



Educational Tech in New York City

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Julia Knoeff
Sven Verleun

EdTech in New York City

After Silicon Valley, New York City is the second biggest technology hub in the US. Education is one of the many areas that innovators and entrepreneurs in the city focus on. This has led to the rise of a technology market labeled as EdTech (short for educational tech). Educational technology is being defined as the study and ethical practice of facilitating learning and improving performance by creating, using and managing appropriate technological processes and resources.¹

With steady sources of funding, as well as access to one of the largest school systems in the country, new companies are able to test their products on a total of two million students. A number that makes up a quarter of the city's population. The City University of New York (CUNY), with more than 480,000 students, is the city's largest public higher education system and is already twice as large as the entire University of California. New York City is uniquely positioned as an EdTech hub not only due to its large number of universities but also because of its historic cluster of publishers, and its emergence as a global technology center.

"The strength of this [technology] community is the ability to open opportunities to all New Yorkers,"
– Mayor De Blasio

Definitions US Education System

The education system in the United States uses terminology that is not easily translatable to Dutch. First of all, there is the term 'K-12 schools.' K-12 (kindergarten through 12th grade) entails the sum of primary and secondary education. It covers kindergarten (4 to 6 years old) through twelfth grade for 17- to 19-year-olds. After graduating high school (12th grade), U.S. students may go on to college or university. This part of the education system is known as higher education, an optional final stage of formal learning, often at one of the almost 5,000 colleges or universities.

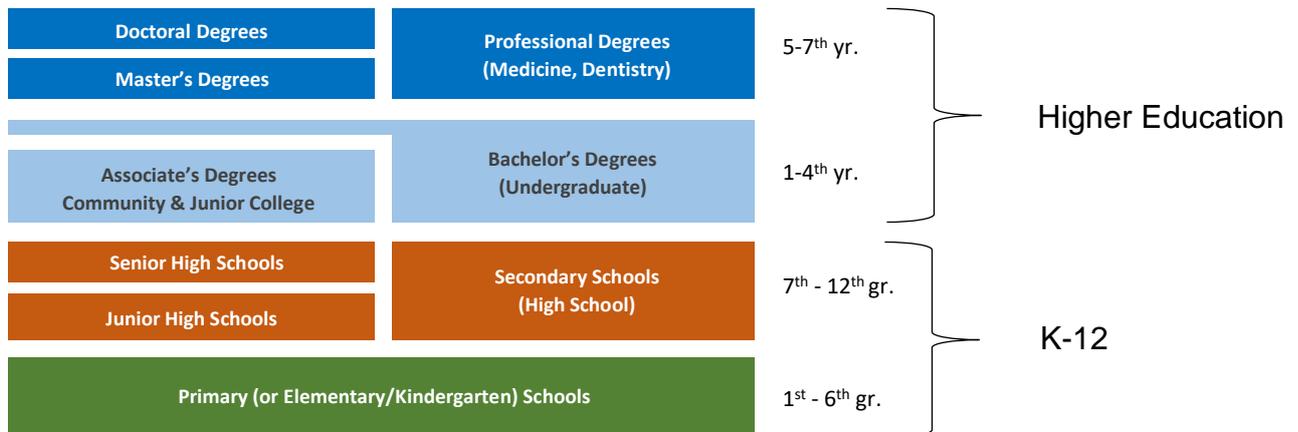


Figure 1. Overview Education System in the United States

¹ Robinson, R., Molenda, M., & Rezabek, L. (2008). Facilitating learning. *Educational technology: A definition with commentary*, 15-48.

Research

The major universities in the New York area such as New York University (NYU), Cornell Tech and Columbia University are naturally interested in implementing tech in the field of education. Some institutions however show greater involvement in this field than others. For example, New York University (NYU) Steinhardt is one of the city's leading schools when it comes to education. Powered by StartEd they jointly run the NYU EdTech Accelerator², further explained below.

Following the novelty of the EdTech sector, traditional research has yet to catch up with online news media. The leading research organization when it comes to EdTech in the United States is EdSurge. They combine reporting, market intelligence and a growing community of readers with independent research that is easy to consume and fits into the daily life of educators and entrepreneurs. Next to daily news coverage EdSurge provides in-depth research guides and a weekly podcast.³

EdSurge however covers the whole of the United States but not the NYC area in particular. Research focused on the EdTech ecosystem in the NYC area is offered in the extensive industry report composed by the New York City Economic Development Corporation. This report examines the drivers for the growth of education technology companies in the city⁴.

If you would like to stay up-to-date on education and tech, online magazine *EdTech Magazine* is a reliable source.⁵ The magazine explores technology and education issues that IT leaders and educators face when they're evaluating and implementing a solution. It hereby makes a distinction between K-12 and higher education. *Education Dive* is a similar organization and covers industry news while also providing original analyses⁶.

Organizations

An increasing amount of organizations are working on EdTech within the New York area. Research organizations were mentioned in the previous paragraph. This section focuses on incubators, accelerators, collaborations and other initiatives.

One of the city's major initiatives is iZone⁷. Initiated by New York City's Department of Education it aims to bring cutting-edge technology to schools, teachers and students. The work of iZone includes:

- *School of One* is a program where students working on a specific task are assessed daily to see if they have mastered a skill or if they need more time, and so determine what work should be done the following day.
- *iLearnNYC* is an online learning program that gives students access to a state-of-the-art online platform, academic content, technical support and professional development.
- *Blended Learning Institute* teaches teachers to effectively integrate traditional instruction with digital tools and online content to develop computer science education.
- *Innovate NYC Schools* projects are connecting students and teachers with EdTech companies to develop innovative teaching and learning solutions.

Non-governmental initiatives include accelerators such as StartEd and the AT&T Aspire Accelerator. The StartEd accelerator is an accelerator program and incubator for EdTech companies. As the accelerator is created in collaboration with NYU Steinhardt, it is located at the Steinhardt campus of NYU at Washington Square Park. Any EdTech company can apply to take part in the program.

The AT&T Aspire Accelerator is an accelerator by AT&T for startups that are one a mission to use technology to enhance learning.⁸ The program is 6 months including, among other aspects, a \$100,000 investment by AT&T, resources and mentorship. The accelerator does not take place in New York and the participating startups can stay in their own location.

Concluding, *EdLab at Teachers College Columbia University* designs, develops, and researches learning applications and educational resources to advance innovations in learning and teaching. EdLab hosts seminars and Demo Nights throughout the year (see events).

² See paragraph *Organizations*.

³ EdSurge. (2017). Learn What's Happening in Edtech. Retrieved from <https://www.edsurge.com/>.

⁴ New York City Economic Development Corporation. (2015). *Education Technology in New York City*. Retrieved from https://www.nycedc.com/sites/default/files/filemanager/Resources/Economic_Data/industry_trends/EdTech_Industry_Trends_and_Insights.pdf.

⁵ EdTech Magazine. (2017). *Select Your Focus*. Retrieved from www.edtechmagazine.com.

⁶ Education Dive. (2017). *About Education Dive*. Retrieved from <http://www.educationdive.com/about/>

⁷ iZone. (2017). *Initiatives*. Retrieved from <http://izonenyc.org/initiatives/>.

⁸ AT&T. (2017). *AT&T Aspire Accelerator*. Retrieved from <http://about.att.com/content/csr/home/possibilities/at-t-aspire/mobilizing-learning/accelerator.html>.

Opportunities

There are multiple reasons why New York City is further growing into an ideal hub for EdTech organizations and companies. The proximity of universities combined with the largest public school system in the country makes it an ecosystem full of opportunities. Considering the facts that New York is the second biggest technology hub in the US and EdTech is still sprouting towards its full potential, it is highly relevant to explore the opportunities for incoming companies. However, there are several aspects of the market that need to be taken into account when preparing a market-entry as a Dutch company.

First of all, the educational system in the United States differs greatly from other countries. Its standards make it more difficult for foreign companies to enter the market. For example, products such as learning management systems can therefore not be considered as an ideal product-market fit. This category includes dashboard software products like Blackboard and other databases and grading systems. Due to the differences between the US and the Netherlands, it would be difficult to transfer such a learning management system product to the US.

Current trends in the market are mostly related to personal, educational and career development. This includes subsectors such as career readiness, tutoring platforms and software support in order to reach a student's goals. Businesses that have been successful over the years have products that allow for creativity with the students and make it easier for teachers to teach. *LearnLaunch* identified such opportunities more specifically as, among others: virtual training, blended learning, machine teaching, peer2peer learning and gamification.⁹

If companies want to enter the market in order to seize these opportunities it is highly recommended to make sure your business fits the US market. Switching to another business model could be part of this preparation. According to an EdSurge survey of two dozen active EdTech investors, business models focused on serving institutional customers are most popular. An institutional business model is being defined as selling directly to schools and/or districts. Their study shows that businesses using this model make up 45 to 50 percent of an investor's portfolio.¹⁰

A final aspect that requires attention is the integration with Google Classroom. This compatibility is highly appreciated if not found necessary when launching an EdTech product in the US market. First find out if this is also the case in your specific product segment. If this is the case and you are not familiar with this kind of integration, it could be an option to attend courses or summits such as the ones organized by *EdTechTeam*.¹¹

Events

Informative and network opportunities concerning EdTech are provided by both smaller meetups as well as bigger events. To provide an overview of related events, these will be categorized into events with around 100 visitors and >100 visitors. The following events are relevant if you want to stay updated on what is happening in New York City when it comes to EdTech.

Intimate Meetups (appx. 100)

- [NY EdTech Meetup](#) is a group on Meetup.com with almost 7.000 members. They host monthly Meetups with a turnout ranging from 80 to 120 'EdTech Innovators'.
- [EdLab](#) is a research, design, and development unit at Teachers College, Columbia University. EdLab envisions and pilots knowledge projects for a fundamentally different education sector that is attuned to the emerging post-industrial world. They host seminars at the EdLab space on the 5th Floor of the Gottesman Libraries at Teachers College (almost) every Wednesday and Demo Nights throughout the year.
- [EdTechWomenNYC](#) is a networked community for women and their supporters involved with education technology. They host an event every two months with turnouts ranging from 20 to 50 attendees.
- [Educational Data Mining/Learning Analytics in NY](#) is a Meetup occurring only once or twice a year but attracts approximately 100 attendees.

⁹ LearnLaunch. (2016). *EdTech's Top 20 Opportunities*. Retrieved from www.learnlaunch.com/edtechs-top-20-opportunities

¹⁰ EdSurge. (2016). *Most Popular EdTech Business Models*. Retrieved from <https://www.edsurge.com/research/special-reports/state-of-edtech-2016/funding>.

¹¹ EdTechTeam. (2017). *Summits Featuring Google for Education*. Retrieved from <https://www.edtechteam.com/summits>.

Bigger Events/Conferences (> 100)

- NYC EdTech Week is the biggest annual EdTech event. Hosted by NYU Steinhardt and StartEd, the 2016 edition attracted more than 1000 attendees including 150 investors, 200 educators and 200 startup founders. This year's edition will take place December 18-20.
- Educate Conference is hosted by EdTech company Learnosity. Its first edition took place on May 4th this year (2017). The event had a technical focus, aimed at developers and product owners. If, and when, this event will be succeeded has not been announced yet.

Earlier mentioned organization EdSurge is often on top of the latest EdTech events. Although their calendar includes events all over the US, many of them focus on the Northeast.

Besides these specific events, EdTech is part of New York's bigger technology ecosystem. It is therefore wise to not only focus on EdTech events but also keep track of other broader technology events. The following are examples of more general technology events in the New York City area.

General Tech Events

- NY Tech Meetup is the world's largest Meetup group and New York's biggest Tech Meetup. Each month, over 500 Tech enthusiasts head over to the Skirball Theater at NYU where live demos from New York tech companies are featured, followed by an after party.
- Gary's Guide is a global resource and community of professionals that are interested in startups, entrepreneurship, social media and technology. One can subscribe to its newsletter to stay informed about ongoing technology events.
- Digital.NYC is the official online hub of the New York City startup and technology ecosystem, bringing together every company, startup, investor, event, job, class, blog, video, workspace, accelerator, incubator, resource and organization in the five boroughs.

Financials

EdSurge provides a research report related to the financial aspects of EdTech in the US.¹² Coming from 138 venture deals, EdTech funding in 2016 totaled 1.03 billion US dollars. Comparing this with 2015's 1.45 billion US dollars, investments have slightly decreased in the meantime. Numbers for New York in particular date back to 2014 when EdTech companies based in the City raised 157 billion US Dollars¹³.

Although no recent numbers are available, a noticeable growth in investments over the years can be found when studying the total funding for NYC EdTech companies provided by venture capitalists over the years (shown in figure 1).

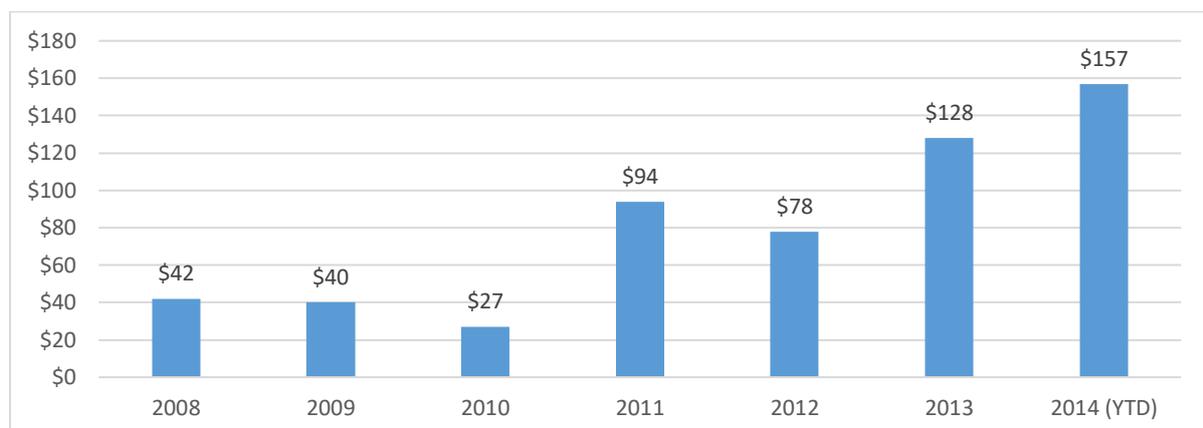


Figure 2. Total VC Funding in Millions for EdTech Companies Based in NYC 2008-2014.

¹² EdSurge. (2016). Ka'Ching! 2016 US Edtech Funding Totals \$1 Billion. Retrieved from <https://www.edsurge.com/news/2016-12-26-ka-ching-2016-us-edtech-funding-totals-1-billion>.

¹³ New York City Economic Development Corporation. (2015). *Education Technology in New York City*. Retrieved from https://www.nycedc.com/sites/default/files/filemanager/Resources/Economic_Data/industry_trends/EdTech_Industry_Trends_and_Insights.pdf.

Multiple investment funds active in the greater New York area are responsible for these investments. Two of them have a specific focus on EdTech. Namely, the *EdTech Fund* and *Rethink Education*. The first-mentioned is an investment fund with the focus on seed stage EdTech companies in K-12 and higher education. Rethink Education is an investment fund that invests in people, ideas and companies that are rethinking the way we learn and tech.

A recent EdSurge report provides inside into investments in EdTech throughout the whole United States. This serves as a helpful guide for more investment specific information.¹⁴

Disclaimer

This overview is an internal document and is by no means intended to provide a complete overview of the EdTech market in the New York area. This report serves as a basic initial guide for Dutch companies exploring the option of entering the New York EdTech market.

¹⁴ EdSurge. (2016). *Following EdTech Money*. Retrieved from <https://www.edsurge.com/research/special-reports/state-of-edtech-2016/funding>.