

EdWeek Market Brief

Marketplace K-12

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Chinese Gaming Giant NetDragon Acquires Edmodo for \$137 Million

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The Chinese gaming provider NetDragon announced today that it has acquired the social learning network Edmodo, which becomes the latest education provider to be snapped up by the Asian corporation.

The deal is valued at \$137.5 million. NetDragon will acquire a 100 percent stake in Edmodo.

Edmodo is an online social network designed to encourage communication between teachers, students, and parents. It allows teachers to create groups and assign homework, set up quizzes, and evaluate student progress through a single platform. It says it serves 90 million members across 7,000 U.S. school districts and 194 nations.

In a blog post on the company's website, Edmodo CEO Vibhu Mittal said that joining with NetDragon was "an easy decision."

He said that Edmodo's services—which are free—would continue without interruption. Edmodo will continue to function as a "neutral" platform that is compatible with a variety of hardware and software platforms, such as Microsoft Office and Google's G-Suite for Education.

How Ed-Tech Companies Can Comply With Data Privacy Laws

Many ed-tech providers are confused by state and local policies on student data privacy. On April 27, *EdWeek Market Brief* will host a webinar offering practical advice on how companies can stay in check with the law, and create products that help students and teachers. Sign up [here](#).

NetDragon was launched in 1999 and is based in Fuzhou, China. It is a major developer and publisher of online games in China, and it describes itself as the nation's first Chinese game company that has "successfully expanded into overseas markets." It says it has 6,000 employees worldwide.

It has also been active in acquiring education businesses in the U.S. and elsewhere. In 2015, NetDragon acquired Promethean, a U.K.-based maker of whiteboards, for \$130 million. Last year, it acquired JumpStart, a Los Angeles-based provider of creative and educational games for children. Jumpstart, by then a subsidiary of NetDragon, later acquired Sokikom, an online math games developer.

In an interview, Mittal said Edmodo has had other potential suitors. But it saw NetDragon as an attractive partner because the Chinese corporation wants Edmodo to continue to focus on its core mission of cultivating networks of teachers, students, and communities.

"We're a classroom company that encourages collaboration and communication," Mittal said. "NetDragon was the one that appreciated the network aspect of the learning process. We instantly saw an alignment that did not exist with other people."

With the backing NetDragon can provide, Edmodo wants to build focus on expanding its work in several areas. One is driving up engagement on its platform, by making it easier for users to share resources in new ones.

Edmodo also plans to experiment with moving beyond communication and collaboration on the platform to engage with users. That can occur through posting learning-focused questions to students, and allowing them to see how they fare compared to other users, Mittal said.

Despite having raised considerable venture capital, Edmodo has not become profitable. To date, Edmodo and its board have prioritized "growth, rather than monetization," Mittal said. It is experimenting with new revenue models and will continue to do so, through advertising and other means, he said.

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But for the company, the focus is on enhancing its social network. “Users first, and everything else comes second,” the Edmodo official said.

Edmodo officials also pledged to fight to protect student data, post-acquisition. The company’s record in that area came under scrutiny last year, when the publication Motherboard reported that Edmodo was hacked, exposing tens of millions of users’ account details, as my colleague Ben Herold reported.

School privacy researcher Bill Fitzgerald later publicly questioned what he described as Edmodo’s practice of tracking student and teacher activity on its platform and sending the information to data brokers.

No More Coasting

Edmodo took prompt steps that it says fixed the latter issue. And Mittal said the company has addressed the hack, through steps including hiring an outside firm to investigate, and publicly detailing the improved security steps it put in place.

“We feel very confident we addressed the particulars,” he said. While no system is sure-proof, the company has ramped up its safeguards on a number of fronts, he argued.

NetDragon’s acquisition is another sign that Chinese companies are keenly interested in the K-12 and higher education markets, said Trace Urdan, a managing partner at Tyton Partners. The moves for Promethean and Edmodo means they’re serious about competing in the space, he said.

“NetDragon is putting its money where its mouth is,” he said.

Edmodo is a familiar brand for U.S. educators, one that will build NetDragon’s credibility in the K-12 software market, added Urdan. The features available on the Edmodo platform also enhance the value of Promethean, while providing, he said, “the thing that Edmodo has been lacking all these years, which is: a way to monetize their platform.”

Soon, Urdan predicts, more K-12 companies like Edmodo—that have built devoted educator bases, but continue to still struggle to monetize their products—will be acquired.

“We’ve coasted along long enough,” he said. “Investors are going to want to see some kind of a return for some of those projects.”

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- Popular Ed-Tech Platform Edmodo Hacked, Faulted for Ad-Tracking
- Chinese Gaming Company to Acquire Ed-Tech Provider Promethean

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Sean Cavanagh is Senior Editor of *EdWeek Market Brief*. He is also a reporter and editor for *Education Week*, where he has covered a variety of beats since 2002. His primary focus is on business and technology issues in K-12 education. Previously he covered math and science education, charter schools and school choice, and federal policy. Before joining *Education Week*, he was a reporter for daily newspapers in Tennessee and Florida.

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One thought on “Chinese Gaming Giant NetDragon Acquires Edmodo for \$137 Million”



Karen Bracken says:

APRIL 14, 2018 AT 7:21 PM

Yeah now the Chinese will have access to all the data that is being captured on our children's values, attitudes, beliefs, behaviors and dispositions. What is the next step? Implement the Sesame Credit point system for all Americans based on how well we obey?? This is a really bad move for America. You should have included something about the Sesame Credit point system China uses to award points and privileges based on how well they comply with the government boot on their throats. This will be a global system in the coming years you can take that to the bank.

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