

# Preply – Research Report – Extended Version

## Executive Summary

**Preply** is a leading **online language learning marketplace** that connects learners with live tutors for one-on-one language lessons. Founded in 2012 by three Ukrainian entrepreneurs, Preply has grown from a small startup into a global EdTech platform with a presence in 180 countries<sup>1</sup>. The company's core offering is a **tutoring marketplace** for language learning, distinguishing itself by emphasizing live, human-led instruction supported by technology. Preply hosts over **35,000–40,000 tutors** teaching **50+ languages**, serving hundreds of thousands of students worldwide<sup>1 2</sup>. Headquartered in the United States (with offices in **Brookline, Massachusetts**, Barcelona, New York, and Kyiv), Preply's team expanded to roughly **500 employees by mid-2023** and over **600 by late 2023**, comprising 60+ nationalities working across 30 countries<sup>3 4</sup>.

Preply's **business model** is built on a commission-based marketplace. The platform generates revenue by taking a percentage of the fees students pay to tutors, ranging from about **33% for initial lessons down to 18%** for long-term tutoring engagements<sup>5</sup>. This model aligns incentives for tutor retention and high-quality teaching, contributing to strong unit economics. Preply reports that its **revenues grew tenfold from 2020 to 2023**<sup>6 7</sup>, driven by a surge in online learning demand and continuous improvements in product experience. The company has maintained a strategy of **rigorous capital efficiency**, as evidenced by its still-ample cash reserves from prior funding rounds<sup>8</sup>. While precise profitability is not disclosed, Preply's efficient growth and recurring revenue from repeat learners indicate a scalable model with improving margins.

The **product and technology** behind Preply center on an end-to-end digital platform for live tutoring sessions. Students can browse tutor profiles, schedule lessons via an integrated calendar, and conduct video lessons through Preply's web or mobile app. **Machine-learning algorithms** play a key role in matching students with optimal tutors, weighing over **400 parameters** (such as availability, language level, time zone, and learner preferences) to recommend the best tutor for each student<sup>9</sup>. This personalized matching is a core intellectual property and competitive advantage. In 2023, Preply introduced an **AI Teaching Assistant** tool that helps tutors automatically generate exercises, grammar explanations, and conversational prompts<sup>10 11</sup>. These AI-driven features enhance the learning process but are positioned as *augmentations* to human teaching, not replacements. Preply's technology roadmap continues to focus on **AI integration** (for personalized lesson plans, analytics on student performance, etc.) and partnerships (e.g., integration with **ETS** for TOEFL test prep materials<sup>12</sup>) to enrich the product offering.

The **market opportunity** for Preply is vast and growing. The **global language learning market** (including offline and online) is estimated at around **\$50–60 billion** as of 2022<sup>13</sup>, with online language learning expected to reach **\$44 billion by 2030** (up from ~\$21 billion in 2025, a ~16% CAGR)<sup>14</sup>. Within this market, demand for **live tutor-led learning** is rising fast – tutor-led online instruction is projected to grow ~21.9% CAGR through 2030, outpacing self-study apps<sup>15</sup>. Key trends driving growth include globalization (individuals and professionals seeking multilingual skills for work and travel), increased remote work and study adoption (accelerated by the COVID-19 pandemic), and advances in educational technology (AI-driven

personalization and mobile access)<sup>16 17</sup>. Additionally, corporate investment in employee language training is expanding (often tied to diversity and inclusion goals), which boosts the **TAM** for platforms like Preply. The competitive landscape is active but fragmented – no single provider dominates all facets of language learning, leaving ample room for Preply's continued expansion. Regulation in this space is relatively light; however, data privacy laws (e.g., GDPR in Europe) and education standards require compliance, and any future policy changes in online education or independent contractor labor laws could impact operations. Overall, Preply is positioned to capitalize on a large and growing opportunity as consumers and organizations increasingly embrace online language learning.

Preply's **go-to-market strategy** combines **B2C online acquisition** and a growing **B2B sales motion**. For individual learners, Preply relies on digital marketing and word-of-mouth – its marketplace is accessible globally, and the company leverages SEO (e.g. content around learning languages), app store presence, and targeted ads to reach consumers searching for language tutors. The platform's breadth of tutors and languages helps attract a diverse user base, from K-12 students to college students, expatriates, and working professionals. Preply has also localized its offering to various geographies (supporting multiple interface languages and local currency payments) to drive international adoption. As of 2021, the **United States had become Preply's largest single market, accounting for about one-third of revenue**<sup>18</sup>, followed by strong usage in Western Europe and other English-learning regions. Alongside its consumer business, Preply has developed an **enterprise segment (Preply Business)** targeting corporations that need language training for their employees. The company now serves **over 200 corporate clients** through this B2B channel<sup>19 20</sup>. Sales teams forge partnerships with multinationals and fast-growing firms (e.g. **Datadog, GroupM, Bain & Company** as client<sup>6 21</sup>) to integrate Preply's tutoring into employee development programs. This multi-channel approach – self-serve consumer platform plus enterprise sales – gives Preply both global scale and targeted penetration in key customer segments.

Under **Key Clients & Partnerships**, Preply's user base spans individual learners across 180+ countries and a roster of well-known business clients. The **enterprise partnerships** include tech companies like **Datadog**, consulting firms like **Bain & Co.**, and media agencies like **GroupM**, which use Preply to improve employees' communication skills in foreign languages<sup>6 21</sup>. These corporate deals often involve customized programs and dashboards to track employee progress. On the partnerships front, Preply has aligned with educational organizations to enhance its offerings – for example, a 2023 partnership with **ETS (Educational Testing Service)** to provide **personalized TOEFL iBT preparation** for students on Preply<sup>12</sup>. This collaboration integrates official test-prep materials and could pave the way for similar alliances (e.g., IELTS or other certification providers). To date, Preply has not pursued major **M&A** and has primarily grown organically. However, it has drawn support from strategic investors like **IFC (World Bank's investment arm)** and **EBRD**, whose late-2023 co-investment aimed to bolster Preply's growth and support its Ukrainian R&D presence<sup>22 23</sup>. These relationships highlight Preply's status as a prominent edtech player with a strong network of backers and allies in both the private and public sectors.

In terms of **strategy and market positioning**, Preply differentiates itself as a **"live learning" leader** in a space that includes both live tutoring competitors and self-paced apps. CEO **Kirill Bigai** emphasizes that Preply's philosophy is that the most effective way to learn a language is *with a live tutor, ideally a native speaker*, to provide real-time interaction and personalized feedback<sup>24</sup>. This contrasts with popular apps like **Duolingo** (which promotes gamified, self-led learning) or software like **Rosetta Stone**. Preply positions its service as a premium, outcome-driven experience – not just casual game-like practice, but structured lessons tailored to each learner's goals. With tens of thousands of tutors and a presence in dozens of languages, Preply also positions as **the broadest marketplace for language tutors**, whereas some