**, **equity and inclusion** and **worker wellbeing**.
- Rising demands for action increase **pressure for more accountability**, greater regulatory scrutiny, and credible disclosure backed by better data.

Source: UN

Helsinki Education Hub

SUSTAINABLE DEVELOPMENT **GOALS** | **4** QUALITY EDUCATION

HELP EDUCATE THE CHILDREN IN YOUR COMMUNITY.

617 million children and adolescents lack minimum proficiency in reading and mathematics.

"The education market changed forever in 2020."

SuperCharger Ventures

Photo: xEdu

A look at Global Insights

The pandemic accelerated the investments of the global EdTech industry. We have listed three interesting reports and one platform. Europe's growth is especially highlighted.

HolonIQ's Global EdTech Venture Capital Report 2021 is a valuable source of global insights on the industry.

- *"$20.8B of EdTech Venture Capital Investment in 2021 through more than 1,500 Funding Rounds."*
- *"EdTech Venture Capital reached 3x pre-pandemic investment levels in 2021, accelerating startups around the world with over $20B of funding. Fueled by a massive US and EU investment surge and India's growth charging onwards, collectively global growth covered an $8B investment collapse from China and managed to set record growth for the sector."*

The UK based **SuperCharger Ventures** Reports on EdTech ecosystems across the globe are being released regularly.

- *"EdTech is one of the fastest growing digital sectors in the UK. The country hosts more than 1000 EdTech companies with a forecasted market size of £3.4bn by 2021."*

Brighteye, an European VC focused on EdTech, has published The European EdTech Funding Report 2022.

- *"We are excited about this new era for EdTech and determined to help Europe lead the way."*
- *"With dramatically reduced barriers to customer, we see a prosperous trajectory for impact investments, and the ever-growing interest of US investors in European markets, we see a prosperous trajectory for entrepreneurs and founding teams operating in the space"*
- *With 45 transactions in 2021 (up from 28 in 2020), the Nordics is the second most active EdTech investment market in Europe (behind the UK). Denmark is the biggest national EdTech market in the Nordics.*

Dealroom and Brighteye are also building a European level open-sourced EdTech-focused data platform**.**

- *Dealroom.co is a global provider of data and intelligence on startups and tech ecosystems, founded in Amsterdam in 2013.*
- *"The platform offers an additional layer of navigation."*
- *"Platform sets a new framework to map the sector via a new taxonomy. We've classified these startups across three sub-industries:*
  - *Education management*
  - *Education providers*
  - *Learning tools and resources"*

Helsinki Education Hub

European National Reports

The national EdTech associations publish reports on their respective markets. Some of them are listed here as examples.

The Swedish EdTech Industry (EdTech association) published their national Branschrapport 2022 recently (in Swedish). They point out that the need for digital services for lifelong learning is greater than ever.

- *"Sweden needs a unifying strategy for the supply of skills and lifelong learning so that we have the proper strength to meet our societal challenges, something we see happening in our neighboring countries. This also includes the school, this is where the foundation for digital competence is laid."*

EdTech Spain is a non-profit movement supporting national EdTech companies to grow. Spanish Edtech Observatory illustrates the national industry in detail.

- *"We are a movement from real edtech entrepreneurs willing to put on the startups ecosystem our companies, more close and interesting for the educational institutions, public funding, private investors and top tech companies."*

Dutch EdTech Foundation aims to connect the fragmented education and learning sector and stimulate acceleration of the EdTech field. They have recently published their first Dutch EdTech Ecosystem report.

- *"There are 406 EdTech startups in the Netherlands, worth a combined €800 million."*
- *"The Netherlands ranks #10 in Europe by levels of funding and #7 by total valuation."*

Edtech France (website) has published an EdTech company map to present all the French companies based on their headquarters location. By applying different filters you can easily find the right solutions and companies.

- *"The French EdTech ecosystem is one of the most dynamic in Europe. EdTech France intends to make it known by making the offer of innovative solutions more visible and more readable, by highlighting the entrepreneurs present throughout the territory, by promoting all the initiatives making it possible to disseminate this know-how internationally."*

Helsinki Education Hub

European associations in collaboration

The most successful EdTech companies founded in small countries are "born global". The challenges that many of the European EdTech companies have are often shared. The European EdTech Alliance has listed some of them in discussions with the European Commission:

- Fragmented market leading to more expensive solutions
- Difficulty to comply with various regulations
- Difficulty to get funding support (cash-flow struggle)
- Difficulty to attract experienced and skilled workforce, including for content creation
- Reaching out to decision makers is a time-consuming process

The European EdTech Alliance (EEA) **was founded** in 2019 to bring national industry associations together, to strengthen the international collaboration and policy making, leaving the national associations to support the national companies and industry. The Edtech Finland association and xEdu are the founding organisations from Finland.

Photo: EEA

The Finnish Ecosystem is continuously expanding

Some examples of EdTech related activities, focusing in Helsinki region: accelerator, co-creation with schools, quality certifications, hackathons, Nordic collaboration, events, awards, study programs, innovation programs, public business advisory, marketplaces, venture capital company etc.

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
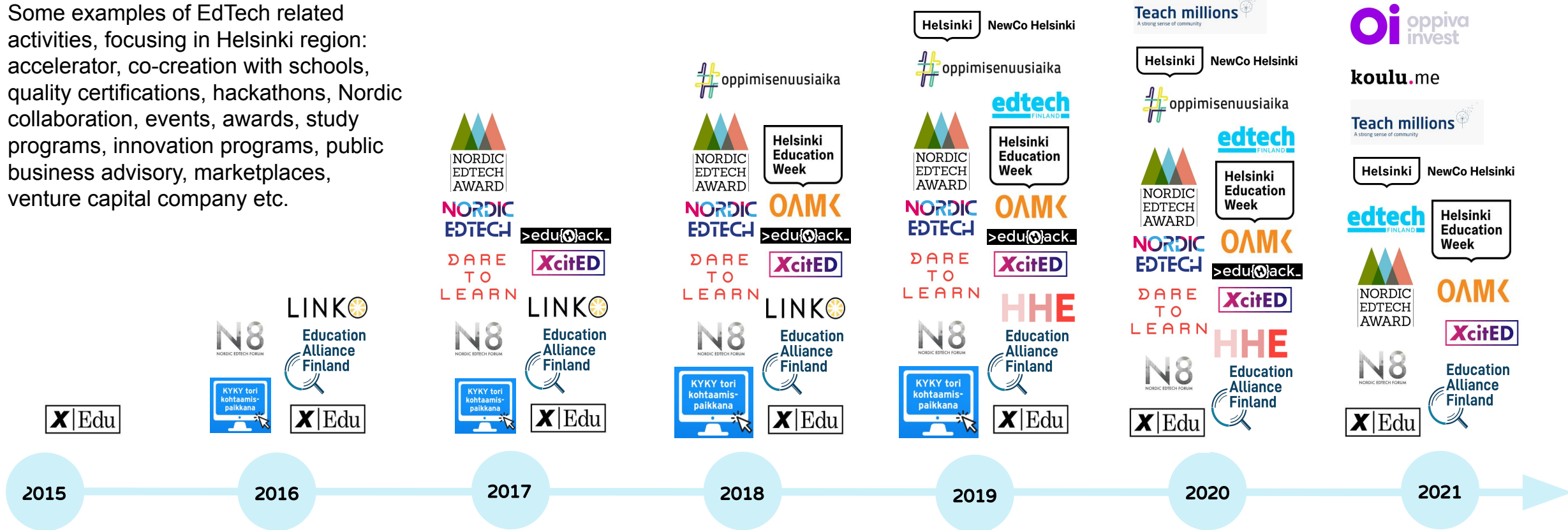
Local Events

- **Educa** is the Nordic's largest event for the education and training sector that provides information on the latest developments in the field of education and targets primarily teaching professionals and decision-makers. It is held annually in January in Helsinki, Messukeskus, and is free of charge for the attendees. https://educa.messukeskus.com/

- **KYYTI** is an event in the field of education in the Covid period, featuring keynotes on the current topics and innovations in the field of education. https://kyyti2022.com/

- **ITK conference** is the largest digital education and learning event in Finland. It is held annually in April in Hämeenlinna. https://itk-konferenssi.fi/fi/

- **Helsinki Education Week** is an annual, week-long event for learning and teaching providing a program for learners of all ages and for everyone who is interested in learning and developing education. It is held annually in November and is free for the attendees. https://www.helsinkieducationweek.com/

- **XcitED** is the biggest EdTech event of the year that addresses the issues around the education ecosystem and the role of startups in it. It is held annually in Helsinki during the Slush week. https://www.xcited.org/

- **SETT**, Scandinavian Educational Technology Transformation, a fair organised in Helsinki a couple of times in the past years. Originally from Sweden.

Examples listed in Spring 2022

Helsinki Education Hub

Business Support

- **Edtech Finland** is a Finnish industry association strengthening the conditions of doing business focusing in learning and education technology. 60 members. http://edtechfinland.com/

- **Education Finland** is a governmental cluster program supporting education providers in their international growth. The program is coordinated by the Finnish National Agency for Education. https://www.educationfinland.fi/

- **Helsinki Education Hub** promotes EdTech entrepreneurship and new businesses. The Hub offers a dynamic business advancement services from idea to innovation and free co-working spaces for EdTech teams and companies. https://educationhubhelsinki.fi/

- **Education Tampere** by Business Tampere brings together the best education services of Finland, ranging from technology to full degree programs in a wide variety of fields. https://businesstampere.com/business-environment/business-ecosystems/education-tampere/

- **PINO Network** is a collaboration network of educational professionals in Northern Finland. They help the members to widen their global reach, to network and find international education-related business opportunities. https://www.pinonetwork.fi/

- **Global Education Park Finland, EduPark,** is a network in Joensuu that brings the knowledge from the Finnish educational sector under one roof. Different organisations from schools and educational institutions to companies work and develop together. https://www.globaleducationparkfinland.fi/

Examples listed in Spring 2022

Helsinki | **Helsinki Education Hub**

Business Support

- **xEdu** is Europe's leading EdTech accelerator, with more than 70 edtech startups accelerated. In 2021 became the first Finnish business accelerator whose concept was bought abroad. In 2022 xEDu will run NextEdu accelerator in Turin, Italy. https://www.xedu.co/

- **Sparkmind VC** is the first Nordic venture capital company focused on the learning sector. They invest from seed to international growth phase with single investments up to €5m. https://www.sparkmind.vc/

- **Oppiva Invest** grants capital loans and supports the renewal of the vocational learning sector ecosystem. The goal is to create new growth business and promote education exports. https://oppivainvest.fi/

- **Education Alliance Finland** conducts impact evaluations based on the global quality standard for learning solutions. EAF certificate is a globally recognized proof of quality of an edtech solution. https://educationalliancefinland.com/

Examples listed in Spring 2022

Helsinki Helsinki Education Hub

Testbeds

- **Testbed Helsinki** enables the development and testing of smart innovations in Helsinki's primary schools, upper secondary schools, and other learning environments. https://testbed.helsinki/en/edtech/

- **Forum Virium** is the City of Helsinki's innovation company that launched a model for Rapid Experimentations between EdTech startups and Helsinki schools. Forum Virium is running various testing projects, some of them in the field of education. https://forumvirium.fi/

- **The Helsinki Education Hub Premium showcase space** is a modern, multi-functional showcase space for presenting and co-creating the latest collections of novel EdTech solutions under various themes. https://educationhubhelsinki.fi/co-creation/

- **Make with Espoo** innovation platform is a digital environment aimed at inspiring companies and city organisations to co-create products, services and solutions that facilitate learning and teaching in Espoo's learning environments. https://makewithespoo.espoo.fi/

Examples listed in Spring 2022

Helsinki   **Helsinki Education Hub**

Community

- **HundrED** is a global education non-profit helping to improve education through impactful innovations. They work with innovators, educators and funders in all continents. https://hundred.org/en

- **eOppimiskeskus** (The Association of Finnish eLearning Centre) is an independent national association promoting sharing of knowledge, best practices and quality in e-learning. They distribute information and perform as a contact surface for partner finding in Finnish e-learning market. https://eoppimiskeskus.fi/

- **DigiKilta** is a network project for the development of e-learning environments for pre-primary and primary education. The DigiKilta network builds models to promote and support collaboration and peer learning between those responsible for educational infrastructure. https://digikilta.fi/

- **Koulutusviennin iltakoulu** (Night School for Education export) is an informal Facebook group for those working in the education sector and education exports. Currently over 1400 members. https://www.facebook.com/groups/126669994716476/

- **Tieto-ja viestintätekniikka opetuksessa** / ICT in Education is a Facebook group for teachers discussing issues related to ICT in education. It is an informal model of peer support among teachers. https://www.facebook.com/groups/237930856866/

- **ECEC Finland** (Early Childhood Education and Care Finland) is a group of independent companies who provide services and solutions to support the setup and development of childcare center operations. https://www.facebook.com/Early-Childhood-Education-and-Care-Finland-233751757491680/

Examples listed in Spring 2022

Helsinki | **Helsinki Education Hub**

Academia and Research

- **Research database**
  - The Finnish universities have published EdTech related papers which can be searched e.g., via these links:
    - Research.fi is a service offered by the Ministry of Education and Culture that collects and shares information on research conducted in Finland https://research.fi/en/
    - Theseus "Open Repository Theseus - the theses and publications of the Universities of Applied Sciences on the Internet" https://www.theseus.fi/

- **Examples of recent projects and publications**
  - Aalto University research project on "How to accelerate the platform economy in the education sector?" with policy recommendations
  - "Financing SDG transformations Experiences from four sustainable finance pilot ecosystems / Vocational education", a deliverable of the project "Developing Finland´s Sustainable Finance Ecosystems" by Ministry of Economic Affairs and Employment

- **Master's degree programmes in EdTech related studies**
  - University of Jyväskylä: **Educational Technology**
  - University of Oulu: **Learning, Education and Technology**
  - University of Tampere: **Game Studies**
  - University of Turku: **Education Technology**

Examples listed in Spring 2022

Helsinki Education Hub

Other ecosystem champions

- **Education publishers**, for example, Sanoma Pro, Otava, Schildts & Söderström, Edukustannus, Edita, e-Oppi, Alfasoft, Lasten Keskus, Studeo

- **ICT companies**, for example, Visma, IlonaIT, Lenovo, ATEA, Dustin, Microsoft Education Finland, Google Education Finland, Apple

- **Programs and projects**, for example, Vantaa and 6 other cities DigiOne, KasvuOpen EdTech Track 2022

- **Procurement services**, for example, EduStore (Kuntien Tiera), Kirjastopalvelu, Kouluväylä, LM Tietopalvelut,

- **Open resources**, for example, the Library of Open Educational Resources (OER) by the the Ministry of Education and Culture and the Finnish National Agency for Education, Freeed

- **Awards**, for example, eEemeli Award – Best Learning Solution from Finland, Nordic Edtech Awards, Nordic & Baltic GESAwards

Helsinki | **Helsinki Education Hub**

Why choose Helsinki? TOP 5 strengths

Photo: Elissa Jokela / xEdu

Helsinki Education Hub

1. Top Education System

- Finland has a reputation as the home of world-class education due to a proven track-record at the top of international rankings.
- Finnish education is praised for its equity, excellent learning outcomes, highly competent and motivated teachers, emphasis on pedagogy, innovative teaching methods and strong ICT sector.
- Finland's universities are among the highest performing in the world.
- The country is ranked number 1 for skills development at work, and the government has invested into a program to develop a policy for lifelong learning (Sitra).
- All of this while ranking as the happiest country in the world for three years in a row.
- The current Government has an ambitious vision for 2025: Finland will be a country where everybody wants to learn more all the time.

Strengths of Finnish edtech ecosystem (Survey 2022):

"Finland's brand raises interest abroad."

"Finnish education and EdTech reputation."

Helsinki **Helsinki Education Hub**

2. Innovative Pedagogy

- Finnish pedagogy is constantly developing based on research.
- The latest National Curriculum has a strong focus on fostering the 21st century skills.
- All teachers in Finland hold a master's degree and enjoy professional freedom and trust.
- They are encouraged to experiment with innovative approaches to teaching and learning, such as inquiry-based learning, phenomenon-based learning and use of education technologies.
- The Faculty of Education at the University of Helsinki has outstandingly strong research.
- Top quality teacher training, continuous professional development, and active teacher community sharing best practices between peers makes Finland the top country to define the future of education and pedagogy.

Strengths of Finnish EdTech ecosystem (Survey 2022):

"Pedagogical and learning design expertise."

"Pedagogical skills and knowhow."

Helsinki Education Hub

3. Strong Peer Support in EdTech

- The Finnish EdTech ecosystem has rapidly developed in the past years, and is now including all necessary ecosystem actors and providing services for all stages of the EdTech startup pipeline.
- It includes an incubator, an accelerator, a VC fund, an industry organization, events and communities all focused specifically on edtech.
- The government supports the sector via national Education Finland program and various projects.
- The strong ecosystem brings results: Finland is the country with many startup companies supporting each other grow.
- EdTech entrepreneurs may feel that they need to balance between "pedagogical doing good" and "business go getter" mindsets. A good peer-support can be very helpful when growing into the EdTech business leader role.

Strengths of Finnish EdTech ecosystem (Survey 2022):

"Close collaboration and share of experiences between the companies (strong community)"

Helsinki Helsinki Education Hub

4. Strong Startup Ecosystem

- A good startup ecosystem is a prerequisite for a successful edtech ecosystem.
- Helsinki is ranked the 4th best emerging startup ecosystem in the world (by Startup Genome 2020).
- It hosts Slush - the biggest startup event in Europe, a Maria01 startup hub with over 1000 members, the largest business angel network in Europe, and numerous of incubators, accelerators and VC funds.
- The Finnish startup scene is known for its amazing sense of community: Global Startup Ecosystem report ranked Helsinki number one in terms of its local connectedness (= sense of community).
- Helsinki has highly competent tech talent due to the global success of ICT companies like Nokia.
- Low-hierarchy, startup culture, excellent English language skills, and international talent make a vibrant and empowering startup ecosystem.

Strengths of Finnish edtech ecosystem (Survey 2022):

"Support in various stages of starting a company."

"Fairly easy to get talks with different ecosystem players."

Photo: Jussi Hellsten

Helsinki **Helsinki Education Hub**

5. Co-Creation Models

- The EdTech companies in Finland have a unique opportunity to develop their products in collaboration with the best teachers and learners in the world. The Co-creation service is popular among EdTech startups.
- Co-creation
  - boosts product development by providing valuable feedback and new ideas to the companies
  - develops learners` and teachers' entrepreneurial and ICT skills, worklife competences and innovativity
- The Helsinki Education Hub´s premises are used as a lab environment for experiments and co-creation in various ways
  - speed dating, showcases, co-creation workshops, mini fairs and other events and informal activities bringing together teachers, learners, pedagogical experts and companies.

"Helsinki Education Hub's physical and innovative spaces allows new and innovative collaboration possibilities. We have recently launched a new concept for co-creation, Hub Lessons, for EdTech startups, learners and teachers. Hub Lessons allow teachers and learners to innovate, learn and test new technologies at Helsinki Education Hub. For companies it is a great opportunity to gather user needs and feedback directly from the end users."

- ***Anna Rantapero-Laine***, *Senior Advisor at Helsinki Education Hub*

Helsinki **Helsinki Education Hub**

Photo: Elissa Jokela / xEdu

The Finnish EdTech industry in 2022

- Overview to the Finnish EdTech companies
- Ways to support business growth

Helsinki Education Hub

Helsinki

Three data sources

I EdTech company listing and II Trade Register Data

- **n = 280 companies**
- The EdTech company list has been collected from different open sources over the past years by EdTech Finland.
- It is not complete or perfect but it is one of the most comprehensive EdTech company listings available including the Business ID's (Y-tunnus).
- To monitor the growth of an industry it is crucial to maintain a list of companies and regularly update it.
- The definition of what an EdTech company is and what it is not specific.
- The list was enriched with official and open trade register data such as revenue and number of employees in years 2019 and 2020.
- 2021 data was not yet available.

The list doesn't include EdTech consultants, ICT consultancy companies or Publishers.

III EdTech Company Survey 2022

- **n = 42 companies**
- The invitation to respond to the survey was sent to the whole company list (n=280) by email.
- Survey was mentioned on social media channels where the EdTech company members are active.
- 42 companies responded within the given time frame 7.-13.2.2022.
- The survey included both quantitative and qualitative questions.
- The qualitative open-ended questions were about how the companies are doing, what could the EdTech business ecosystem do to help the companies grow.
- The quantitative ones included estimations of revenue and number of employees in 2021 and 2022.

Helsinki | **Helsinki Education Hub**

Photo: Mikael Ahlfors / Keksi Agency

Defining the diverse industry

It is a common question even within the industry - how to define an EdTech company?
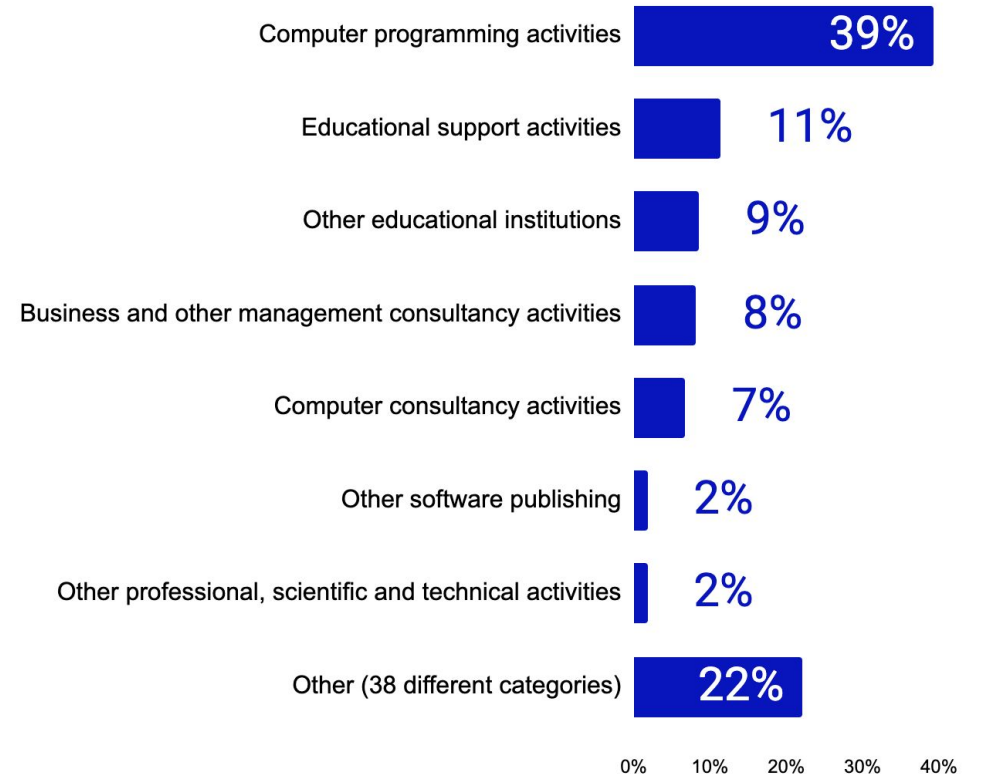
There is no one specific industrial classification used by EdTech companies.

- EdTech founders express their companies to be primarily operating or planning to operate in the following areas
    - *Computer programming activities*
    - *Educational support activities*
    - *Other educational institutions*
    - *Business and other management consultancy activities*

- Standard Industrial Classification based on products, industries, and uses of goods are regularly applied to describe the structure and development of all import and export.

- To find out how the EdTech industry is growing or to describe the export in euros a separate study is required.

The company listing should be continuously updated and developed to gain better insights on the industry.

Standard Industrial Classification of the Edtech companies

Finnish Edtech company listing (n=280)

Category	%
Computer programming activities	39%
Educational support activities	11%
Other educational institutions	9%
Business and other management consultancy activities	8%
Computer consultancy activities	7%
Other software publishing	2%
Other professional, scientific and technical activities	2%
Other (38 different categories)	22%

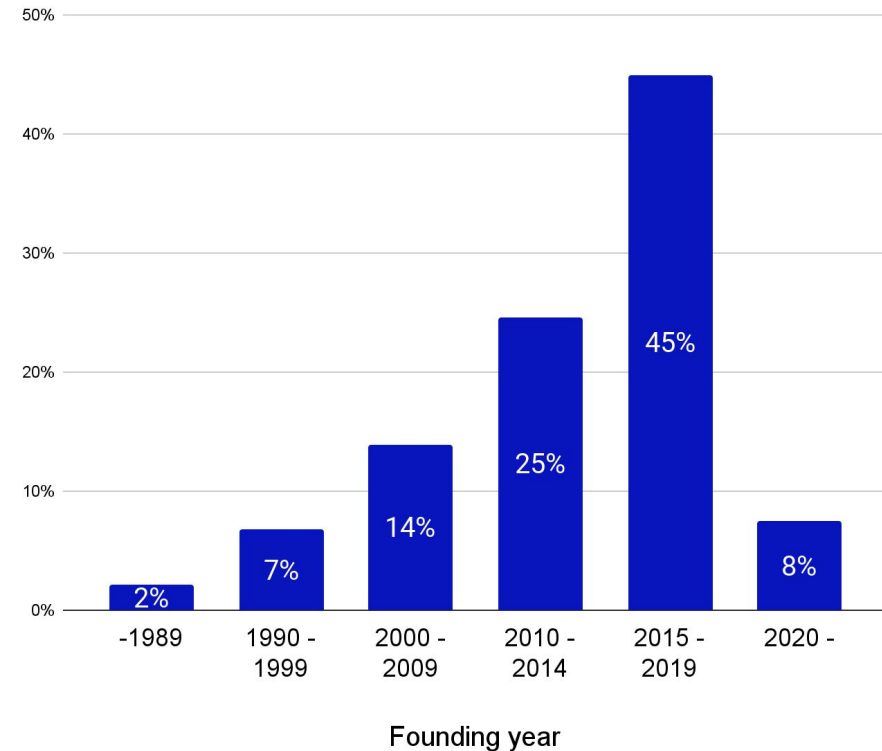0% 10% 20% 30% 40%

Helsinki Education Hub

53% founded within 7 years

More than half of the EdTech companies are founded 2015 or later.

- The EdTech startup boom can be seen in the number of new companies.

Founding year of the company
Finnish Edtech company listing (n=280)

Founding year

Focus on small companies

According to the trade register data the majority of 280 EdTech companies on the list are small.

- The average team size was 7 people
- Median team size was 3 people
- They employed 1840 persons in 2019
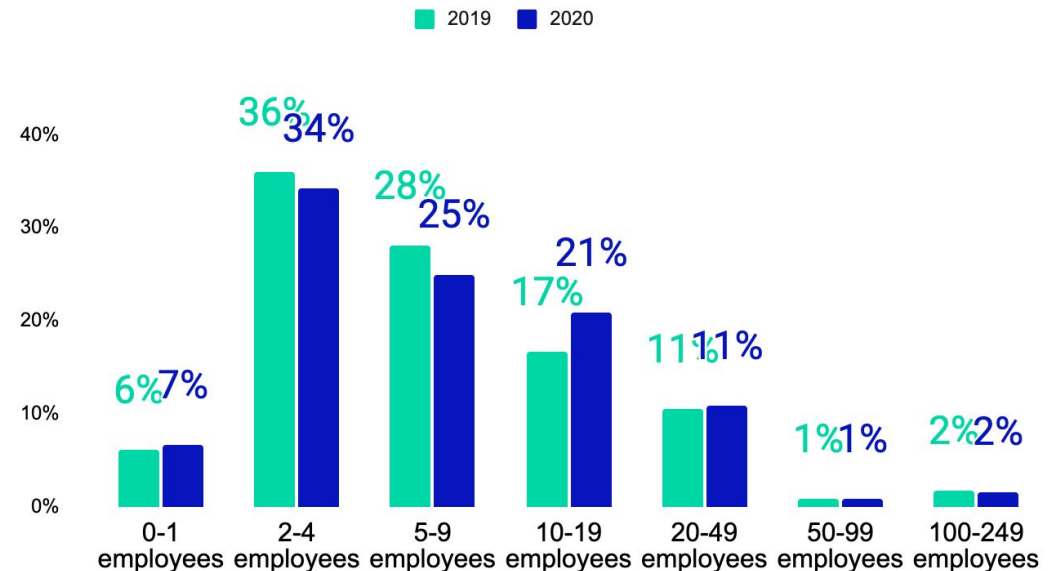- They employed 2060 persons in 2020

Of the EdTech companies

- 34% employ 2-4 people
- 25% employ 5-9 people

The largest EdTech companies

- are mature, on average 10+ years old
- international customer base
- revenue of +10M€

Major education publishers or ICT companies / developers working with the education sector are excluded from the list.

Edtech companies by employee category in 2019 and 2020

Finnish Edtech company listing (n=280)

Legend: ■ 2019 ■ 2020

Employee category	2019	2020
0-1 employees	6%	7%
2-4 employees	36%	34%
5-9 employees	28%	25%
10-19 employees	17%	21%
20-49 employees	11%	11%
50-99 employees	1%	1%
100-249 employees	2%	2%

Helsinki Education Hub

Annual Growth 21%

The total revenue of all the listed Finnish EdTech companies, based on the trade register data, was
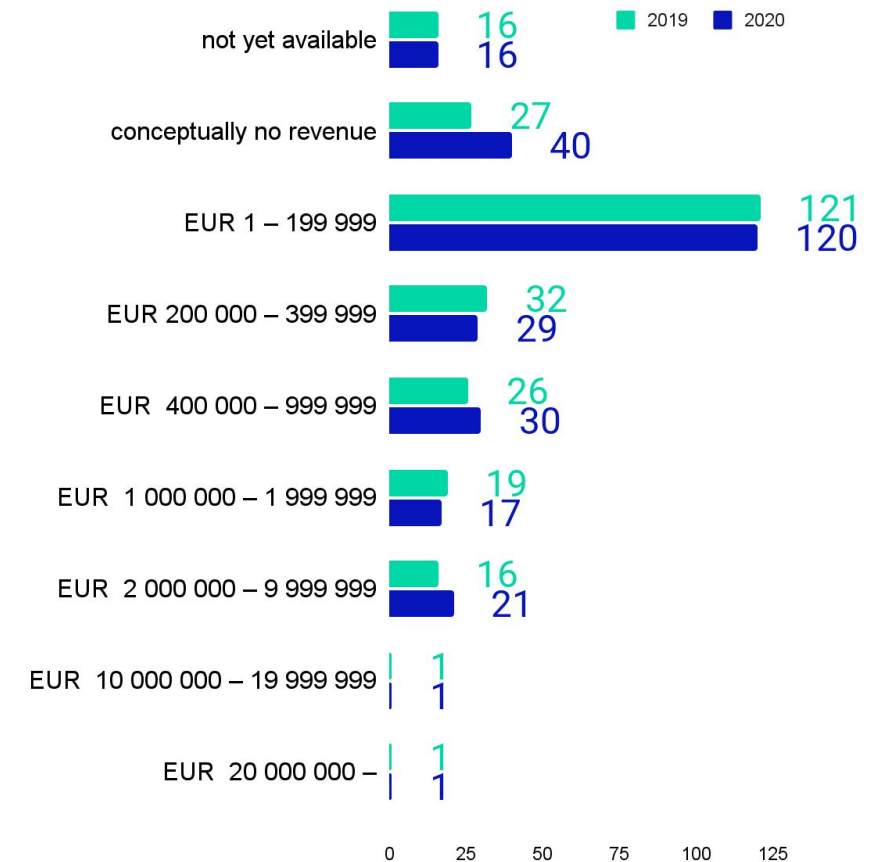
- EUR 145 000 000 in 2019
- EUR 176 000 000 in 2020
- Revenue increased 21% from 2019 to 2020
- The financial statements are yet to be published for 2021.

Most of the listed EdTech companies are small

- Majority of them make annual revenue less than 200 000 eur.
  - In this category the average is EUR 59 000 and median EUR 44 000 per company.
- 16 companies are recently founded
  - no data available yet from the years 2019 and 2020
- 40 companies had practically no revenue in 2020 and they also had no employees, so we consider them not active.
  - Covid pandemic may have affected these companies' abilities to continue business.

Edtech companies by revenue category in 2019 and 2020

Number of companies. Finnish Edtech company listing (n=280)

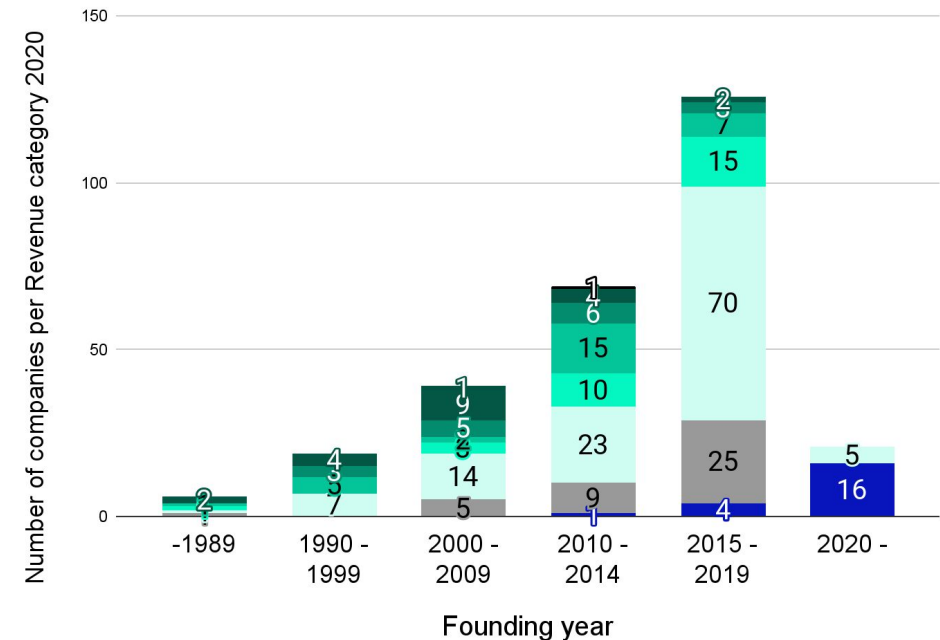| Revenue category	2019	2020
not yet available	16	16
conceptually no revenue	27	40
EUR 1 – 199 999	121	120
EUR 200 000 – 399 999	32	29
EUR 400 000 – 999 999	26	30
EUR 1 000 000 – 1 999 999	19	17
EUR 2 000 000 – 9 999 999	16	21
EUR 10 000 000 – 19 999 999	1	1
EUR 20 000 000 –	1	1

Founding year and annual revenue

The numbers in the graph represent the number of companies grouped by both the revenue and age of the company.

- 40 companies' revenue is above EUR 1 000 000.
- 99 companies' revenue is above EUR 200 000.

- 75 of the companies founded 2015 or later have revenue less than EUR 200 000.
- 21 companies had not yet provided data for 2020.
- 40 companies seem to have no revenue.

In the early stages the revenue may often not be the most important strategic priority.

Founding year and revenue category 2020

Finnish Edtech company listing, number of companies (n=280)

Legend:
- ■ EUR 20 000 000 –
- ■ EUR 10 000 000 – 19 999 999
- ■ EUR 2 000 000 – 9 999 999
- ■ EUR 1 000 000 – 1 999 999
- ■ EUR 400 000 – 999 999
- ■ EUR 200 000 – 399 999
- ■ EUR 1 – 199 999
- ■ conceptually no revenue
- ■ not yet available

Active companies expecting growth

The company survey was answered by 42 companies. In the survey the companies were asked about the past and the current year as well as their future plans.

Based on the survey the companies

- had 9 employees on average in 2021
- expect to grow the number of employees by 33% in 2022

How many employees did you have 2021 and are expecting to have 2022?
Number of full time employees, % of companies in the Finnish Edtech survey 2022.

Helsinki Education Hub
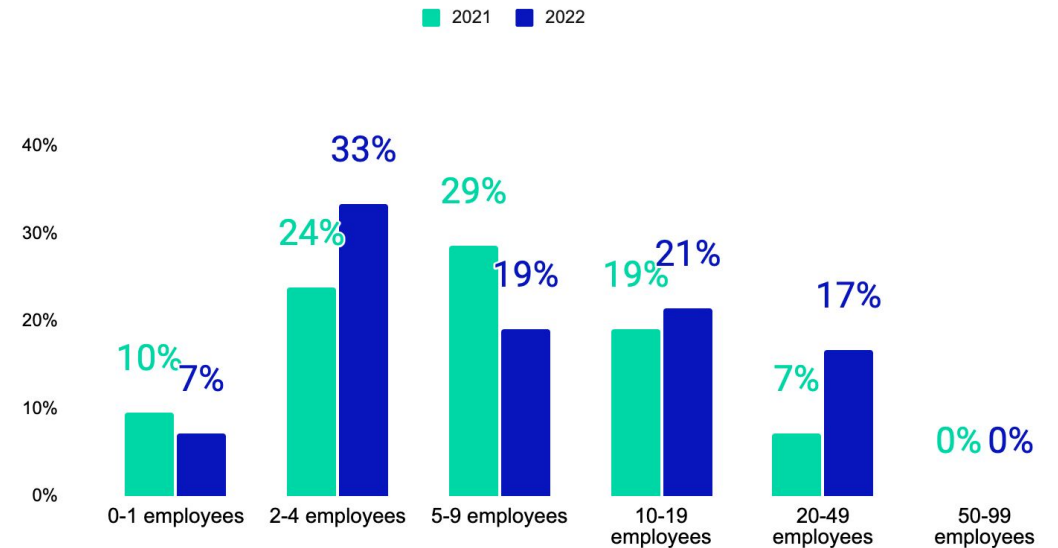
Plans to accelerate growth

What do we mean by growth?

- Growth generally means **more customers** and having to grow the business to support more customers.
- Ideally this **also means growth in revenue** but not always.
- The eventual objective is to enable investors to gain a return on their investment.

Starting with the MVP

- 14% of the companies are in the phase where they are developing the initial product: making the the minimum viable product or piloting it.
- For startup companies moving on to the next phase it may take several years and many pivots.
- 50% are optimistic and prepared for accelerating growth in 2022.

In 2022 your Edtech company is expected to be…
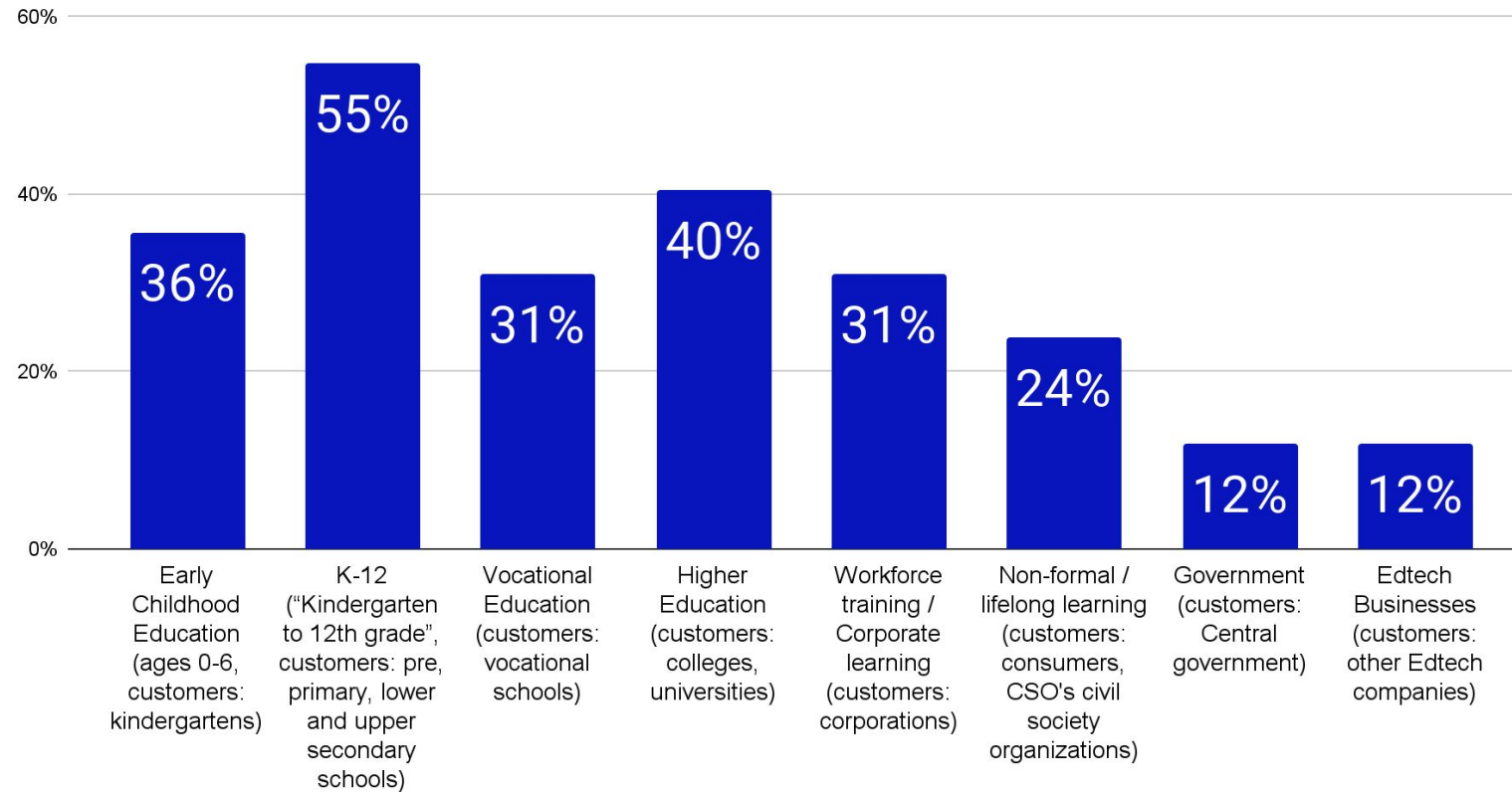
The Finnish Edtech company survey 2022.
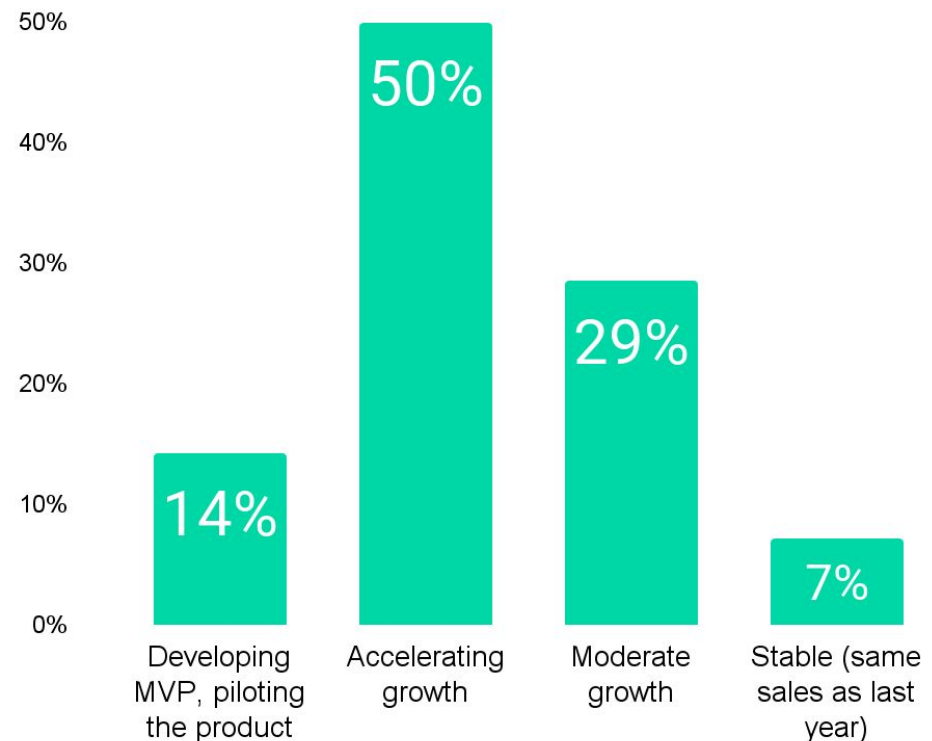
Customer Segments

Customer Segments

Customer segment

Companies can choose all that apply. % of companies who responded the Finnish Edtech company survey 2022.


Segment	%
Early Childhood Education (ages 0-6, customers: kindergartens)	36%
K-12 ("Kindergarten to 12th grade", customers: pre, primary, lower and upper secondary schools)	55%
Vocational Education (customers: vocational schools)	31%
Higher Education (customers: colleges, universities)	40%
Workforce training / Corporate learning (customers: corporations)	31%
Non-formal / lifelong learning (customers: consumers, CSO's civil society organizations)	24%
Government (customers: Central government)	12%
Edtech Businesses (customers: other Edtech companies)	12%

Helsinki Education Hub

Customer Segments

The majority of the EdTech companies in Finland serve K-12 to improve learning opportunities.

- 55% work with K-12 sector meaning kindergartens and schools
- 40% serve Higher Education
- 36% work with Early Childhood Education

80% of the companies work with more than one segment.

Number of customer segments per company core product

% of companies who responded the Finnish Edtech company survey 2022.

- 1
- 2
- 3
- 4
- 5
- 6

17%
20%
21%
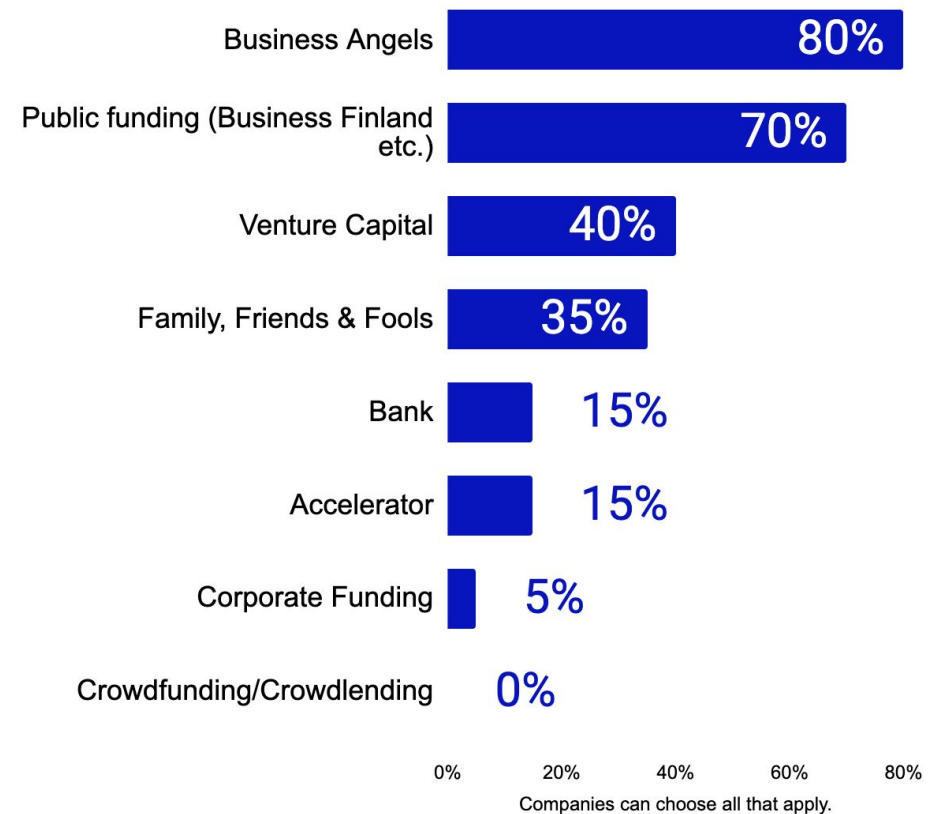15%
24%

Helsinki Education Hub
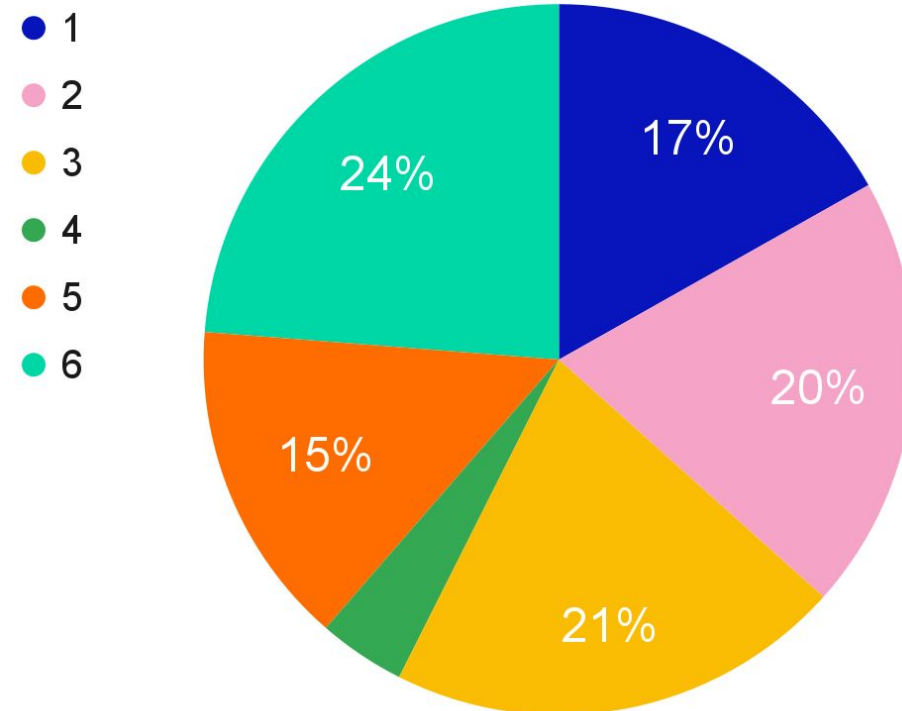
Money raised

46% of the companies in the survey have raised money since their launch. Business Angels are important.

- 80% Business Angels are clearly the most common source of funding for the EdTech companies. Their role is very important in getting the initial funding.
- 70% Public funding such as Business Finland is the second most common source.
- 40% VC's as well as FFF's almost share the third place.

"Founders" was not a given option in the survey although they most likely do invest money or resources in their companies. In general, "bootstrapping" refers to building a business without external funding.

Money raised came from?

% of companies who raised money since launch. Finnish Edtech company survey 2022 (n=42).

Business Angels	80%
Public funding (Business Finland etc.)	70%
Venture Capital	40%
Family, Friends & Fools	35%
Bank	15%
Accelerator	15%
Corporate Funding	5%
Crowdfunding/Crowdlending	0%

0% 20% 40% 60% 80%

Companies can choose all that apply.

Helsinki Helsinki Education Hub

Planning to raise more this year

**The EdTech companies who have raised money since their launch have raised**

- EUR 1 626 000 on average.

70% of the EdTech companies who answered the survey are planning to raise more this year.

- 26% more than EUR 500 000
- 43% less than EUR 500 000
- 31% are not raising in 2022

How much do you intend to raise in 2022?

The Finnish Edtech company survey 2022.

Pie chart segments: 0 eur, 31%; < 500 keur, 43%; > 500 keur, 26%

Helsinki Education Hub
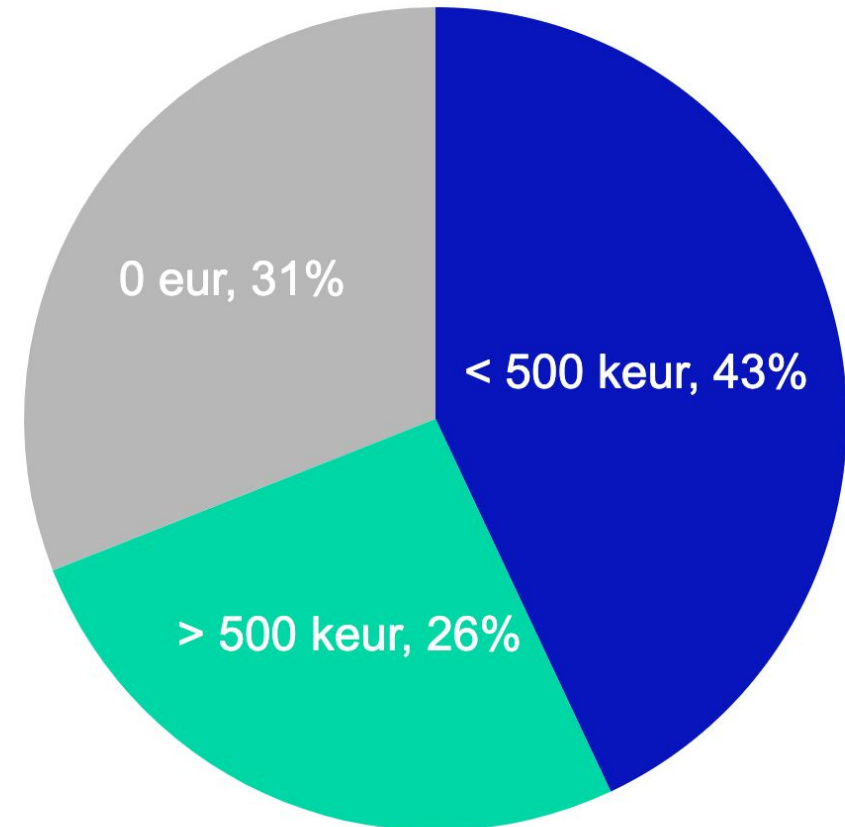
Business model

Business model tells how a company creates, delivers, and captures value.

- 69% of the companies are B2B, they sell to organisations (schools etc.)
- 38% B2C, consumers
- 24% B2G, government organisations
- 14% B2B2C, collaborating with another business to sell a service to a consumer

60% of the companies focus on one business model.

Number of different business models per company core product
% of companies who responded the Finnish Edtech company survey 2022.

- 1
- 2
- 3
- 4
- 5
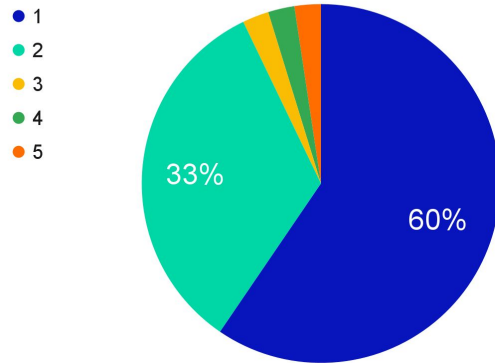
What is the business model of your core product?
Companies can choose all that apply. % of companies who responded the Finnish Edtech comp…
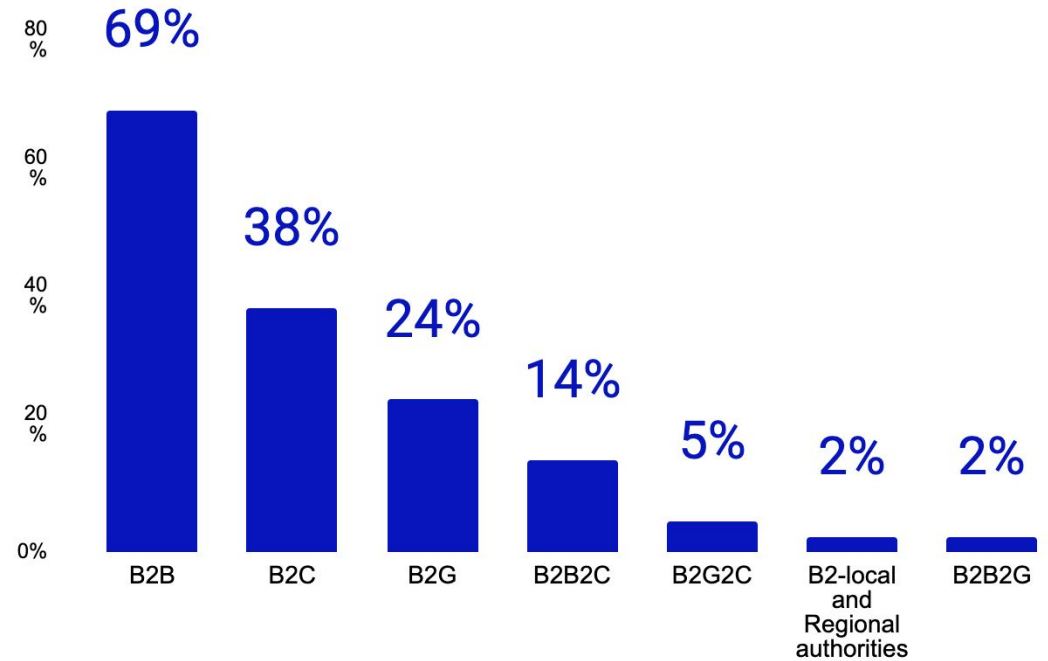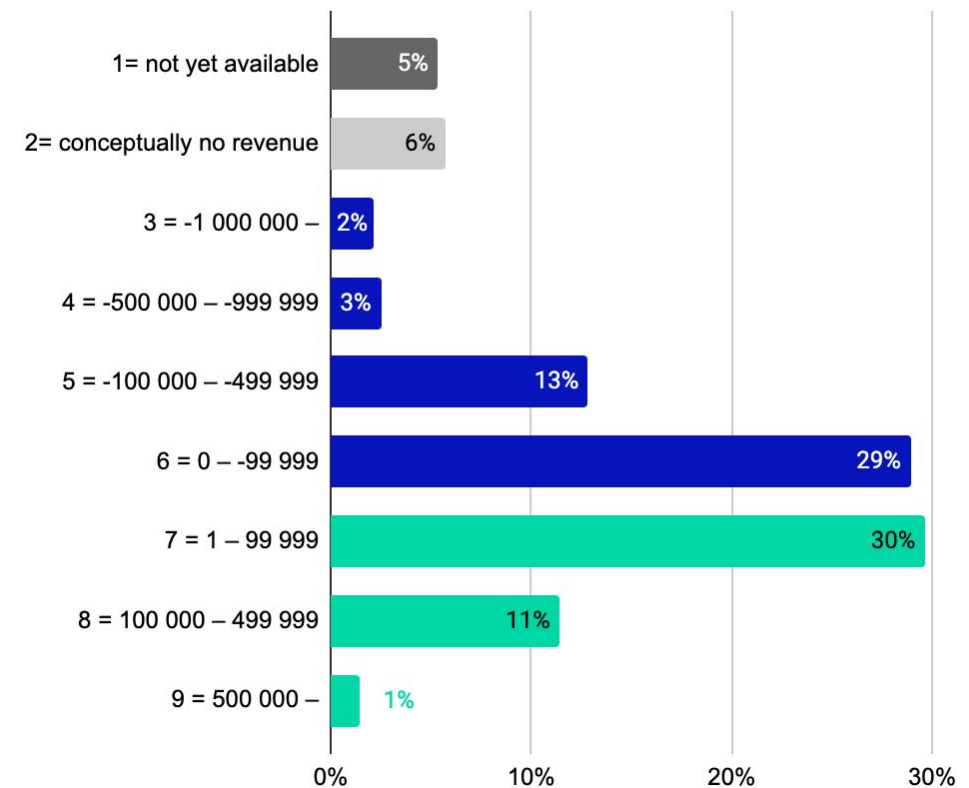
Aiming to reach the break-even

Based on the trade register data 43% of the Finnish EdTech companies had a positive net income in 2020.

- 5% of the companies are making over EUR 500 000 loss. Their business strategy is most likely to invest heavily in building the EdTech product.
- The goal with a SaaS platform is often that once it is built, the company can sell it to the customers without major additional expenses. It requires skills and experience to know how to fund the growth.
- Typically it is estimated a startup takes two to three years on average to make profits. In EdTech it takes much longer due to the nature of the business, the sector, among others.
- International EdTech sales requires a skilled and motivated sales and marketing team who often needs to understand both the local procurement process, working with the channel partners, as well as digital marketing / growth hacking.

Business profit is the difference between business income (revenue) and business expenses (costs). Profit is often the primary goal for a company. This is the case also for social impact companies. Without it, no business can survive for a significant amount of time, and many startups end up closing. It is common for founders to reinvest the profits into the startup during its initial stages.

Edtech companies per profit category 2020

% Finnish Edtech company listing (n=280)

Profit category	%
1= not yet available	5%
2= conceptually no revenue	6%
3 = -1 000 000 –	2%
4 = -500 000 – -999 999	3%
5 = -100 000 – -499 999	13%
6 = 0 – -99 999	29%
7 = 1 – 99 999	30%
8 = 100 000 – 499 999	11%
9 = 500 000 –	1%

Helsinki Education Hub

Financial metrics not so relevant when looking at the early stage companies

How to measure the success of a startup company?
- Making revenue may not be in the strategy or an actual goal of a startup company for the first years.
- Typically, strategic goals may be developing the solution or the MVP, gaining the first thousands of users and developing, for example, a freemium model.

Number of employees raises more questions as metrics.
- Are they full-time workers or perhaps part-timers or freelancers?
- Are the founders paying their own salaries?
- Is there a publicly funded university research group helping to design and build the solution?
- Is their growth strategy to outsource as much as possible to their trusted partners and not to hire new people?
- How networked is the startup and do they have business advisors?

"Five elements for identifying successful startups:

1. *Top 1% Team*
2. *Address an Immediate Problem*
3. *Market with Real Need*
4. *Continuous Validation of Business Model*
5. *Good Match for VC Backing"*

Terry Opdendyk, Founder and General Partner of ONSET Ventures, a legend of venture capital in Silicon Valley

Helsinki Helsinki Education Hub

Strategic Priorities

We asked the companies about their current strategic goals.

- Pedagogical quality is considered the most important topic (90% important + extremely important)!
  - Finding a way to measure the quality of the solution should also be a priority.

- Scalability (90%), international expansion (81%) and growth in number of users (74%) are nearly just as important.
  - To get investors interested, the solution must attract new users and be internationally scalable.
  - This is linked to finding the business model.

- Currently, the least important goal from the given options is to make a successful exit (45% not important + not important at all).

How important are these topics in your current STRATEGY and goal setting?

% of companies in the Finnish Edtech survey 2022.

■ 1 - Not important at all   ■ 2   ■ 3   ■ 4   ■ 5 - Extremely important!

Topic	1	2	3	4	5
Pedagogical quality	2%	0%	7%	24%	67%
Scalability	2%	2%	7%	26%	64%
International expansion	0%		19%	26%	55%
Growth in number of users	0%	5%	21%	21%	52%
To hire the best team	0%	5%	19%	36%	40%
Uniqueness of our solution	2%	2%	19%	36%	40%
Revenue growth	0%	10%	7%	45%	38%
To become the market leader	0%	12%	36%	26%	26%
Uniqueness of our technology	5%	19%	38%	19%	19%
Access to international talent	5%	17%	36%	29%	14%
Successful exit / selling your company	17%	29%	24%	21%	10%

Helsinki Education Hub

Strengths of the Finnish EdTech Ecosystem

Among the major strengths of the ecosystem the startups have mentioned:
- Good reputation of the Finnish education; "*Finnish education brand*"
- Peer support and sharing knowledge among the ecosystem players
- Easy networking
- Pedagogical skills and know how; quality of pedagogy
- "Partnering, learning together, selling together"

Less mentioned were:
- Strong technical skills
- Low hierarchy and public support (cities, Business Finland)
- Easy access to schools, readiness to pilot new solutions
- "Paving way for international awareness"

> **"Knowledge sharing between EdTech companies is a strong benefit. (Teamspirit + good channels to share info)"**

Helsinki **Helsinki Education Hub**

Challenges of Finnish EdTech Ecosystem

Among the major challenges of the ecosystem the startups have mentioned:

- Lack of funding: both initial funding and for scale. "*Hello from the death valley!*"
- Access to customers: small and weak local market, no money in K-12, merging schools reduces customers, universities prefer bigger businesses, and public sector inhouses software development firms
- "*Finnish EdTech is treated differently than Google or Microsoft EdTech*"
- "*Conservative domestic clients*"
- "*Education should be free - attitude*"
- Internationalization: finding reliable partners abroad, export skills and resources

Less mentioned were:

- No success stories in Finnish EdTech yet
- Weak product development and business management skills
- Being an international startup in Finland

"Finnish schools eagerly spend money on Google and Microsoft but consider Finnish EdTech solutions too commercial."

Helsinki **Helsinki Education Hub**

Challenges of Finnish EdTech Ecosystem
Comment by an EdTech Founder

Olli **Vallo**,
CEO, Education Alliance Finland

"Developing EdTech business in Finland seems to be characterised by two dominant factors: Finland's great reputation and Finland's very small market size.

The small market size is one of the root problems especially for companies who target the institutional education sector (not corps). Most companies start selling their service in the Finnish market, but even if they become rather popular, they struggle to have enough revenue to have sustainable business here.

For us it means that those companies nearest to us, are rather poor and even though they reach out to us asking help, many can't afford paying for our service.

Another issue that the small market size causes to us is that not many foreign EdTech companies desire to enter the Finnish education market. Therefore, having a group of
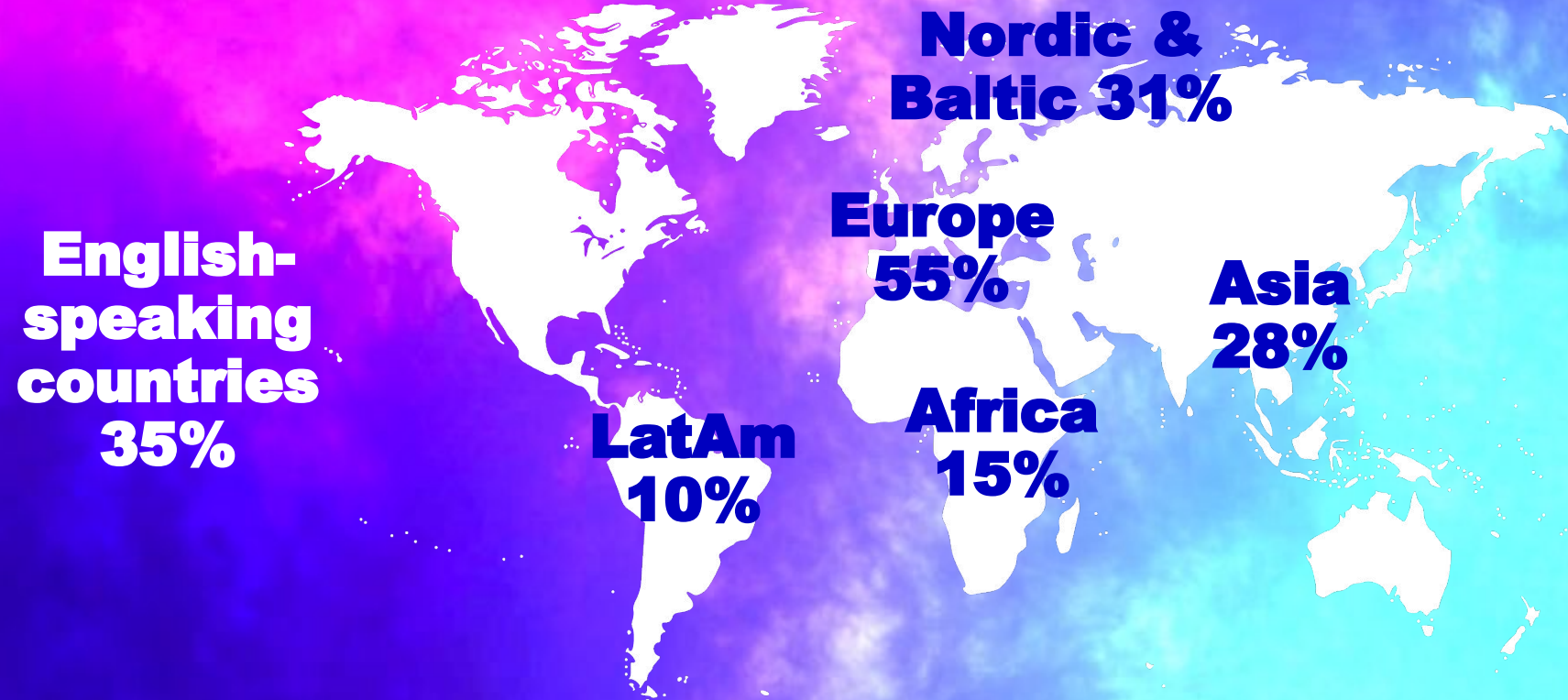
Finnish teachers working with them to measure the quality of their solution and giving feedback is not seen relevant always.

Naturally, in a small market, where home market revenue is extremely challenging, to grow fast, investors are not that interested in EdTech companies who haven't made a big breakthrough in (bigger) foreign markets.

From a fundraising point of view it seems that Finnish EdTechs get one shot. With a good concept and team it's possible to get Business Finland money and double that with VC/Angel money. If they don't hit the target with the first version of the product, it's super difficult to raise more funds to pivot or even tweak the product or business model.

You get in a trap very easily, where you have enough sales to keep going, grow slow and work hard to get the salaries paid. But you need to focus all time and resources in sales, instead of improving the product and business model to facilitate faster growth. Hence we have maybe hundred EdTech companies with 2-10 people team, but only one with +100 people team."

Helsinki Education Hub

Geographical markets of interest for the EdTech companies in 2022

English-speaking countries 35%

Nordic & Baltic 31%

Europe 55%

Asia 28%

LatAm 10%

Africa 15%

% of companies mentioned this region, the Finnish EdTech survey 2022.

Aiming for International Markets

We asked the companies what their share (%) of export of the revenue was in 2021 and what they expected it to be in 2022.
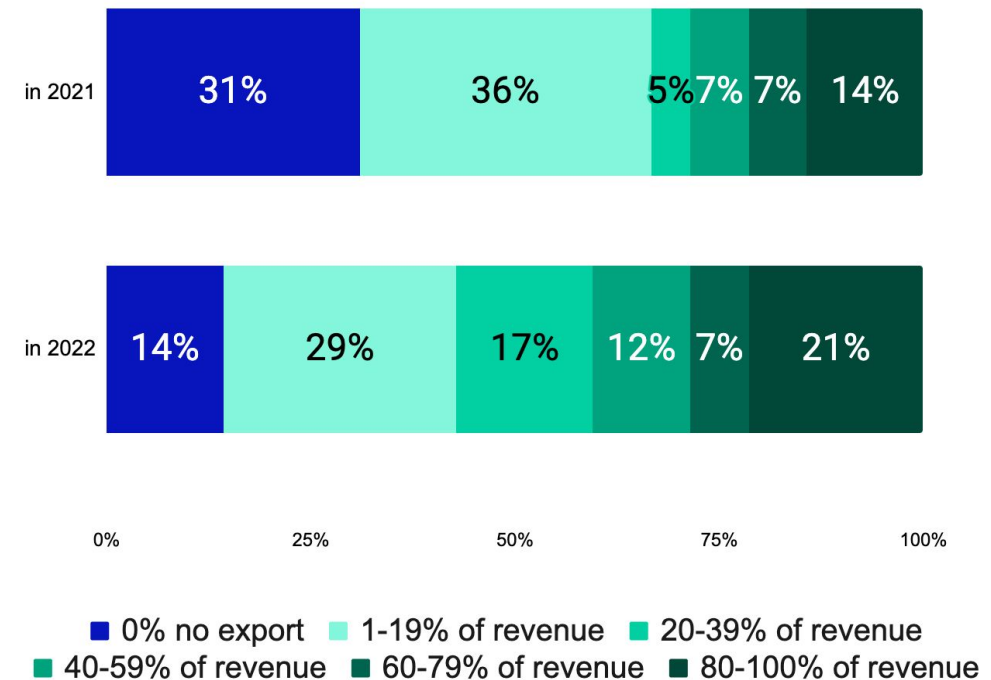
- The average export was 25% in 2021 (*this equals to about EUR 200 000 per exporting company who responded*).
- Companies estimated that their export will increase to be 36% in 2022 (*EUR 375 000 per company*).

In the graph the share of export is displayed in categories

- 31% of the companies did not have any export in 2021 (optimistically expected to be 14%).
- 36% of the companies reported less than 20% export (expected 29%).

What is the share of export (of revenue)?

% of companies in the Finnish Edtech survey 2022.

	in 2021	in 2022

0%   25%   50%   75%   100%

■ 0% no export ■ 1-19% of revenue ■ 20-39% of revenue
■ 40-59% of revenue ■ 60-79% of revenue ■ 80-100% of revenue
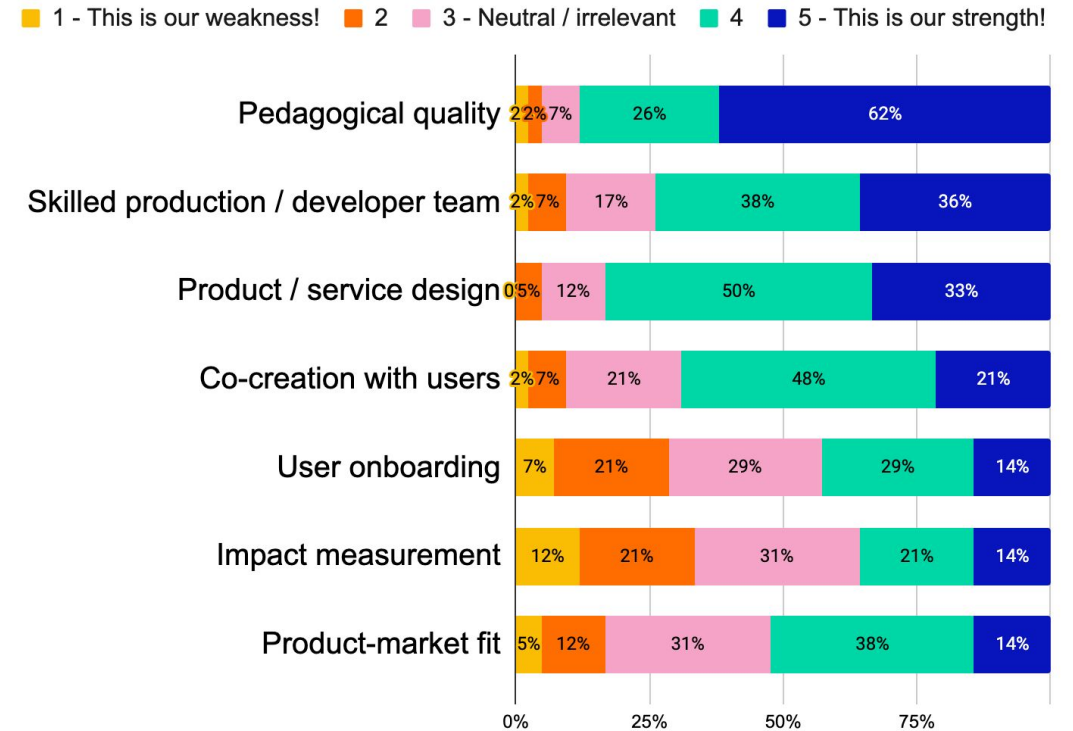
Developing an EdTech solution - Strengths and weaknesses

Pedagogical quality is not only the most important strategic goal of the EdTech companies but also the number one strength (88%).

- Building a pedagogically high quality product is what the Finnish EdTech companies master.

- Designing a great service (83%), hiring a skilled developer team (74%), and co-creating with the users (69%) are also considered strengths.

- Companies feel they could do better at user onboarding and measuring impact, which are weaknesses of one third of the respondents.

Our strengths and weaknesses in developing an Edtech solution
% of companies in the Finnish Edtech survey 2022.

■ 1 - This is our weakness!   ■ 2   ■ 3 - Neutral / irrelevant   ■ 4   ■ 5 - This is our strength!

Pedagogical quality	2% 2% 7%		26%		62%
Skilled production / developer team	2% 7%	17%	38%		36%
Product / service design	0 5%	12%	50%		33%
Co-creation with users	2% 7%	21%	48%		21%
User onboarding	7%	21%	29%	29%	14%
Impact measurement	12%	21%	31%	21%	14%
Product-market fit	5% 12%	31%	38%		14%

0%   25%   50%   75%

Helsinki Education Hub

62

Growing an EdTech business - Strengths and weaknesses

EdTech company leaders, often with a pedagogical mindset, make great team leaders (72%)!

- Recruiting a skilled and motivated team is also a strength (52%).
- The industry also seems to attract people seeking for meaningful work.

Companies know that they need to strengthen their capabilities in:

- Marketing (50% reported as weakness)
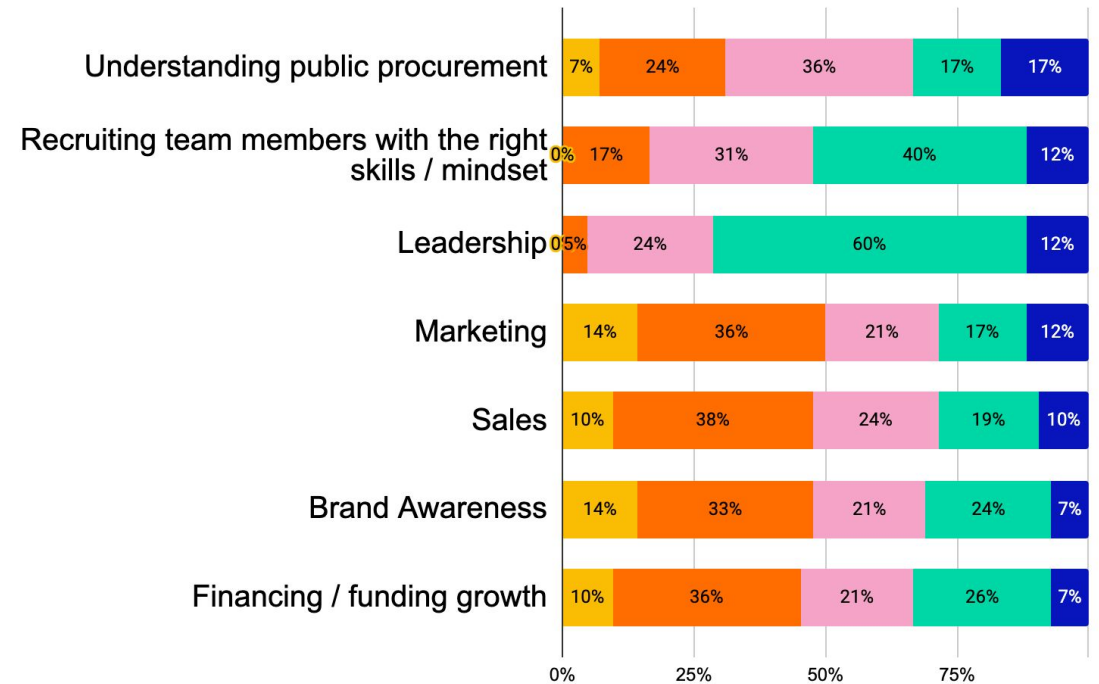- Sales (48%)
- Brand Awareness (47%)
- Skills to finance the growth (46%)

Understanding public procurement and Funding growth seem to divide companies

- These specific topics are also not relevant for every company.

Our strengths and weaknesses in growing an Edtech business
% of companies in the Finnish Edtech survey 2022.

■ 1 - This is our weakness! ■ 2 ■ 3 - Neutral / irrelevant ■ 4 ■ 5 - This is our strength!

	1	2	3	4	5
Understanding public procurement	7%	24%	36%	17%	17%
Recruiting team members with the right skills / mindset	0%	17%	31%	40%	12%
Leadership	0%	5%	24%	60%	12%
Marketing	14%	36%	21%	17%	12%
Sales	10%	38%	24%	19%	10%
Brand Awareness	14%	33%	21%	24%	7%
Financing / funding growth	10%	36%	21%	26%	7%

0%   25%   50%   75%

In the EdTech market - Strengths and weaknesses

Nearly 50% feel that sales / procurement channel development is their weakness.

- These skills, especially in international EdTech markets, need to be improved.
- Finnish market and getting pilot projects are strengths (71%).

50% of the companies say that competition with other solution providers is irrelevant or neutral topic.

- Companies have been seeking ways to collaborate to enter new markets together and grow. Small Finnish companies cannot make it alone.
- 41% feel that collaboration with other solution providers is their strength.

Our strengths and weaknesses in the Edtech market

% of companies in the Finnish Edtech survey 2022.

■ 1 - This is our weakness! ■ 2 ■ 3 - Neutral / irrelevant ■ 4 ■ 5 - This is our strength!

Is it scalable? Delivering the EdTech product

In general, some products scale easily - customers can access them with one click without any consultation or customisation.

In EdTech providing a service that requires zero maintenance (10%) may not be possible or even a goal.

- Sometimes user-onboarding means training teachers to use the new tool or a transformation in ways of working.
- Technical integration to existing systems may need some work. (EdTech industry is working on improving the interoperability issues.)
- The solution may be a physical tool.

However, there are many business operations apart from the required human interaction that can and need to be streamlined making the delivery more scalable.

How do you deliver your core product / solution to your customers?

The Finnish Edtech company survey 2022.

Helsinki Education Hub
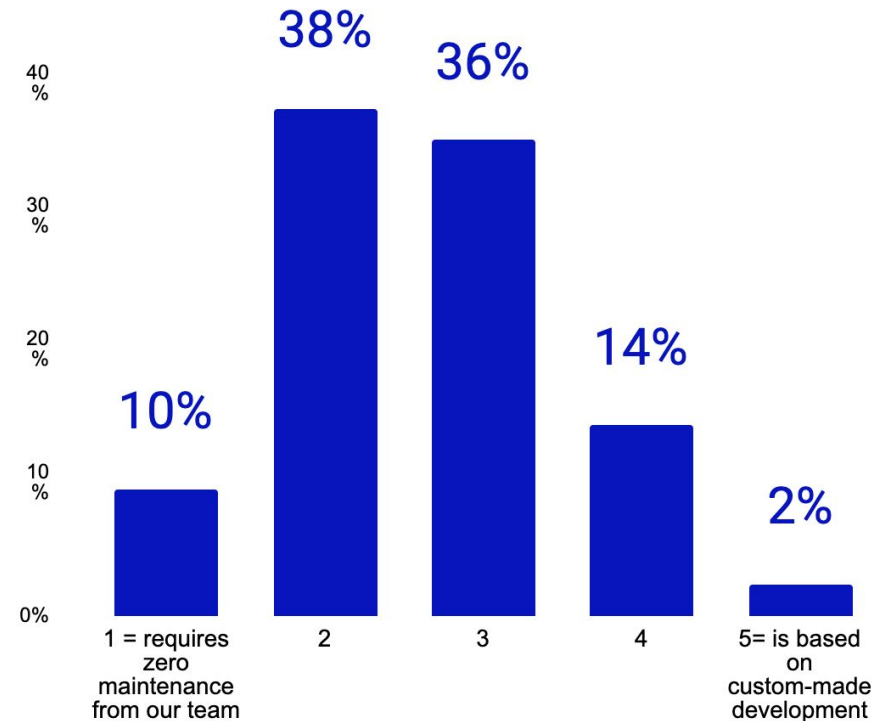
Finnish EdTech Ecosystem supporting startups

Support is requested most for

1. internationalization,
2. connections to customers,
3. and funding.

There is great value in introductions and leads for the companies. Over the years, a lot has been tried, such as sales and marketing platforms and online listings. The challenge has been that they are quickly outdated, a profitable business model is hard to find and they may not meet the needs of clients who seek for human interaction and consultative B2B support. The market is fragmented and the players are small.

How can the ecosystem develop a more efficient, operative, systematic model to support this? Below we mention concrete ideas and propose who could be in charge of implementing them, based on the company survey.

Helsinki **Helsinki Education Hub**
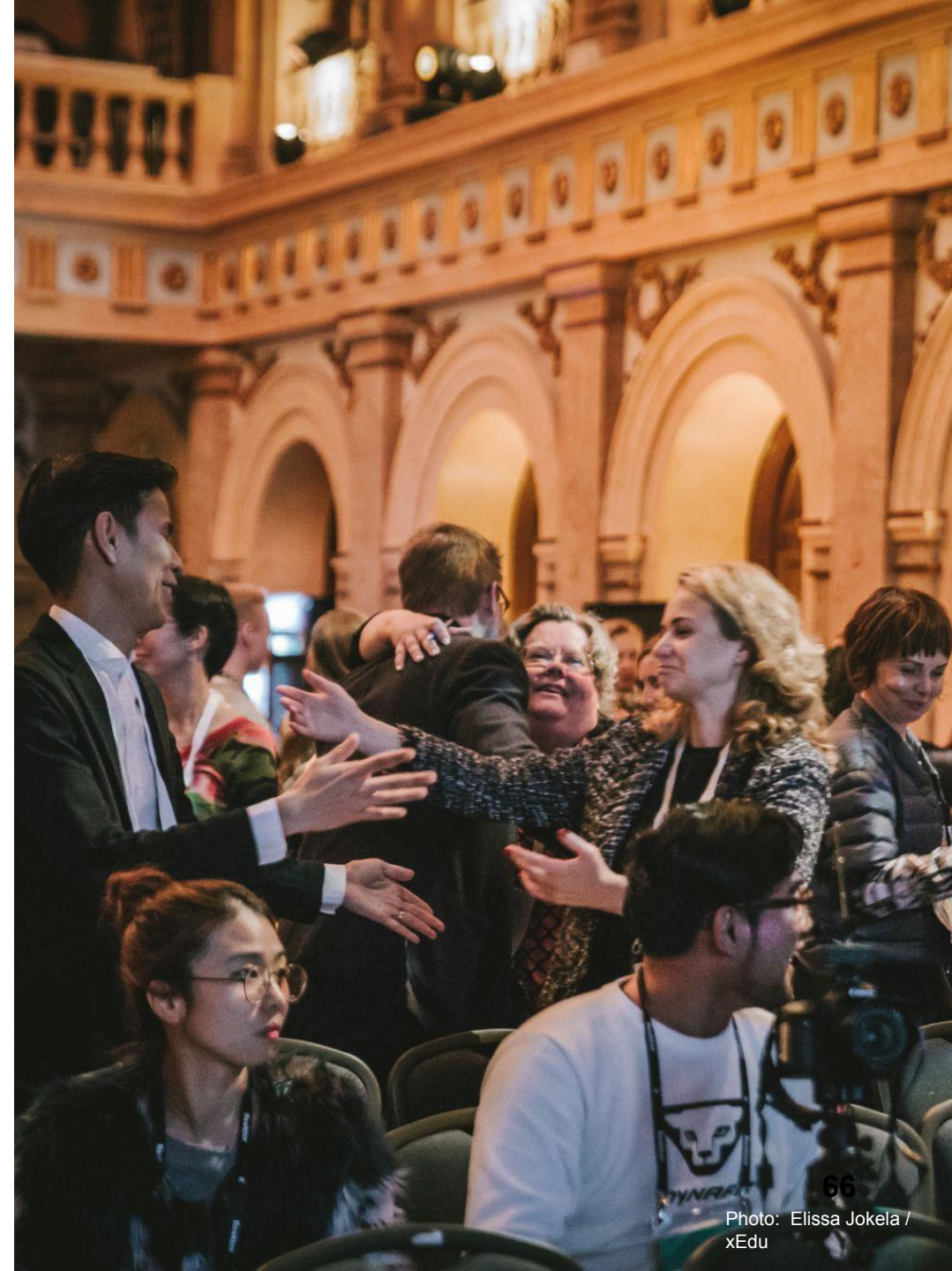
How can Helsinki Education Hub* support startups?

Internationalization:

- Connect to trusted partners and channels for internationalization
- Connect directly to customers from desired markets
- Organize seminars about various markets
- Finance market research on various markets for education
- Create recommendations platform that can be trusted by the vendor and potential customers
- Connect with the universities and UAS to become a part of their large education export projects
- Provide opportunities for startups to meet in order to create joint deals and co-selling, as well as experience/information sharing
- International marketing and strengthening the Finnish education brand
- Funded programs to support sales internationally
- Export excursions to US and other major markets with other education companies
- Access to Embassy network

*These actions can also be supported by Business Finland, OPH and other public organizations.

Based on The Finnish EdTech company survey 2022

Helsinki Education Hub

How can Helsinki Education Hub* support startups?

Acquiring customers (on local market):
- Connect and matchmake directly to potential customers and leads
- Create a platform for recommendations that can be trusted by the vendor and potential customers
- Provide opportunities for startups to meet in order to create joint deals and co-selling, as well as experience/information sharing
- Support in marketing locally
- Connect to various relevant networks and channels
- Improve cooperation with Finnish cities and schools
- Expos and seminars to show and network with municipal decision makers in Finland (Teachers' association etc.)
- Validation and research in collaboration with schools and cities
- Promote innovative public procurement

*These actions can also be supported by Business Finland, OPH and other public organizations.

Based on The Finnish EdTech company survey 2022

Helsinki | **Helsinki Education Hub**

How can Helsinki Education Hub* support startups?

Funding:
- Matchmake with investors
- Bridge funding opportunities for a company who has proven the need for the product, but requires the business model and product to be tweaked in order to allow faster growth
- Funded programs to support sales internationally
- Provide early stage public grants, loans, funds
- Access to public funding instruments

Other:
- Matching to the right partners in co-development and outsourcing
- Support in becoming an accredited learning organisation
- Nurturing and supporting an EdTech/education network or ecosystem financially
- Recruitment support (access to talent)
- Mentoring

*These actions can also be supported by Business Finland, OPH and other public organizations.

Based on The Finnish EdTech company survey 2022

Helsinki | **Helsinki Education Hub**

Peer-advice from companies with Positive cash flow from core product

The companies that have been in the field for the longest time are confirming that EdTech is a very slow and long-term business. They are sharing the following advice:

- Be aware that EdTech is a very long term business. Be patient!
- Network.
- Focus on product-market-fit and sales early.
- Test your idea / MVP early.

"Take 10 years perspective! :D"

"Growing edtech business needs lot of determination, guts and long term planning."

Based on The Finnish EdTech company survey 2022

Helsinki **Helsinki Education Hub**

"Don't give up! Seek help. Ask. Grow in Finland to make business sustainable first."

Peer-advice from companies with Early revenue from core product

The main advice that early revenue companies are giving is to FOCUS, FOCUS, FOCUS! Focus your market, focus your core product, focus your sales. Don't pay attention to hype, but focus. Other advice is:

- Focus on sales from day one! Invest in your marketing budget.
- Be careful with foreign markets. Invest in home market first, it is more important than you think.
- Co-create and engage your early adopters.
- Get mentoring support, partner early, don't stay in a silo.
- Be aware that EdTech is a very long-term business.
- Recruit wisely, and do not hesitate to do hard people-related decisions fast.
- Set the KPI:s from day 1 and use the information wisely.
- Start to do your solution with clients for clients.

"Be patient. This is a VERY SLOW business. All the hype around EdTech is 98% air."

Based on The Finnish EdTech company survey 2022

Helsinki | **Helsinki Education Hub**

"Focus on a specific offering that solves a specific high-importance problem for the customer. Most companies hustle and make compromises on their product, which waters down their value proposition."

Peer-advice from companies in Core product development stage

Early stage startups (core product development stage) seemed to lack the experience yet to provide advice ("/I have/ no experience in this area yet").

- However, growing network and finding mentoring help has been mentioned by two companies.
- One startup mentioned that they think they should've started the company and raised earlier, however, companies that are further along (with a positive cashflow) give advice, on the contrary: "Don't hurry to start selling your product and raising funds".

Based on The Finnish EdTech company survey 2022

Helsinki Education Hub

"Our smartest move was broad networking and reaching for strong leads, and being up to date with the rapid EdTech market changes. We feel our biggest mistake was not raising funds early enough, however, we also believe we were not ready as a start-up for cashflow yet."

Investment interest toward EdTech sector has been steadily growing, with a surge since the pandemic started

Global EdTech expenditure
- expected to reach approximately $300B in 2022 and is expected to continue to grow at 16.4% CAGR to $404bn in 2025

EdTech Venture Capital
- reached 3x pre-pandemic investment levels in 2021, accelerating startups around the world with over $20B of funding

EdTech Unicorns
- As of 27 Jan 2022, there are now 33 EdTech Unicorns around the world who have collectively raised over $28B of total funding in the last decade and are now collectively valued at $100B+

More starts on <u>www.holoniq.com</u>

Helsinki | **Helsinki Education Hub**

HOLONIQ. GLOBAL IMPACT INTELLIGENCE
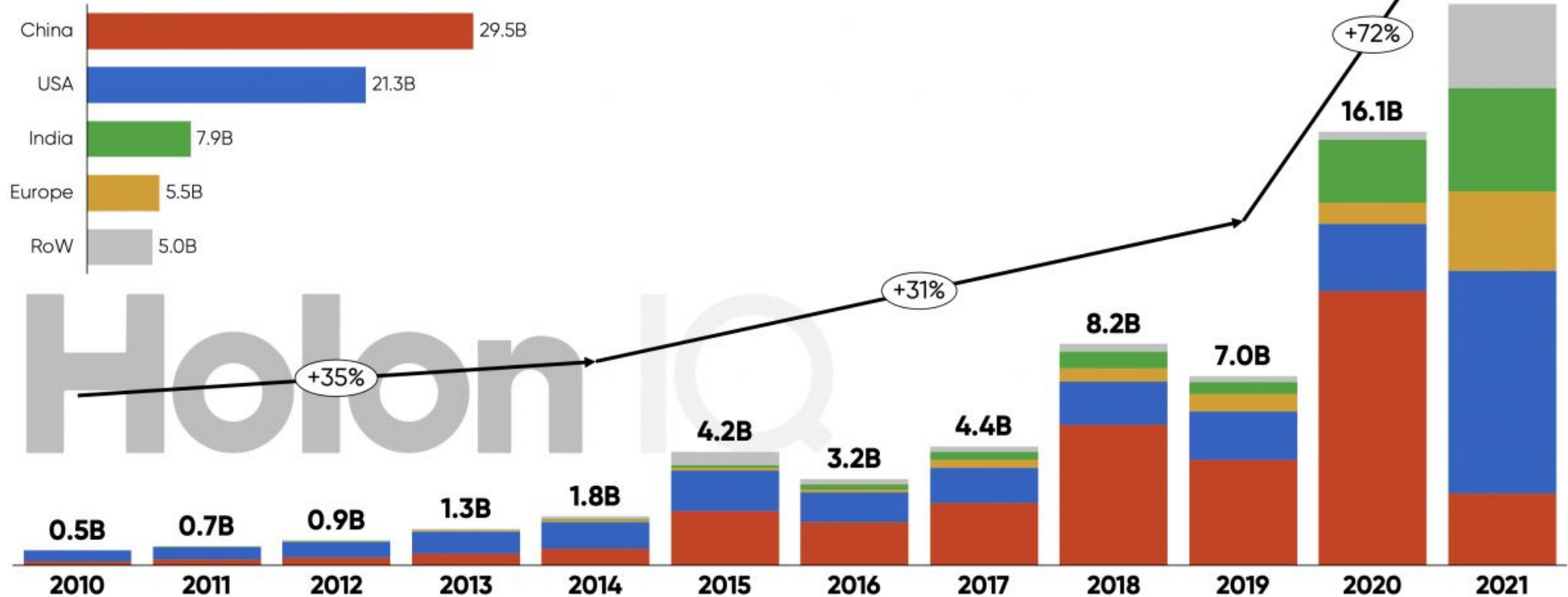
Holon IQ

$20.8B of EdTech Venture Funding for 2021, 3x pre-pandemic levels. Massive US and EU surge covering an $8B China EdTech VC collapse.

Global Education Venture Capital Funding, 2010-2021 in USD Billions

China — 29.5B
USA — 21.3B
India — 7.9B
Europe — 5.5B
RoW — 5.0B

2010: 0.5B
2011: 0.7B
2012: 0.9B
2013: 1.3B
2014: 1.8B
2015: 4.2B
2016: 3.2B
2017: 4.4B
2018: 8.2B
2019: 7.0B
2020: 16.1B
2021: 20.8B

+35%
+31%
+72%

Source: HolonIQ, 3 January 2022. All numbers rounded and may not sum exactly due to rounding. All years calculated at historic FX.

www.holoniq.com

Helsinki Education Hub

Largest investments in Finland (I):

Finnish EdTech startups have been successfully raising funds from local and international investors. Below, we present several successful fundraising examples.

- One of the largest Finnish EdTech companies is **Yousician**, an online platform for learning and playing musical instruments. Yousician raised $28M Series B Round to make music education more accessible. yousician.com
- **Howspace** is a fast growing dialogue-driven learning and organizational development platform powered by AI. Howspace closed €12M Series A funding round to accelerate expansion in North America and Central Europe. www.howspace.com
- **Fuzu** combines the strengths of the world-renowned Finnish education and innovation system with deep understanding of the end-user, their needs and aspirations. They aim to change the landscape of job search and recruitment and to become the undisputed home of African talent by preparing people and organizations for success. Fuzu closed a €3.4M Series A funding round. www.fuzu.com
- **Funzi** uses robust mobile technology to make courses accessible anywhere and anytime. They have recently raised $3M, which the startup plans to use to boost its reach in new markets while providing growth in the existing ones. www.funzi.com
- **HEI School's** mission is to bring Finnish-style early childhood education to the world. HEI School has received €2M investment to continue building and strengthening the growing global HEI Schools community and to further develop the pedagogical concept and materials used by teachers all over the world. www.heischools.com

Largest investments in Finland (II):

- **3dBear** aims to promote children's learning using digital tools and augmented reality technologies. They are targeting international markets with a successful <u>investment round worth €1.5M.</u> <u>www.3dbear.io</u>
- **Kide Science** is a global early childhood science learning provider. <u>Kide Science has raised €1.5M</u> in seed round to accelerate their international growth. <u>www.kidescience.com</u>
- **School Day** is a Student wellbeing solution provider. <u>School Day raises €1.1M</u> in a seed round to accelerate international expansion. <u>www.schoolday.com</u>
- **Playvation** is a children's language learning provider. <u>Playvation secures €700k</u> funding in seed round. <u>moominproducts.com/playvation</u>
- **Qridi** transforms learning from passive to active, and builds student agency and ownership. <u>Qridi has closed a funding round</u> with existing and new private investors to strengthen their international growth.
- **Whiteboard** was <u>acquired by Kahoot!</u>, an online whiteboard tool for teachers and classrooms, with a goal of providing more powerful learning tools for educators worldwide. <u>whiteboard.fi</u>

Helsinki Education Hub

Impact Investing

- The global market for impact investing has seen rapid growth in recent years and currently amounts to about USD 500 billion with powerful growth set to continue. (Source)
- In Finland, Impact Investing has been a growing trend as well, with governmental organizations supporting the establishment of impact funds (such as Sitra and Ministry of Economic Affairs and Employment).
- FiBAN has created a toolbox to help investors make more impact conscious investments.
- Finland is the first country in the Nordics to establish an EdTech-focused VC fund.

"Impact investing is a means of channelling private equity to projects whose aim is to achieve positive, measurable social benefit."

Sitra

Helsinki Education Hub

Specifics of investing in Finnish EdTech

The EdTech industry is growing and more investors are entering the space. However, when choosing to invest in a Finnish edtech company, it is good to remember several important points:

- The Finnish EdTech ecosystem is strong and vibrant. Connections and networks within the ecosystem are a must to understand the industry better.
- Finland has a strong international brand of quality education and innovative pedagogy. This helps when entering foreign markets.
- It may require up to 10 years of a company's existence to build a pedagogically impactful, user-friendly product and a sustainable business model in a fragmented international market.
- Local Finnish market is difficult for EdTech due to its size, fragmentation, bureaucracy, and attitudes ("education should be free").

Useful links for edtech investors:

- European EdTech reports and Insights (Brighteye Ventures)
- Social Impact Assessment in Education Technology Investments
- Measuring Impact of EdTech Solutions
- Average age of bestselling edtech startups
- Guide for Entering the Finnish Education Market – Key Facts, Resources & Contacts
- Edtech Finland association
- Oppiva Invest (Finnish edtech fund)
- Sparkmind VC (Finnish edtech fund)

Helsinki Education Hub

Authors' Reflections

EdTech is a very long-term business, which is conformed by many companies. However, these companies also encourage to be patient and continue forward. We should remember that edtech industry is impact-first, and it brings satisfaction and motivation to those teams that are driven by positive social impact, not quick economic returns. Seeing how the customers are getting value of the solution you created with your team (read: learners are learning more and educators motivated!) is extremely satisfying!

Having teachers as leaders of EdTech teams also creates interesting dynamics. Teachers are experts in communication and interpersonal relations, which makes them excellent CEOs and Managers.

The hype around EdTech is real and it may be dangerously misleading to new entrepreneurs entering this industry. Should more attention be paid to supporting existing EdTech startups instead of attracting new companies? Scale-ups need different kind of support than those just starting up. This is yet to be discussed.

This report has the Helsinki region in special focus. Thank you for making it possible for us to make the Finnish Edtech industry more visible with its many facets.

- ***Heini Karppinen*** *and* ***Anna Dementyeva***

Helsinki | Helsinki Education Hub

Thank you.

For more information please contact

Helsinki Education Hub
Mia-Stiina Heikkala
Mia-Stiina.Heikkala@hel.fi

Helsinki
Education
Hub