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The Future of Learning: AI in Education Market Set to Grow at 17.7% CAGR

Remote learning, data-driven instruction, and rising EdTech investments are powering the AI in education market forward.

INDORE, INDIA, June 17, 2025 /EINPresswire.com/ -- AI in education market was valued at $2.3 billion in 2024 and is projected to grow at a CAGR of 17.7% during the forecast period (2025-2035). The AI in education market is typically attributed to the increasing investment in AI technology, the rising demand for AI-

AI in Education Market

based personalized education, and the increasing demand for automating administrative tasks. After the pandemic, the entire scenario has been different, and many schools around the globe have implemented several technologies, including chatbots, virtual reality (VR), learning management system (LMS), and assigning coursework, to advance their learning processes. The accelerated growth of online and hybrid education models is fueling the need for AI-driven education tools and platforms. According to the World Economic Forum, global edtech investments amounted to $18.6 billion in 2019, with the total market for online education projected to reach $350 billion by 2025.
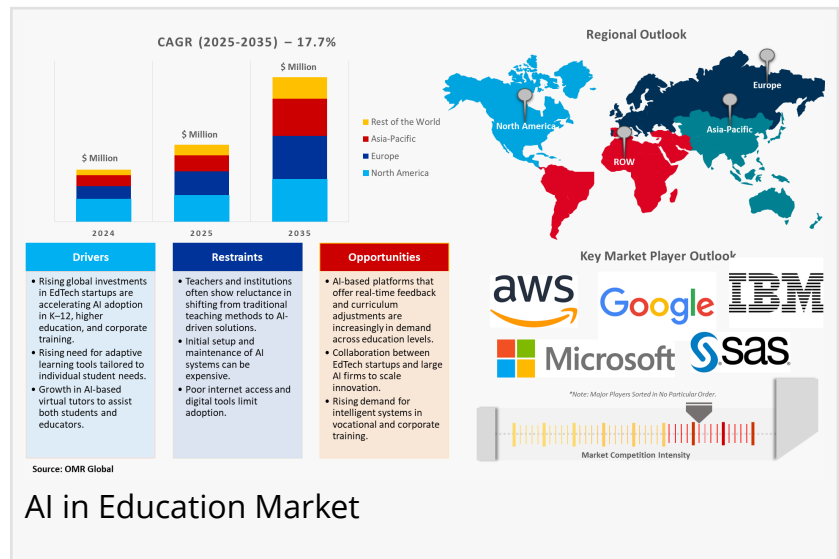
AI can assist with bringing together data from massive sources to not just give a detailed evaluation to students and help teachers in measuring advancement, however leads to a shift towards bringing teaching methods into a more comprehensive approach. Content curation, Generative AI, and personalization are important aspects of result-driven pedagogy being trained in top educational institutions. For instance, a survey conducted by Microsoft in 2024 shows that 47% of education leaders implement AI tools daily to manage operations more efficiently, and 68% of teachers and 62% of students have employed AI at least once or twice for planning lessons and improving writing skills. This widespread adoption depicts the growing demand for AI in the education market.

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Market Trends

AI-powered tools providing support for educators

The AI in education market has AI-powered tools offering support for educators, while natural language processing technologies are driving chatbots to offer students 24/7 access to doubt support and course material. Chatbots additionally assist educators by mitigating availability issues. In tertiary education, educator's use AI to automate grading tests, test for plagiarism, and decrease administrative workload, leaving more time to engage with students. For instance, in April 2024, Pinak Ai, an Indian software firm, released an AI-based conversational chatbot named PAiGPT for students aiming to prepare for the nation's Civil Services examination. The chatbot was introduced as an application on Android and iOS and will be used to retrieve real-time information on numerous topics and current affairs.

Increased Application of Intelligent Tutoring Systems for Proper Feedback

One of the most important responsibilities of a lecturer or class teacher is giving insightful and targeted feedback to students. As with so many students in the class, it may be impossible to find, solution for this is Interactive Learning Environments (ILE) is already being utilized by many universities to improve the level of mentorship and feedback. For establishing an ongoing learning environment in a student's life, ILE recommends integrating e-learning techniques and technologies (learning management systems, or LMS) with interactive learning strategies. Educating students to learn and gain a better understanding of a topic based on their previous experience with it is the primary objective of an ILE.

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Regional Outlook

Asia-Pacific leading AI-driven educational solutions

Asia-Pacific is the dominating region with a larger and increasing student base, leading to a major opportunity for AI-driven educational solutions. The development in the region is driven by significant factors such as the growing demand for virtual learning from universities and colleges. As more industrial applications of AI increase, education businesses have partnered with universities to develop new training formats for AI talent. This enables them to adjust better to the latest industry changes and development trends. Moreover, it empowers academies to advance their existing models based on revolutionary AI technology without investing their capital expenditures. For instance, in April 2024, the Japanese Minister of Education US Commerce Secretary declared two new $110 million university-corporate AI collaborations. The

two new AI research partnerships are between Carnegie Mellon University and Keio University and between the University of Washington and the University of Tsukuba. The collaborations are backed by $110 million in aggregate private sector investment from Arm and Softbank Group, NVIDIA, Amazon, Microsoft, and nine other Japanese companies.

North America Holds a Major Market Share

North America is growing at a significant rate in the AI in education market. This region is developing with tech giants such as Microsoft Corp., Google LLC, Apple, and IBM Corp., in education has helped the market succeed in the region. The well-developed information technology infrastructure in the region has resulted in the universal deployment of AI technology in education. For instance, in February 2024, Microsoft Corporation revealed that it would provide AI-powered skilling to approximately 2 million individuals in India by the end of 2025. The ADVANTA(I)GE INDIA program is an extension of Microsoft's Skills for Jobs initiative, to enable India's workforce with skills that will make them future-ready. The program is an addition to Microsoft's commitment to fuel India's AI journey. The skilling program aligns with the responsible AI principles of the company, and the training will be provided in collaboration with governments, corporate and non-profit organizations, and communities.

Market Segmentation and Growth Areas

Solutions are anticipated to capture the Largest Share

The solutions segment is projected to capture the major market share. The growth in mobile phone usage, enhanced internet penetration, and the adoption of digital payment systems have all played important parts in the international growth of the online learning and digital market, this in turn is leading the solutions segment. Market participants provide AI solution content with next-generation generative artificial intelligence (Gen AI), providing helpful support for students and nurse educators to navigate courses, exam prep, and the transition to clinical practice. For example, in April 2024, Elsevier Health launched Sherpath AI to help overcome challenges in US nursing education. The new AI solution offers in direct response to urgent needs identified by the nursing education community, such as the need for trustworthy study materials, enhanced student interaction with course content, and driving capacity and effectiveness in the presence of resources.

Learning Platform & Virtual Facilitators Segment to Hold a Significant Market Share

The learning platform & virtual facilitators segment is expected to share a significant market share. The adoption of digital education technology globally, backed by investments by governments, is giving a boost to this industry. Individual state governments in India are partnering with e-learning platforms to offer AI-based solutions for their educational institutions. For instance, the Indian government revealed a New Education Policy in 2020 aimed at ensuring maximum online learning opportunities. The government of India has allocated Rs. 73,498 crore

($8.5 billion) for the Department of School Education & Literacy in the 2024-25 budget. This shows a high increase of □12,024 crore ($1.4 billion) more than the Revised Estimate for FY 2023-24, reflecting the government's efforts to strengthen the education sector.

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Market Limitations and Challenges

• Resistance to Change: Teachers and institutions might be slow to embrace new technologies for the reason of unfamiliarity or fear of becoming obsolete.
• Digital Divide: Inequitable access to technology can perpetuate education differences, especially among underprivileged areas.

Market Players Outlook

The key players operating in the AI in education market are Amazon Web Services, Inc., Google LLC, IBM Corp., Microsoft Corp., and SAS Institute Inc. amongst others. The market players are more inclined toward business growth and product development by utilizing strategies such as collaborations, mergers and acquisitions to remain competitive in the market. For instance, in April 2024, EDUCAUSE introduced a generative AI readiness assessment solution for higher education in partnership with Amazon Web Services Inc. The assessment can indicate areas of attention as institutions quickly develop skills, policies, and best practices that will enable students, tutoring assistants, multi-lingual campus navigators, and new employees with generative AI-fueled tools such as onboarding assistants, intelligent document processing (IDP), and others.

Recent Developments

• In October 2024, Pearson broadened its partnership with ServiceNow to improve workforce development and employee experiences in the era of AI. The partnership is designed to meet the emerging skills gap by offering customized training and reskilling, eventually driving productivity and talent retention. Through the fusion of both firms' expertise, this effort will equip individuals and organizations for the future of work in a more AI-driven economy.
• In August 2024, IBM partnered with the University of Wollongong India (UOW India) to improve education and career preparedness among students. This partnership will open doors to IBM's Innovation Centre for Education, where training in cutting-edge technologies such as AI, cloud computing, and cybersecurity will be conducted. The goal is to strengthen UOW India's educational offerings and improve students' competitiveness in the international job market, making them job-ready for today's workforce.
• In May 2024 Khan Academy and Microsoft collaborated to expand access to AI tools for teachers. This partnership enables US K-12 teachers to access the AI teaching assistant Khanmigo for free using Microsoft's Azure infrastructure. Khanmigo supports teachers by

creating personalized lesson plans and suggesting innovative teaching ideas, ultimately saving time and lessening burnout. This program aims to tailor learning and effectively assist teachers.

• In April 2024, Alibaba Cloud collaborated with Hanyang University in South Korea to launch the Alibaba Cloud Academic Empowerment Program (AAEP) that aims to cultivate local digital talent. This program will open doors to students and teachers for access to cutting-edge cloud computing and AI capabilities, and boost their hands-on capabilities in the digital economy. The program comprises seminars, workshops, and certification training, enabling participants to obtain professional certifications. Alibaba Cloud's enthusiasm for education is apparent since it aims to equip graduates with skills to drive innovation and leadership in digital transformation across sectors in Korea.

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Some of the Key Companies in the AI in Education Market Include-

• Amazon Web Services, Inc.
• ALEKS Corp.
• Amira Learning Inc.
• Avishkaar
• BirdBrain Technologies
• Carnegie Learning, Inc.
• Century-Tech Ltd.
• Codingal
• Cognii, Inc.
• Dreambox Learning, Inc.
• EDBLOX, Inc. (Elevate K-12)
• Google LLC
• Guild Education, Inc.
• HowNow
• IBM Corp.
• KinderLab Robotics
• Microsoft Corp.
• Memrise Ltd.
• Movia Robotics Inc.
• Newsela Inc.
• OpenAI OpCo, LLC
• Ozo EDU, Inc.
• Querium Corp.
• SAS Institute Inc.
• SoapBox Labs Ltd.
• SoftBank Robotics America, Inc.
• Squirrel AI

- Stemrobo Technologies Pvt. Ltd.
- Udacity, Inc.
- Unacademy (Sorting Hat Technologies Pvt Ltd.)

AI in Education Segmentation Analysis

Global AI in Education Market by Component
- Solutions
- Services

Global AI in Education Market by Deployment
- Cloud
- On-premises

Global AI in Education Market by Technology
- Natural Language Processing (NLP)
- Deep Learning and Machine Learning
- Global AI in Education Market by Application
- Learning Platform & Virtual Facilitators
- Intelligent Tutoring System (ITS)
- Smart Content
- Fraud and Risk Management
- Educational Diagnosis and Assessment
- Student-Initiated Learning
- Intelligent Computer-Assisted Instruction
- Others (Education Data Management, Job Recommendation, and Training and Development)

Regional Analysis
- North America
o United States
o Canada
- Europe
o UK
o Germany
o Italy
o Spain
o France
o Rest of Europe
- Asia-Pacific
o China
o India
o Japan
o South Korea

o ASEAN Economies (Singapore, Thailand, Vietnam, Indonesia, and Other)
o Australia and New Zealand
o Rest of Asia-Pacific
• Rest of the World
o Latin America
o Middle East and Africa

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