



Invest Into Online Education

Dec 2016

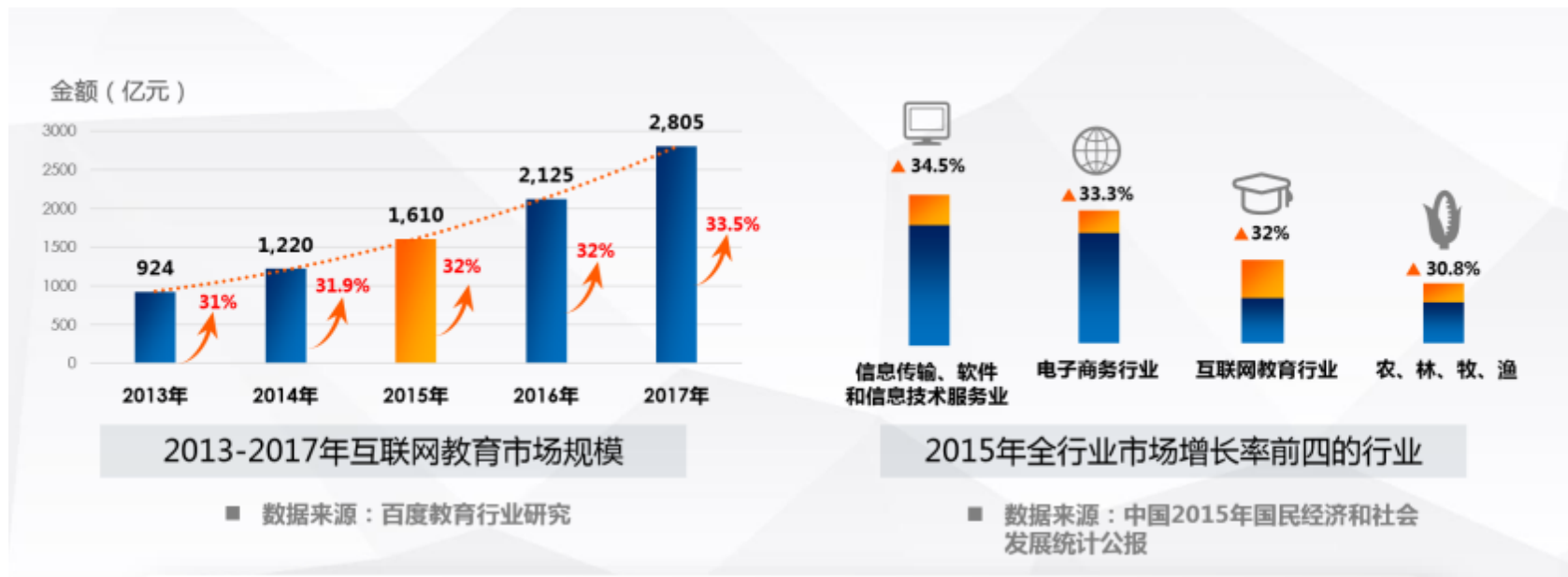


Agenda

- ▶ Online education market trend
- ▶ Investment strategy
- ▶ Case study

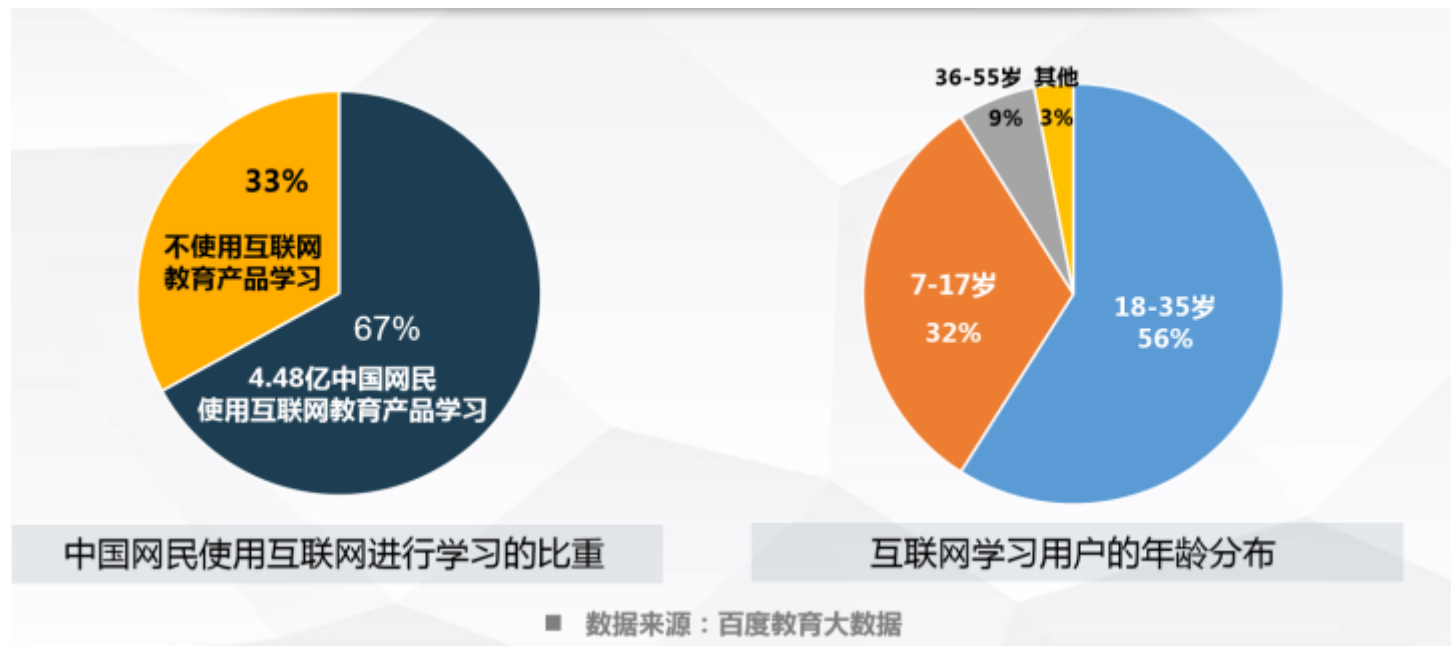


Market Size & Growth of Online Edu in China



China's online education is growing 30% YoY and the market size will reach RMB 280B in 2017

User Distribution of Online Education in China



67% China netizens use online education products, 88% of them are under 35.



Online Education Trend

- ▶ Demographic change brought by younger generation:
 - higher acceptance of online edu
 - Willingness & capability to pay more for online edu
- ▶ User experience change brought by eduTech
 - Online edu has proved its value to bring better teachers, lower prices, higher efficiency
 - More disruptive change : customized, interest & data driven learning
- ▶ Better business model brought by scalability



China's online edu has entered 2nd battlefield

- ▶ China's online edu market used to be more similar to Japan & Korea
 - Exam oriented
 - Fairness of edu is the first binding factor of industry reform
 - Dominant leader in K12 market -学而思
- ▶ China's online edu market will be more like US
 - Technology will bring more in-depth impact to edu industry, and better solution for efficiency issue: altschool, khan, newton
 - Problems of exam-oriented edu have been recognized by parents and gov
 - Employment pressure will force parents to focus more on their kids' practical ability instead of just exam scores



Different drivers: China vs. US

China: anxiety driven

- Parents treat education as investment to break through social hierarchy
- Government focus on the “fairness of education”: G1-9 required to be non-profit
- Edu reform underway
- New technologies applied faster

US: diversification driven

- Social hierarchy stabilized, education is treated more as a cost
- Education products are more diversified to meet different needs
- New technologies are innovated to generate new models

The biggest eduTech unicorn may be born in China !



Investment Strategy

- ▶ Focus on platform type opportunities, invest in potential leaders
- ▶ Seek for complete game changers
- ▶ RMB funds can pay attention to vocational education opportunities



Case study

- ▶ Short term focus: revenue size, good timing and market entry point
- ▶ Long term focus: innovative model of online edu



