



Professional Education and Learning Technology Sector Update

Harris Williams | Q3 2022

Perspectives on Professional Education and Learning Technology

Skill Development



Solutions designed to improve professionals' skills in a broad variety of functional areas

Select Market Participants



Key Trends

- Rapid development in new and more complex technology is driving investment in upskilling initiatives
- Soft skills training for the workforce is becoming a strategic imperative for Fortune 500 and mid-market organizations

Vertical Education



Solutions tailored for specific industries, including pre-licensure, continuing education, and certification

Select Market Participants



Key Trends

- Growth in the professional job market is creating a strong demand for training and professional certifications
- Increased focus on professional development is helping companies retain top talent; lack of training is cited as a key reason for departure by ~70% of millennials switching companies

Regulated and Compliance Training



Solutions that enable organizations to comply with various regulatory, industry, and company-mandated training requirements

Select Market Participants



Key Trends

- Mandatory compliance and continuing education programs are creating demand for ongoing and repeatable training
- High-profile instances of cybercrime and ethical violations are leading organizations to adopt additional compliance and D&I training offerings

Learning Technology



Solutions that deliver content, facilitate digital instruction, and enhance the learning experience

Select Market Participants



Key Trends

- Organizations continue to seek technologies that improve the learning experience, driving increased adoption in mobile learning, gamification, and microlearning solutions
- Companies are increasingly adopting solutions to support personalized instruction and preference for "bite-sized" learning

Professional Education and Learning Technology Observations and Key Trends

The professional education and learning technology landscape is constantly evolving, primarily driven by the widening skills gap, ongoing shift to digital and blended learning, and a favorable job market, especially in both professional and trade professions

Happening in Education Tech Right Now



Rapid Acceleration of Digital and Remote Learning

Ongoing shift to online and blended learning is accelerating

Changing workforce demographics as younger, technology-proficient workers demand more accessible training (e.g., mobile, on-demand, etc.)

eLearning is enabling organizations to reach more professions and reskill their workforces more efficiently

Well-Funded Upskilling Initiatives to Attract and Retain Professionals

Continuous development in new and more complex technology is forcing organizations to invest more in workforce development initiatives

Heightened competition for talent is making training and upskilling a strategic imperative



Rising Demand for Professional Certifications for Career Advancement

Traditional linear career paths have been replaced by lateral moves and career pivots

Professional education and certifications are providing opportunities for professionals to explore their interests and advance their careers

Attaining microcredentials allows professionals to build an attractive skill portfolio, signal their competencies, and become more marketable to potential employers



Increasingly Complex Regulatory Environment Driving Investment in Compliance and Safety Training

Increasing number of jobs require compliance with state and federal regulations

Availability of quality, up-to-date content continues to be a key pain point for highly regulated markets

Many organizations are implementing company-mandated compliance training programs to reduce risk and create safer workplaces



Greater Emphasis on Educational Outcomes Driving Innovation in Learning Technology

Investment in learning technology is becoming a strategic imperative for organizations seeking to manage remote workforces, close the skills gap, and keep up with the pace of innovation

New software and infrastructure are constantly being developed and funded to create more effective learning experiences at scale



What We're Reading

Six Strategies to Upskill Your Workforce

Harvard Business Review

“The majority of skilling efforts fail because they are set up to optimize for learning and development costs instead of driving real business impact. Leaders should treat skilling as a business investment—an asset that will help produce profits over several years, with clearly defined business, people, and learning KPIs as a starting point for the program design.”

Read the full article [here](#).

Five Trends the EdTech Industry Should Pay Attention to in 2022

Forbes

“As the founder and CEO of an educational platform, I’ve seen that we’re living in a world where the skill you need today could be obsolete tomorrow. Consider, for example, that it’s often said 65% of today’s children will work in jobs that do not yet exist... It’s not just the speed of technology that’s changing so rapidly; there is also an increasing demand for knowledge and skills.”

Read the full article [here](#).

The Transformation of L&D

LinkedIn Learning

“Learning leaders can create more robust, sustainable programs by connecting skill building to career pathing, internal mobility, and retention. However, many L&D pros haven’t made this connection yet. While 46% of L&D pros said upskilling and reskilling was a top focus area this year, internal mobility and career pathing as well as employee retention fell toward the bottom.”

Read the full article [here](#).

How to Leverage Digitization and Bolster the Success of Young Tradespeople

Forbes

“I’m seeing advanced tradespeople leave organizations and take their knowledge with them. In our current technological landscape, however, digital trails make it so this doesn’t have to be the case. And this new generation is already used to learning and working in digital environments for other aspects of living.”

Read the full article [here](#).

Recent Harris Williams Content

Deal Snapshot TPC Training

Professionals from the Harris Williams Technology Group and Business Services Group discuss the recent sale of TPC Training to American Safety Council

[Link to Read](#)



[Access All Harris Williams Insights Here](#)

Select Q2 2022 Professional Education and Learning Technology Transactions¹

Cornerstone's acquisition of SumTotal



Target



Buyer

Pending
EV: \$200M
EV / LTM EBITDA: 8.0x

- SumTotal is a provider of learning and human capital management software for highly regulated industries
- This investment will facilitate access to a more diverse group of customers and transform the way businesses identify new skills, engage and develop their people, and optimize talent and business agility

Meazure Learning's acquisition of Scantron's Certification and Licensure Business



Target



Buyer

June 2022

Purchase Price Not Disclosed

- Scantron's Certification and Licensure Business provides assessment software, exam development, psychometric, and client services and solutions expert teams
- This investment will supplement Meazure Learning's remote proctoring with a global test center network and expanded development services

ELB Learning's acquisition of CoreAxis



Target



Buyer

May 2022

Purchase Price Not Disclosed

- CoreAxis is a provider of corporate training services and staff augmentation solutions
- This investment will enable access to new global resources and a robust learning platform that positions ELB Learning to achieve its long-term growth

Red Nucleus' acquisition of Yukon Training



Target



Buyer

April 2022

Purchase Price Not Disclosed

- Yukon Training is a provider of online modules, off-the-shelf content, and workshops focused on the biopharma and medical device industries
- This acquisition will further supplement the company's off-the-shelf learning content and add essential skills training and content solutions to the portfolio

Cerifi's acquisition of Mark Meldrum



Target



Buyer

April 2022

Purchase Price Not Disclosed

- Mark Meldrum is a provider of an eLearning platform with exam preparation for the CFA exam
- This acquisition will strengthen Cerifi's unique market position as one of the leading providers exclusively focused on addressing the needs of institutions, students, and professionals across the financial services industry

Edcetera's acquisition of DermQBank



Target



Buyer

April 2022

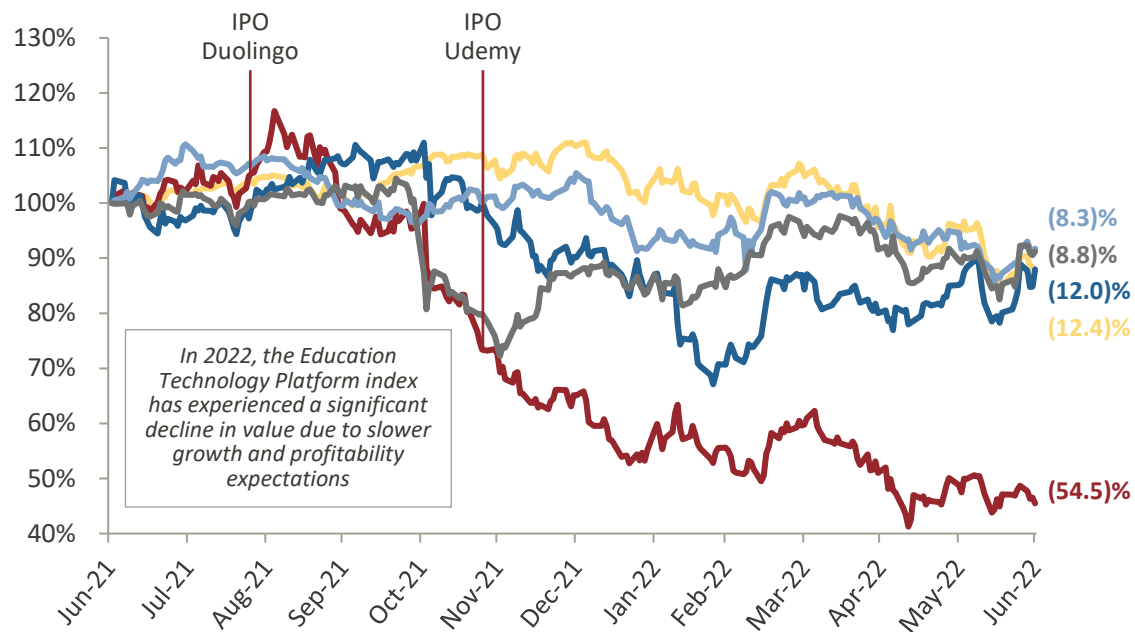
Purchase Price Not Disclosed

- DermQBank is a provider of a question bank and testing engine for dermatology board certification examinations and continuing medical education
- The acquisition further extends Edcetera's career-specific certification preparation and continuing education offerings to include dermatology

Professional Education and Learning Technology Public Company Trended Stock Performance¹

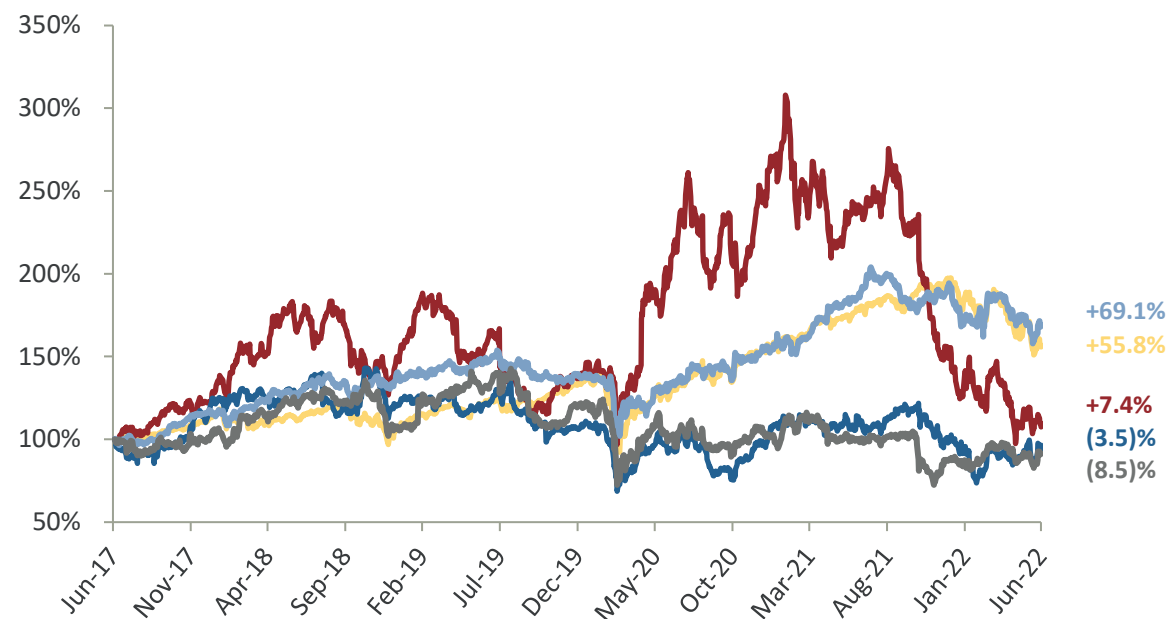
Public Company Stock Performance – Last 12 Months

Indexed stock price performance for the period June 2021 – June 2022



Public Company Stock Performance – Last 5 Years

Indexed stock price performance for the period June 2017 – June 2022



— Education Technology Platforms — Professional Education Services — Educational Content and Publishing — For-Profit Education — S&P 500

Education Technology Platforms

Professional Education Services

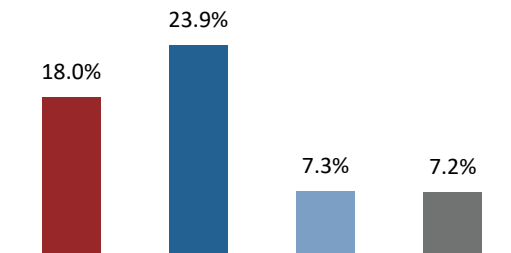
Educational Content and Publishing

For-Profit Education

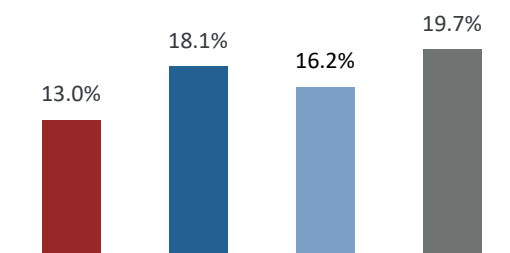
Professional Education and Learning Technology Public Company Operating and Valuation Metrics¹

Public Company – Operating Metrics

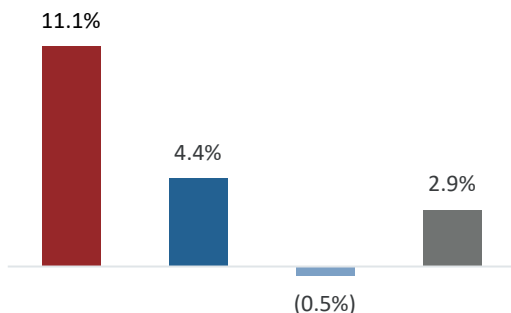
LTM Revenue Growth



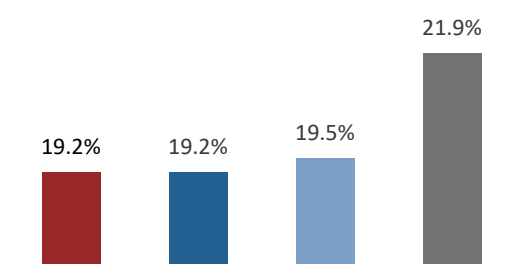
LTM EBITDA Margin



NTM Revenue Growth

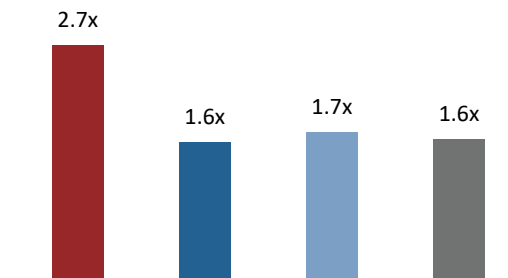


NTM EBITDA Margin

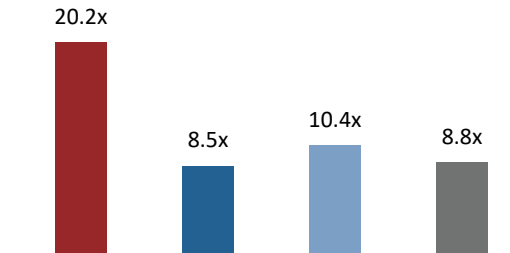


Public Company – Valuation Metrics

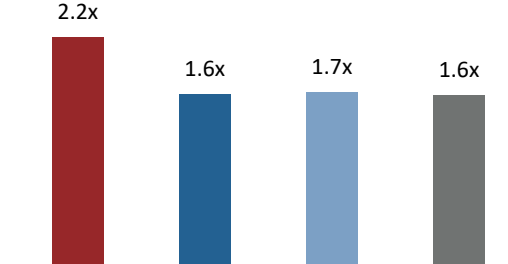
Median EV / LTM Revenue



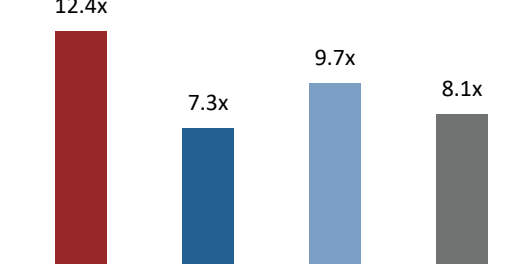
Median EV / LTM EBITDA



Median EV / NTM Revenue



Median EV / NTM EBITDA



Education Technology Platforms



Professional Education Services



Educational Content and Publishing



For-Profit Education



Skill Development Sector Landscape

Key Players

To view full market map, please contact:
hwedtech@harriswilliams.com

Organizations that offer learning content and educational services to enhance professionals' skills across a broad variety of functional areas

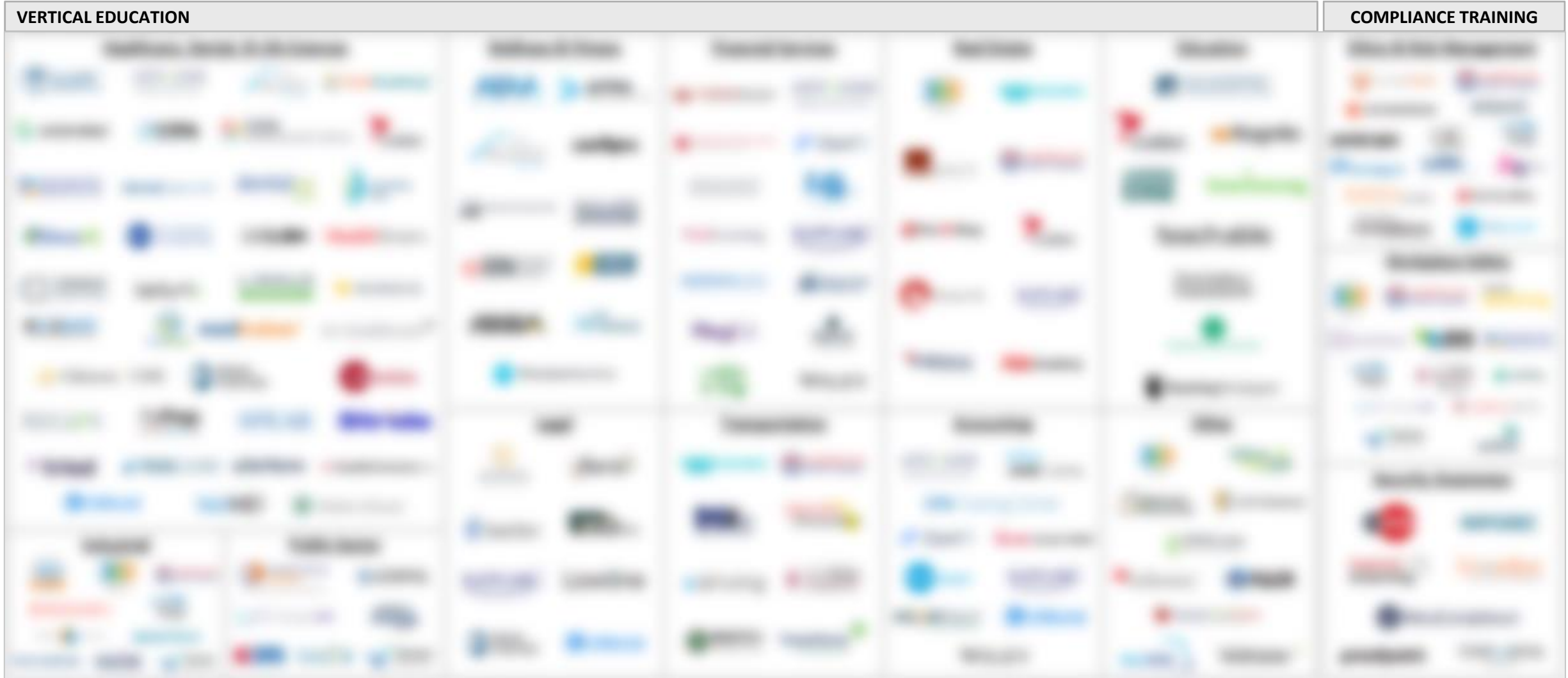


Vertical Education and Compliance Training Sector Landscape

Key Players

To view full market map, please contact:
hwedtech@harriswilliams.com

Solutions tailored for specific industries, including pre-licensure, continuing education, and certification



Harris Williams: At a Glance



- **30 years** and thousands of deals closed
- **100%** of revenue is from M&A advisory
- **95%** of revenue from sell-side transactions
- **10** industry groups with deep sector expertise
- **70%** of revenue from repeat clients
- **8** offices across the U.S. and Europe

The Harris Williams Technology Group

Technology Coverage Areas

Application Software • Infrastructure & Security Software • IT & Managed Services

Sector Coverage Areas

Architecture, Engineering, and Construction • Compliance • eCommerce & Retail • **Education**
 Government & Public Sector • Healthcare • Human Capital Management • Industrial
 Legal • Office of the CFO • Pharma • Real Estate & Property • Supply Chain & Logistics

Thematic Focus Areas

• SaaS/Cloud • Integrated Payments • Digital Transformation • AI/Machine Learning

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Harris Williams Professional Education and Learning Technology Experience

Selected Professional Education and Learning Technology Transaction Experience

 has received a significant investment from  	 has acquired 	 has acquired 	 has acquired 	 has been acquired by 
 has received an investment from 	 has been acquired by 	 has been acquired by 	 has received an investment from Morgan Stanley Capital Partners	 has been acquired by 
 has been acquired by 	 has been acquired by 	 has been acquired by BERTELSMANN	 has been acquired by 	 has been acquired by 
 has been acquired by 	 has received a strategic investment from 	 has been acquired by 	 has received an investment from LEEDS Equity Partners	 has been acquired by 

Harris Williams Transaction Spotlight



has received a significant investment from




July 2022

Company Background

360training is an integrated digital training and compliance platform for highly-regulated industries, most notably in environmental health & safety, food & beverage, real estate, healthcare, and financial services.

Successful Outcome

360training is widely perceived across the regulatory training space as one of the few diversified assets of scale. The company drew significant interest from a set of competitive financial sponsors. Ultimately, 360training's proven track record of accretive M&A, growing B2B customer base, and best-in-class regulatory management system drew investment and partnership from Vestar.

Harris Williams served as exclusive financial advisor to 360training, a portfolio company of GreyLion, in this transaction.

Harris Williams Transaction Spotlight



has been acquired by



December 2021

Company Background

TPC provides online industrial skills and workplace safety training, performance management, and EHS compliance software solutions.

Successful Outcome

TPC was a recognized market leader in industrial skills training and certifications, drawing interest from both strategic and financial buyers. Ultimately, TPC's proven track record of double-digit organic growth, coupled with a rapidly expanding B2B customer base and a best-in-class technology solution, was highly complementary with ASC, creating a compelling combination.

Harris Williams served as exclusive financial advisor to TPC Training, a portfolio company of Frontenac Company, in this transaction.

Harris Williams Capabilities and Locations



Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com.



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Sources and Disclosures

Sources

1. S&P Capital IQ
2. Pitchbook
3. Harvard Business Review
4. Forbes
5. LinkedIn Learning
6. Forbes

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Appendix

Public Market Operating and Valuation Metrics¹

(\$ in millions)

Company	Market Capitalization	Enterprise Value	% of 52-Week High	Revenue Growth		EBITDA Margin		Enterprise Value / Revenue		Enterprise Value / EBITDA	
				LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM
Education Technology Platforms											
Duolingo, Inc.	\$3,428.6	\$2,883.2	42.7%	46.4%	35.1%	NM	0.8%	10.4x	7.7x	NM	NM
Chegg, Inc.	2,364.3	2,873.1	20.8%	9.7%	(3.5%)	19.2%	30.4%	3.7x	3.8x	19.2x	12.5x
Coursera, Inc.	2,042.6	1,280.6	32.4%	36.4%	28.8%	NM	NM	2.9x	2.2x	NM	NM
PowerSchool Holdings, Inc.	1,909.7	3,159.4	33.0%	30.3%	8.6%	12.7%	29.7%	5.4x	4.9x	42.3x	16.6x
Stride, Inc.	1,691.4	1,897.4	95.9%	15.7%	6.0%	11.5%	16.8%	1.2x	1.1x	10.1x	6.5x
Udemy, Inc.	1,425.9	933.4	31.3%	19.7%	21.7%	NM	NM	1.7x	1.4x	NM	NM
Learning Technologies Group plc	1,074.1	1,295.2	46.9%	93.5%	89.3%	17.5%	20.1%	3.7x	2.0x	21.2x	9.7x
2U, Inc.	806.9	1,635.4	22.5%	16.2%	13.6%	NM	7.9%	1.7x	1.5x	NM	18.8x
HealthStream, Inc.	664.3	644.4	69.8%	4.8%	6.4%	11.7%	18.8%	2.5x	2.3x	21.2x	12.4x
Tribal Group plc	223.5	218.6	78.8%	10.3%	(7.3%)	13.3%	19.5%	2.0x	2.1x	14.9x	11.0x
Median	\$1,558.7	\$1,465.3	37.8%	18.0%	11.1%	13.0%	19.2%	2.7x	2.2x	20.2x	12.4x
Professional Education Services											
Adtalem Global Education Inc.	\$1,623.8	\$2,346.2	89.4%	54.3%	(1.2%)	21.2%	0.0%	1.6x	1.6x	7.6x	NM
Franklin Covey Co.	639.0	613.2	87.9%	23.9%	10.1%	11.9%	16.0%	2.4x	2.2x	20.3x	13.7x
Skillsoft Corp.	577.1	983.7	27.3%	NA	21.5%	19.4%	22.3%	1.5x	1.3x	7.9x	5.7x
Wilmington plc	244.3	242.4	82.1%	6.7%	(6.8%)	16.7%	22.5%	1.5x	1.6x	9.1x	7.3x
Median	\$608.1	\$798.4	85.0%	23.9%	4.4%	18.1%	19.2%	1.6x	1.6x	8.5x	7.3x
Educational Content and Publishing											
Wolters Kluwer N.V.	\$24,662.4	\$27,085.9	87.9%	(3.6%)	(0.5%)	29.8%	31.8%	5.0x	5.0x	16.7x	15.7x
Pearson plc	6,705.2	7,391.7	84.9%	0.1%	(3.9%)	12.7%	17.1%	1.6x	1.7x	12.5x	9.7x
Graham Holdings Company	2,767.2	2,973.2	84.0%	18.1%	12.7%	10.6%	7.6%	0.9x	0.8x	8.3x	10.3x
John Wiley & Sons, Inc.	2,662.6	3,501.4	78.6%	7.3%	1.8%	16.2%	19.5%	1.7x	1.7x	10.4x	8.5x
Sanoma Oyj	2,268.7	3,013.5	81.7%	8.1%	(1.2%)	20.9%	28.1%	2.2x	2.2x	10.4x	7.8x
Median	\$2,767.2	\$3,501.4	84.0%	7.3%	(0.5%)	16.2%	19.5%	1.7x	1.7x	10.4x	9.7x
For-Profit Education											
Grand Canyon Education, Inc.	\$2,998.9	\$2,794.0	92.3%	5.2%	2.9%	33.9%	31.5%	3.1x	3.0x	9.1x	9.5x
Laureate Education, Inc.	1,943.8	2,215.4	60.8%	7.2%	10.8%	23.7%	27.4%	2.0x	1.8x	8.5x	6.6x
Strategic Education, Inc.	1,744.1	1,770.4	84.7%	4.5%	(1.6%)	15.7%	16.4%	1.6x	1.6x	10.2x	10.0x
American Public Education, Inc.	304.7	430.4	54.0%	44.5%	28.9%	11.7%	12.1%	0.9x	0.7x	7.6x	5.7x
Aspen Group, Inc.	24.7	43.2	13.2%	21.5%	1.0%	NM	NM	0.6x	0.6x	NM	NM
Median	\$1,744.1	\$1,770.4	60.8%	7.2%	2.9%	19.7%	21.9%	1.6x	1.6x	8.8x	8.1x
Total Median	\$1,717.8	\$1,833.9	74.2%	15.7%	6.2%	16.2%	19.5%	1.9x	1.7x	10.4x	9.7x

Recent Sector Transaction Detail¹

Closed Date	Target	Acquirer	Business Description
Pending	360training	GreyLion and Vestar	Provider of online learning courses to organizations and professionals in regulated industries
Pending	SumTotal	Cornerstone OnDemand	Provider of learning and human capital management software for highly regulated industries
Jun-22	Scantron Certification & Licensure Business	Measure Learning	Provider of assessment software, exam development, psychometric, and client services and solutions expert teams
Jun-22	Implika	Master D	Provider of professional and vocational training courses designed to increase students' employability
Jun-22	LearnIn	Degreed	Provider of an upskilling platform to bridge workplace skill gaps and help companies develop a highly skilled workforce
Jun-22	Sarah Michelle NP Reviews	Blueprint Prep	Provider of online learning and certification exam preparation materials for aspiring nurse practitioners
Jun-22	Actando	Red Nucleus	Provider of software and online services that deliver immersive learning experiences to personnel in the life sciences sector
Jun-22	Moch	MetaCompliance	Provider of digital learning content across awareness, data protection regulation, cybersecurity, and compliance
Jun-22	Boclips	Achieve Partners	Provider of a cloud-based educational video and audio content platform
May-22	CloudCME	HealthStream	Provider of a cloud education platform delivering online tools for continuing medical education
May-22	Security Journey	HackEDU	Provider of an application security training platform serving clients in the technology, healthcare, and finance sectors
May-22	Tortal Training	Pluribus Technologies Corp.	Provider of online training and learning management systems through interactive eLearning solutions
May-22	CoreAxis	ELB Learning	Provider of corporate training services and staff augmentation solutions
Apr-22	Yukon Training	Red Nucleus	Provider of online modules, off-the-shelf content, and workshops focused on the biopharma and medical device industries
Apr-22	DSG Consulting	Corporate Visions	Provider of outsourced sales training and enablement services virtually and in-person to help develop strategy and drive results
Apr-22	Coorpacademy	Go1	Provider of an online platform of training courses and customized learning content
Apr-22	MarkMeldrum.com	Cerifi	Provider of an eLearning platform with exam preparation and review materials for levels I, II, and III of the CFA exam
Apr-22	Codecademy	Skillsoft	Provider of an online educational platform with coding classes in different programming languages
Apr-22	DermQBank	Edcetera	Provider of a question bank and testing engine for dermatology board certification examinations and continuing medical education
Apr-22	HIPAA Exams	360training	Provider of professional and management development training across healthcare, workplace safety, and legislative compliance
Apr-22	AfferoLab	Bossa.etc	Provider of online learning solutions and T&D digital mapping, strategy design, and upskilling