Gain

OMMAX

US E-learning

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Interviewee

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The generalist segment has historically been highly fragmented, with large players expanding globally while smaller vendors stay local. Has that fragmentation held, or is the segment now consolidating around a few scaled platforms?

Answer: The fragmentation largely holds, though it has softened at one end — and the reason comes down to how far a given type of learning can travel across borders. The market has to be clustered by age group and client type to see this clearly. At the school-age end, tutoring and e-learning providers are very hard to internationalize, because they are bound to the specific curriculum of a specific country: third-grade math in Germany is not third-grade math in the US, and bridging that gap requires not just translation but full localization. That constraint keeps the younger end fragmented. The older end tells the opposite story. Corporate learning is inherently international — a single piece of content can be deployed across many regions — and vocational training, even in B2C, can still be internationalized, so this is where consolidation is concentrated. The university area is the exception that stays difficult, because of institutional specifications. So the headline is that fragmentation holds, but only once the market is segmented by age.

Competition here has traditionally revolved around pricing, curriculum quality, partnerships and technology integration. Has AI shifted the basis of competition — is proprietary content and university partnerships still the moat, or is it increasingly about AI-native features and learner outcomes?

Answer: Content is no longer the moat — the learning experience is. AI has democratized access to good-quality content, which strips away the advantage that once came from owning a superior library, and pushes the defensible differentiation toward the experience delivered to the learner. The tech backbone and tech enablement sit behind that experience, but they are the enabler rather than the USP. Concretely, the experience rests on hyper-personalization along two dimensions: format and pace. On format, the same content should be available in different modes — reading for one learner, listening for another — and be interactive and gamified. On pace, the platform should adapt to the individual: if a learner answers nine of ten exam questions excellently but stumbles on one, it should surface the right material to reinforce that specific gap. That adaptive, experience-led model is the moat today, in contrast to the content-and-partnerships model of the past.

Customer acquisition costs in this segment are high, with sales and marketing running a large share of revenue, and the model was historically built on ranking for search queries and converting free traffic. As discovery shifts to AI assistants that answer questions directly, how structurally threatened is that acquisition engine, and how are players responding?

Answer: The acquisition engine is being reshaped rather than simply threatened, and the effect differs sharply by age group because the channels themselves differ. For children's tutoring and school solutions, a provider either acquires the school — a B2G motion — or the parents, a B2C motion.

Reaching parents runs through digital channels: social media, SEO and SEA, and increasingly LLMs, because parents and schools now conduct much of their research and provider comparison through these tools. The consequence is a two-sided shift: overall traffic falls, but the traffic that does arrive via LLMs converts at a higher rate, because those buyers reach the platform already informed and a step further along in knowing what they want. B2B corporate learning follows a different and slower path — the sale runs through the people-and-culture department, which defines the learning need, often demands significant customization of look and feel, reporting and dashboards rather than content, and then routes through procurement. So the motion depends on whether the sale is B2C, B2B or B2G, but one principle holds across all of them: a broad digital presence is now essential, and even a B2B or B2G journey begins with a simple Google or GPT search — so presence in those channels is non-negotiable.

The line between degree and non-degree learning has been blurring, with offerings like Google's certificates creating new competitors. Has that trend accelerated, are employer-recognized alternative credentials genuinely competing with traditional degrees, or has adoption plateaued?

Answer: Adoption has plateaued, and the reason is a tension AI itself created. On one side, AI has democratized content and made high-quality material widely available; on the other, that very abundance leaves corporates asking where the added value lies and how they can trust that a given provider's offering is genuinely good. Certification resolves that tension, which is why it will remain a differentiation factor — when anyone can access the underlying knowledge, the credential is what allows a provider, or a learner, to stand out from the mass.

The academic education segment has benefited from long three-to-five-year contracts, high switching costs from data integration, and consequently low churn and predictable revenue. Is that stickiness holding up, and are those switching costs still defensible now that AI-native entrants are trying to displace incumbents?

Answer: The stickiness largely holds, because the switching cost was never really about content in the first place. For corporate buyers the value lies as much in the monitoring, KPIs and reporting behind the platform — the ability to prove, for compliance purposes, that a specific employee completed a required course each quarter, with the records on file. On top of that sits a "never change a winning team" inertia: introducing any new tool triggers a resistance factor, and even when a new tool matches the old one's reporting capabilities, the organization loses tracking and continuity during the transition because people don't adopt new tools instantly. The human factor — actual usage and adoption — is therefore the binding constraint, and it is usually where switching breaks down. The same logic extends to online universities, whose real USP is the learning experience wrapped around their certifications rather than the content itself, even if they would prefer to see it the other way.

Contracts still run three to five years depending on the product, but the contract length is the lesser part of the story — the switching barrier is what really locks customers in. The decisive usage isn't the students', since the student body turns over every year, but the teaching and administrative staff's, and

that is where the human factor bites. Any migration to a new tool brings a period of disruption where things simply won't work, regardless of what a provider promises. That pain sets a high bar: an institution won't move for a tool that is merely slightly cheaper or slightly better — it will only move for one that is radically different.

K-12 has been an especially attractive area for M&A given a finite market and single-vendor lock-in, with PowerSchool's buy-and-build as a notable example. Since then, there's been a major wave of take-privates. What's driving PE's continued appetite, and is the buy-and-build thesis still intact or getting harder to execute?

Answer: The thesis is still intact, and it rests directly on the fragmentation point: because education doesn't travel well in K-12, the only real route to growth and internationalization is M&A — which is precisely the private equity playbook, and one that should hold for the next five to ten years. What has changed is execution difficulty. There is still plenty of deal volume, but the challenge has moved from quantity to quality: many startups and new entrants claim to be radically different when they are not, a problem AI has amplified by lowering the barrier to entry. And easy entry is not easy scaling — entering this space has become simple, but scaling within it has not.

The US K-12 curriculum is fragmented by district, unlike the more standardized UK system. Does that make acquisitions harder to execute, since one district may need different content from another?

Answer: Yes — the US is a genuinely difficult market both to enter and to cover, precisely because requirements differ by state. The contrast with Europe is instructive: a country like Germany, France or the UK has a fairly harmonized curriculum within its borders, whereas the US does not. But there is a compensating factor — those European countries are far smaller, while a single US state such as California is large enough on its own to be worth covering fully.

Concentration beats blanket coverage — there is no need to buy in every state. The right approach is to weigh return on investment and focus on the larger states first: those with the greatest willingness to pay, where parents have the budgets and where education is treated as something of a status symbol. In practice that means the larger, more educated states are where a player should start.

Big tech — Google Classroom and Workspace — has been a competitive threat, alongside institutions building in-house programs. Has generative AI strengthened big tech's position in the classroom, and are institutions more or less likely to build versus buy now?

Answer: Generative AI has clearly strengthened big tech's hand, as seen with GPT and its education products, but its role is complementary rather than winner-take-all. Google or GPT won't become the single provider in any given space, and the reason is the consumer's own preference: no one wants 10,000 separate apps and logins. The market is therefore about offering choice, not about funnelling one

child into ten different tutoring apps — which leaves room for specialized providers alongside the big tech platforms.

There's growing tension in academia around AI and assessment integrity, with students using AI tools and institutions struggling to adapt. Is that creating new demand for categories like proctoring or AI-resistant assessment, and is it a headwind or tailwind for platforms in the segment?

Answer: It's a real and unresolved challenge, and the response so far has been as much pedagogical as technological. In some parts of the world, institutions are reverting from online to in-person testing and toward formats like defending a written essay verbally. The logic is that as content generation becomes trivial, what has to be strengthened instead is the critical thinking, argumentation and self-expression behind it. This adjustment will be slow, and part of the drag is again the human factor: many teachers are near retirement and see no need to adapt, so resistance persists in pockets of the teaching population. There is, in short, no settled end-state yet for how exams should work in the age of AI.

AI, VR/AR and gamification have all been positioned as engagement differentiators. Of these, which has actually proven to be a durable defense in academic settings?

Answer: Gamification is the clear winner today — but it's worth being precise about what these tools actually achieve. Studies don't yet show that AI, VR/AR or gamification produce better learning outcomes; what they demonstrably do is make engagement easier, particularly for children in K-12. Among them, gamification leads because it is the most democratized and accessible, whereas VR/AR depends on additional hardware that isn't available everywhere — even within the US, not every public school or child can access it. Accessibility, rather than proven efficacy, is what separates the durable differentiator from the rest.

How would you characterize the corporate and professional education market, especially in the US — is it fragmented or consolidating?

Answer: This segment is actively consolidating, and it's the internationalization point that explains why. Corporate learning content travels well — across borders and across US states alike — which makes it inherently more global than school-age education. That portability is exactly what makes the segment easier to consolidate, allowing the large players to keep getting larger.

Does it make more sense for a player to offer certification and reskilling broadly across finance, cybersecurity, software and AI, or to go deep in one vertical like finance, then accounting, then financial modeling?

Answer: There are two distinct expansion paths, and they answer the question in different ways. The first is adjacency — building out closely related verticals such as finance, accounting and bookkeeping.

This route lives or dies on content quality, because genuine experts are still required to produce the material; it isn't a matter of AI and good prompting alone, which loops back to the premium on critical thinking. The second path expands not by industry but by use case, and compliance is the prime example — it can span cyber, IT, communication or safety procedures within a single company. A player focused on healthcare, for instance, may not deliver much clinical training at all; it may deliver IT training for healthcare, or safety training in the sense of how to evacuate a building or handle a dangerous situation. Adjacency and use-case, then, are the two levers for widening a portfolio.

That suggests compliance is the strongest content type in the professional setting — most companies I've seen prioritize compliance (communication, IT, data privacy) over upskilling content?

Answer: Compliance is indeed the strongest content type, and its power is as much commercial as educational. It is required rather than optional, and — critically — it recurs: compliance isn't completed once and finished for life, but has to be redone quarterly or semi-annually, so the same person takes the same training repeatedly across their working life. That built-in recurrence is what makes compliance so attractive as a business model.

Corporate training budgets have been rising and shifting toward open enrollment, where employees choose their own courses. Is that self-directed budget trend still holding?

Answer: The trend holds, but it's more accurately described as a two-layer structure than a simple shift. At the base sit the must-haves, driven by compliance — training employees are required to complete. On top of that sits a self-managed budget, where there is a genuine and growing move toward employee choice. But that choice operates within defined limits: a training budget can't be spent on learning piano or guitar. This is exactly why breadth of content matters for a corporate provider — a wide catalog is what gives employees the feeling of choice within the permitted set.

For an emerging player facing a consolidated market, does it make sense to lead with compliance to win the corporate contract and then upsell upskilling services — is that an efficient acquisition strategy?

Answer: Yes — it's an efficient wedge, because willingness to pay is asymmetric. Corporates will pay far more for compliance than for nice-to-have training, so leading with compliance gets a provider through the door on the strength of the higher-value need. And the economics reinforce this, because the payer is the company rather than the individual employee.

Instructor-led training and large networks like LinkedIn Learning have been key competition. Now that the pressing corporate need is teaching employees to work with AI, who's best positioned to serve that demand — the large platforms, the AI-native entrants, or the big networks?

Answer: The winners here are most likely the large established platforms — neither LinkedIn nor the pure tech players. These incumbents have adapted well to AI: they aren't AI-native, but they now offer extensive AI options, a strong learning experience, and content of the highest quality precisely because it has been built and refined over many years. Their deliberate shift toward a better learning experience matters in this segment specifically. The market will ultimately narrow to a handful of such players, with the big tech players also holding a meaningful edge.

The self-learning segment has been the most exposed to free alternatives, and generative AI has become a genuinely capable free tutor. Is this the most structurally threatened segment of e-learning, or is there a durable reason people still pay?

Answer: People still pay, and the durable reason is depth. The free choice in B2C is genuinely broad — YouTube tutorials, or a self-built curriculum assembled through good prompting — so acquiring a shallow, "two-centimeters-deep" understanding of almost anything is now easy and free. The barrier that remains, and that people will pay to cross, is becoming a genuine expert in a specific topic. That is where free tools run out, and where providers can charge — some sell courses at seven or eight thousand euros and find willing buyers. Succeeding there depends on a specific playbook: establish a presence in the free, shallow layer of content, acquire potential customers very early with that free material, engage them until you become their go-to brand — the Duolingo pattern — and then convert them to paid once they hit the ceiling of the free version. The money is made at conversion, not in the free phase, and the customers who convert pay not for knowledge in general but for specific, high-value knowledge — typically those pursuing a career change or tackling technical topics that genuinely need more explanation.

So a company can be successful by creating a defensible niche via a freemium model?

Answer: Yes — but the defensibility comes from the timing, not the free content itself. The moat is locking in the customer very early in the journey; the free tier is simply the mechanism for doing so.

What if a player instead wants to enter the higher-value space — recurring revenue from academic certifications like the SAT, GMAT or CFA, where subscriptions are priced far above something like Duolingo? Can they build moats there?

Answer: Yes, and this is arguably the more attractive end of the market — one player made two acquisitions in exactly this space this year, including tax advisory, which resembles the CFA in being career-critical. What makes these areas so defensible is that they constantly change: whenever new regulation or new topics emerge, the same professional must retrain, generating recurring revenue in the same way compliance does. On top of that recurrence, certifications demand very deep expertise in a narrow field — lawyers, tax advisors and the like. And while these are among the careers most threatened by AI, that threat concentrates at the lower levels; higher up the expertise pyramid, the specialized knowledge required simply cannot be assembled from free content.

Differentiation here has been framed around extensive content libraries, with Duolingo's data scale as an example. Does a large content library still confer advantage when AI can generate personalized lessons on demand, or has the moat shifted toward engagement, brand and community?

Answer: The content library now confers little advantage — the moat has moved to the learning experience. It's the formats, the gamification and the hyper-personalization that differentiate, with brand and community contributing a supporting role rather than carrying the proposition.

The expert- and celebrity-led model like MasterClass competes on content credibility. Is that premium, personality-led proposition holding up, or is it under pressure in a market where learners increasingly want interactive, personalized instruction over passive video?

Answer: It holds up as an add-on rather than as a serious learning path — popular and profitable, because people will pay to hear from a master in their field, but fundamentally limited by being just video. That limitation is precisely why these players are trying to evolve the model: moving from a single video toward a series with some interactive contact, in order to become more recurring and lift customer lifetime value.

Has MasterClass managed to incorporate interactive elements or broader learning experiences?

Answer: To a degree — not interactive questions as such, but a broader experience built around features like checklists that extend beyond the single video. Even so, this remains suited to passion topics rather than serious mastery: anyone genuinely aiming to become an expert knows a single master class won't get them there, so they won't rely on one video.

These platforms rely on subscription, one-time purchase and freemium models. Reframed for an AI-threatened market: does the freemium model work best for easier skills like languages or learning an instrument, while one-time or recurring subscriptions still hold for certifications and test prep like the CFA, SAT or GMAT?

Answer: Freemium remains valid even for complex topics, but its function changes with the complexity of the subject. For something like language learning, the free tier is the product itself — a learner can continue on Duolingo's free app indefinitely. For university-level courses and more complex topics, the free tier instead works as a sneak peek: it conveys the look and feel of the offering — the "shop window" — without making the learner proficient. In the first case free content is the engine of engagement; in the second, it exists to demonstrate the value of the paid proposition rather than to give substance away.