



Technology, Media & Telecom

EDUCATION TECHNOLOGY & SERVICES SECTOR REVIEW | 4Q 2019

HW Harris Williams



Harris Williams' Education Technology & Services Practice

HARRIS WILLIAMS (“HW”)

- 370+ professionals across eight offices globally
- 170+ closed transactions in the last 24 months
- 100% of revenue from M&A advisory
- 10 industry groups



TECHNOLOGY, MEDIA & TELECOM (“TMT”) GROUP

- 35 professionals across Boston, San Francisco, and London

HORIZONTAL FOCUS SECTORS

- Application Software
- Compliance Software
- CRM and Member Management Software
- Data and Analytics
- Human Capital Management
- Infrastructure and Security Software
- IT and Tech Enabled Services
- Managed Services, Hosting and Data Center Solutions
- Online Marketing, Data and Research

VERTICAL FOCUS SECTORS

- Architecture, Engineering and Construction
- eCommerce and Retail Software
- Education Technology & Services
- Energy Technology
- Facilities and Real Estate Technology
- Financial Technology
- Government Technology
- Healthcare IT
- Industrial and Supply Chain Software

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SELECT RECENT HW EDUCATION TECHNOLOGY AND SERVICES TRANSACTIONS

 Provider of Behavioral Management and Violence Prevention Training Services has been acquired by 	 Provider of Environmental, Health, and Safety Compliance and Training Platform to Make Workplaces and Communities Safer has been acquired by 	 Provider of SaaS-Based Operator Qualification, Drug & Alcohol, Safety & Insurance, and Training Solutions has been acquired by 	 Provider of Workforce Management, Training, and Compliance Solutions for the Healthcare, Financial Services, and Real Estate Industries has been acquired by 	 Provider of K-12 Data Analytics, Learning Assessments, and Student Information Systems Software has merged with
 Provider of Early Learning Services and Childcare Centers has been acquired by 	 Provider of Wellness Coaching, Professional Certifications, and Software Solutions has received an investment from 	 Provider of Performance Training Services and Educational Content for Athletes and Corporations has been acquired by 	 Provider of Career Development, Job Placement, and Learning Management Software for Professional and Trade Associations has been acquired by 	 Provider of Change Management Solutions for Corporations and Governments has received a majority investment from

Education Technology and Services Focus Areas

PROFESSIONAL EDUCATION / TRAINING



Solutions focused on supporting the continuing education and regulatory and compliance requirements of corporations

- | | | |
|--------------------------|----------------------------------|-------------------|
| CONTINUING EDUCATION | TRAINING / LICENSURE | SKILL DEVELOPMENT |
| HR AND TALENT MANAGEMENT | GOVERNANCE, RISK, AND COMPLIANCE | DISTANCE LEARNING |

Select Market Participants



Key Trends⁽²⁾

Professional Education / Training spend is expected to reach \$113.8B across the globe by 2022

Corporations are investing in professional development as a way to attract and retain employees and optimize workforce productivity

Personalized learning continues to evolve with new methods of delivery, while certifications remain a way for individuals to differentiate in a competitive marketplace

HIGHER EDUCATION



Solutions focused on serving the educational and administrative needs of higher education institutions

- | | | |
|-----------------------------|-----------------------------------|------------------------------------|
| STUDENT INFORMATION SYSTEMS | CRM AND ENROLLMENT MANAGEMENT | LEARNING MANAGEMENT SYSTEMS |
| COMPETENCY-BASED LEARNING | FUNDRAISING AND ALUMNI MANAGEMENT | LEARNING ANALYTICS and ASSESSMENTS |

Select Market Participants



Key Trends⁽¹⁾

Spending on Higher Education Technology in the United States is expected to increase to \$29.8B by 2022

Higher Education institutions are broadening usage of mobile technology and software that enables data-driven decision-making

Retention and enrollment solutions are increasingly being sought out by universities as a means to better attract and retain student populations

K-12 EDUCATION



Solutions focused on serving the educational and administrative needs of K-12 schools and districts

- | | | |
|------------------------------------|-------------------------------------|-----------------------------|
| STUDENT INFORMATION SYSTEMS | PERSONALIZED / ADAPTIVE LEARNING | LEARNING MANAGEMENT SYSTEMS |
| LEARNING ANALYTICS and ASSESSMENTS | OUTCOMES AND PERFORMANCE MANAGEMENT | TUTORING AND ADVANCEMENT |

Select Market Participants



Key Trends⁽¹⁾

K-12 Education Technology spending in the United States is expected to reach \$21.1B by 2022

Districts and schools are increasingly leveraging data in order to drive and substantiate educational outcomes in accordance with federal/state mandates

Adoption of digital tools and assessments continue to accelerate as administrators are seeing pronounced impact on student performance and educators' workflow efficiency

Case Study: CPI

HW's TMT Group advised CPI, a portfolio company of FFL Partners, on its sale to Wendel.

Close Date: 12/23/19
EV: \$910M



a portfolio company of



has been acquired by



TRANSACTION OVERVIEW

CPI is a premier provider of behavioral management and violence prevention training services. The Company has trained over 10 million individuals in research-based best practices for responding to anxious, hostile, and violent behaviors in the workplace with safe and effective methods.

CPI is the global authority and gold standard in crisis prevention training and professional certifications. The Company has dedicated 40+ years to providing unique and proprietary training content, methodologies, and solutions proven to reduce violence and create safe workplace environments.

Wendel is one of Europe's leading listed investment firms. Wendel plays an active role as a controlling or lead shareholder in its portfolio companies. The firm implements long-term development strategies, which involve boosting growth and margins of companies so as to enhance their leading market positions.

RELEVANT SUB-SECTORS

PROFESSIONAL
EDUCATION &
CERTIFICATIONS

GOVERNANCE, RISK,
AND COMPLIANCE

EDTECH

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Notable 4Q 2019 Education Technology & Services Transactions

Pending



EV: \$2,022M

Rev: \$0.2M



EV / Rev: 8.2x

EV / EBITDA: NP

Thoma Bravo's acquisition of Instructure

- Instructure is a provider of a cloud-based learning management system and employee development software for academic institutions and corporations
- Instructure's Canvas and Bridge products are industry-leading gold standards in the global education market, serving over 30 million active users
- Thoma Bravo's acquisition of Instructure will provide the necessary flexibility to continue to invest in innovative products and further expand internationally

K-12
Education

Pending



EV: \$850M

Rev: NP



EV / Rev: NP

EV / EBITDA: NP

Meritage Group's acquisition of Liaison International

- Liaison International is a leading provider of admissions management software intended to optimize admission and application processes
- Liaison International's cloud-based recruiting and admissions solution helps institutions, schools, and program owners to evaluate, analyze, and benchmark applicant pools
- Post-acquisition, Meritage Group will help Liaison International expand its product offering, continue developing its foundational platform, and explore new verticals and markets

Higher
Education

Completed December 16, 2019



EV: NP

Rev: NP



EV / Rev: NP

EV / EBITDA: NP

A Cloud Guru's acquisition of Linux Academy

- Linux Academy is a leading provider of a hands-on online training platform in Linux and cloud technologies that tests students in live server environments
- Learners have access to 200+ self-paced courses taught by industry experts with 1,000 hands-on labs to facilitate an active learning experience for real world application
- The combination of the beginner-friendly A Cloud Guru offering with the more advanced Linux Academy training programs will result in the leading content library of hands-on training for cloud computing, big data, and artificial intelligence

Professional
Education

Completed November 19, 2019



EV: NP

Rev: NP



EV / Rev: NP

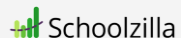
EV / EBITDA: NP

NexPhase's acquisition of Surgent CPE

- Surgent CPE is a leading provider of comprehensive continuing professional education courses to finance and accounting professionals
- Surgent CPE provides nearly 1 million CPE credits annually to 10,000+ licensed accounting professionals with award-winning exam preparation courses that enable pass rates well in excess of the national average
- The acquisition will allow Surgent CPE to leverage NexPhase's wealth of experience scaling vertical software and services companies to further develop its healthcare vertical

Professional
Education

Completed October 29, 2019



EV: NP

Rev: NP



EV / Rev: NP

EV / EBITDA: NP

Renaissance's acquisition of Schoolzilla

- Schoolzilla is a leading provider of a cloud-based data management and visualization platform designed to provide a hosted service that connects, cleans, and visualizes all of a school's data sources
- Schoolzilla supports over 140 school systems in 31 states, helping school leaders succeed with accurate, timely, and visual data to better understand students' needs, develop strategies, and monitor progress
- The acquisition of Schoolzilla complements Renaissance's assessment, literacy, and math programs, allowing for more personalized learning experiences and accurate monitoring of student achievement

K-12
Education

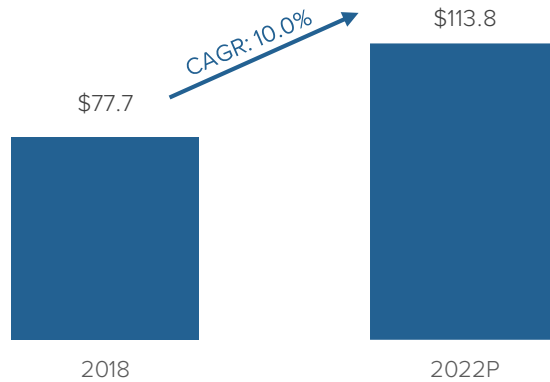
Professional Education / Training Market Overview

EXPANSIVE, MULTI-VERTICAL MARKET

(\$ billions)

- The global Professional Education / Training market is expected to reach \$113.8 billion by 2022, growing at a 10.0% CAGR

GLOBAL PROFESSIONAL EDUCATION / TRAINING⁽²⁾



KEY MARKET DRIVERS

- Proliferation of eLearning across the enterprise
- Mandatory compliance and continuing education programs giving rise to attractive, repeat business models
- Availability of quality content continues to be a key pain point for highly regulated markets
- Companies are navigating increasingly complex regulatory environments with costly penalties for non-compliance
- Expansion of dynamic personalized learning methods such as gamification and micro-learning

RECENT SECTOR ACTIVITY⁽³⁾⁽⁴⁾

PROFESSIONAL EDUCATION / TRAINING			
Close Date	Target	Acquirer	EV (\$M)
Dec-19	cpi	WENDEL	\$910
Dec-19	Linux Academy	A CLOUD GURU	NA
Dec-19	martech TRAINING SERVICES	hsi Health & Safety Institute	NA
Nov-19	ed	AVATHON	NA
Nov-19	Surgent	NexPhase CAPITAL	NA
Oct-19	THINKFUL	Chegg	\$100
Sep-19	achieve+forum / Miller Heiman Group / STRATEGY EXECUTION	KORN FERRY	NA
Sep-19	VitalSmarts	LEEDS Equity Partners	NA
Sep-19	K Y N E C T I V	USHealthConnect Inc.	NA
Sep-19	CLARK	NOODLE	NA
Sep-19	THOUGHT INDUSTRIES	Luminate	NA
Sep-19	hsi Health & Safety Institute	Waud Capital	Confidential
Aug-19	rhyme	coursera	NA
Aug-19	DILTEC SOLUTIONS	ShootProof	NA
Aug-19	COLE'S CLASSROOM	WebMD	NA
Aug-19	eLogic LEARNING	absorb	NA
Jul-19	B-LINE MEDICAL	Laerdal	NA
Jul-19	CloudAcademy	QA	NA
Jul-19	ROGER CPA Review <small>Powered by UWorld</small>	UWorld	NA

Professional Education / Training Landscape

To receive the latest Education Technology market maps, please contact HW at TMT_Reader@harriswilliams.com

REPRESENTATIVE PROVIDERS

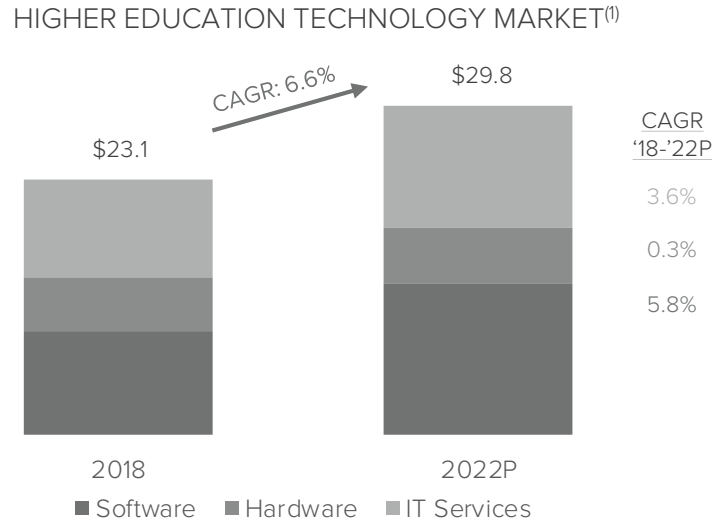
MULTI-VERTICAL PLATFORMS	 BERTELSMANN WILEY 	VERTICAL TRAINING			Skill Development	TECHNICALLY CENTRIC SOLUTION	
	Healthcare 	Financial Services and Insurance 		eLearning Marketplaces 	Product / Project Management 	LMS / Talent Management 	
	Life Sciences / Dental / Medical Device 	Legal and Accounting 	Real Estate 		Sales & Marketing 		
		Wellness and Fitness 	Education 		Transportation 		Leadership Development
	Emergency Response (Fire, EMT, Law Enforcement) 						Security Awareness
	Specialty Training 				Language 		Content Development / Editing
					HR / Compliance 		

Higher Education Technology Market Overview

SPENDING LEVELS REMAIN STRONG

(\$ billions)

- The US continues to spend significantly on Higher Education technology, with the market expected to reach \$29.8 billion by 2022



KEY MARKET DRIVERS

- Growing acceptance that having a data-driven information management strategy is now a necessity for all institutions
- Continued shift to digital content, assessments, and learning modalities
- Rising demand for personalized learning tailored to an individual's needs
- IT driving department savings through automated administrative workflows and streamlined recruitment / enrollment
- Further adoption of mobile technologies and blended learning

RECENT SECTOR ACTIVITY⁽³⁾⁽⁴⁾

HIGHER EDUCATION			
Close Date	Target	Acquirer	EV (\$M)
Pending	LIAISON	MERITAGE	\$850
Dec-19	YOU VISIT	EAB	NA
Nov-19	EdgeMakers	coded minds	NA
Nov-19	IDEA	campuslabs	NA
Oct-19	OmniUpdate	DESTINY SOLUTIONS	NA
Oct-19	E	Cofounders Capital	NA
Oct-19	TWC	STUKENT	NA
Sep-19	burningglass	KKR	NA
Jul-19	zyBooks	WILEY	\$56
Jun-19	BRIDGEEDU	edquity	NA
May-19	TRILOGY EDUCATION SERVICES	2U	\$750
May-19	KNEWTON	WILEY	NA
May-19	CONVERGE	RNL	NA
Apr-19	Future Learn	seek	\$130
Apr-19	HIGHER EDUCATION	RED VENTURES	NA
Apr-19	Funderbolt	campuslogic	NA
Apr-19	TutorMe	ZOVIO	NA
Apr-19	turnitin	advance.net	\$1,700
Feb-19	Portfolium	INSTRUCTURE	NA
Feb-19	SUREWATCH CAMPUS MANAGEMENT	SchoolMint	NA

Higher Education Technology – Landscape

REPRESENTATIVE PROVIDERS

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DIVERSIFIED PLATFORMS	 	PERSONALIZING LEARNING				
		Assessments / Adaptive Learning	Online Skill Development / Tutoring	Insights & Analytics	Learning Management Systems (LMS)	
	 	OPTIMIZING ADMINISTRATION				
		Educational Content	CRM / Retention Solutions	Student Information Systems (SIS)		
	 	IMPROVING OPERATIONS				
		Procurement / Operations / Payments	HR Recruiting / Compliance / Professional Development	Alumni Relations / Financial Aid	Enrollment Solutions / Career Readiness	Marketing / Web / Community

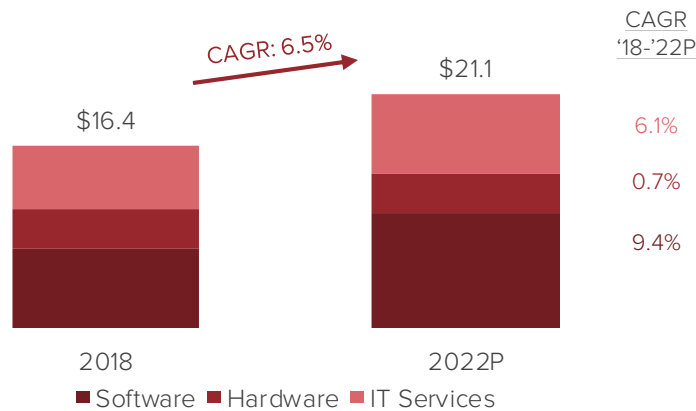
K-12 Education Technology Market Overview

EVOLVING MARKET WITH TECHNOLOGY DISRUPTION

(\$ billions)

- The US continues to spend significantly on K-12 education technology, with the market expected to reach \$21.1 billion by 2022P

K-12 EDUCATION TECHNOLOGY MARKET⁽¹⁾



KEY MARKET DRIVERS

- Increased emphasis on performance, reporting, and accountability underpinned by new legislation such as ESSA (Every Student Succeeds Act)
- Growing interest in data as a means to drive and substantiate student outcomes
- Greater usage of tools to drive engagement between parents, teachers, and administrators
- Consolidation of technology purchasing at the district level, with demand for solutions that address student, classroom, and administrator workflows
- Rising prominence of formative assessments coupled with data analytics that measure student mastery in order to support in-progress development

RECENT SECTOR ACTIVITY⁽³⁾⁽⁴⁾

K-12			
Closed Date	Target	Acquirer	EV (\$M)
Pending	INSTRUCTURE	THOMABRAVO	\$2,022
Dec-19	SCHOOL SPIRE	MentoringMinds [®]	NA
Dec-19	SCANTRON [®] SMART STARTS HERE	TRANSOM CAPITAL GROUP	NA
Nov-19	schoology [®]	PowerSchool	NA
Nov-19	Education.com	IXL LEARNING [®]	NA
Oct-19	Schoolzilla	RENAISSANCE [®]	NA
Oct-19	ESGI	Riverside Insights [™]	NA
Aug-19	School Finances	FORECAST5 [®] ANALYTICS	NA
Aug-19	littleBits	sphero	NA
Aug-19	ESCAPE TECHNOLOGY	frontline education [™]	NA
Jul-19	CALVERT EDUCATION	edmentum [™]	NA
Jul-19	proximity learning Education Beyond Boundaries	eSS Every day counts.	NA
Jun-19	FastBridge Learning	illuminate education	NA
Jun-19	EES for Schools	HORIZON [®]	NA
Jun-19	DECISIONINSITE Enrollment Impact Specialists	hoonuit	NA
May-19	poio	Kahoot!	\$7
May-19	conexus	verdanc	NA
May-19	TRAIKBot	Kahoot!	\$18
Apr-19	CENGAGE	McGraw Hill Education	NA
Apr-19	TE21	Kahoot!	NA



K-12 Education Technology – Landscape

REPRESENTATIVE PROVIDERS

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DIVERSIFIED PLATFORMS Blackboard Google INSTRUCTURE Pearson RENAISSANCE	PERSONALIZING LEARNING			IMPROVING OPERATIONS		
	Learning Management Systems			Data & Analytics		
	Adaptive Learning	Assessment Tools	Gamified Learning	Student Information Systems		
	Classroom Management	Tutor / Study Tools	Special Education	School Operations		
	OPTIMIZING CONTENT			HR / Professional Growth		
	Learning Content	Item Banks / Curriculum Content	eLearning and Open Source Content	Payments		
				Marketing / Web / Community		
				Marketplaces		

Public Education Technology & Services Companies

<p>EDUCATION TECHNOLOGY PLATFORMS</p>	<p>Key Public Comps</p>	<p>Trading Metrics</p> <p>EV / LTM Revenue: 0.7x — 3.2x — 12.3x</p> <p>EV / LTM EBITDA: 11.3x — 15.7x — 23.6x</p>	<p>Indexed Stock Performance</p>
<p>PROFESSIONAL EDUCATION SERVICES</p>	<p>Key Public Comps</p>	<p>Trading Metrics</p> <p>EV / LTM Revenue: 0.6x — 1.9x — 2.1x</p> <p>EV / LTM EBITDA: 9.0x — 11.5x — 28.3x</p>	<p>Indexed Stock Performance</p>
<p>DIVERSIFIED EDUCATIONAL CONTENT AND PUBLISHING</p>	<p>Key Public Comps</p>	<p>Trading Metrics</p> <p>EV / LTM Revenue: 0.7x — 2.0x — 6.9x</p> <p>EV / LTM EBITDA: 11.9x — 15.6x — 37.1x</p>	<p>Indexed Stock Performance</p>
<p>FOR PROFIT EDUCATION</p>	<p>Key Public Comps</p>	<p>Trading Metrics</p> <p>EV / LTM Revenue: 0.8x — 2.4x — 6.4x</p> <p>EV / LTM EBITDA: 5.7x — 12.9x — 16.2x</p>	<p>Indexed Stock Performance</p>

Education Technology & Services – Trading Comparables

PUBLIC COMPARABLES

As of December 31, 2019 (\$ in millions)

Company	Ticker	Enterprise Value	Market Capitalization	% of 52 Week High	1-Year Stock Performance	3-Year Stock Performance	Revenue Growth		LTM EBITDA Margin	Enterprise Value /				Price / Earnings
							LTM	2020P		'LTM Rev.	'20P Rev.	'LTM EBITDA	'20P EBITDA	
EDUCATION TECHNOLOGY PLATFORMS														
TAL Education Group	TAL	\$28,107	\$28,522	98.3%	80.7%	312.3%	34.9%	26.9%	14.1%	9.5x	6.9x	NM	NM	NM
Chegg, Inc.	CHGG	4,698	4,586	78.6%	33.4%	413.7%	27.5%	27.4%	9.8%	12.3x	9.0x	NM	38.4x	NM
Cornerstone OnDemand, Inc.	CSOD	3,553	3,555	93.4%	16.1%	38.4%	6.3%	14.1%	3.0%	6.3x	5.4x	NM	27.9x	NM
Pluralsight, Inc.	PS	1,873	1,752	48.2%	(26.9%)	NM	39.2%	25.5%	NM	6.3x	4.7x	NM	NM	NM
2U, Inc.	TWOU	1,681	1,523	29.8%	(51.7%)	(20.4%)	37.4%	27.2%	NM	3.2x	2.3x	NM	NM	NM
K12 Inc.	LRN	682	797	54.4%	(17.9%)	18.6%	8.6%	3.0%	5.9%	0.7x	0.6x	11.3x	5.4x	23.3x
HealthStream, Inc.	HSTM	742	881	90.7%	12.6%	8.6%	10.7%	(1.8%)	12.5%	3.0x	3.0x	23.6x	16.3x	64.8x
Rosetta Stone Inc.	RST	408	436	67.5%	10.6%	103.6%	3.9%	8.0%	1.6%	2.3x	2.1x	NM	66.1x	NM
Tribal Group plc	TRB	161	163	75.8%	(15.6%)	14.7%	(8.7%)	3.5%	10.3%	1.6x	1.4x	15.7x	NM	27.0x
Education Technology Platforms Median		\$1,681	\$1,523	75.8%	10.6%	28.5%	10.7%	14.1%	9.8%	3.2x	3.0x	15.7x	27.9x	27.0x

PROFESSIONAL EDUCATION SERVICES

Adtalem Global Education Inc.	ATGE	\$2,347	\$1,888	67.5%	(26.1%)	12.1%	7.0%	(3.9%)	19.7%	1.9x	2.1x	9.5x	8.6x	12.8x
Franklin Covey Co.	FC	462	451	77.0%	44.3%	60.0%	6.7%	7.7%	7.1%	2.0x	1.9x	28.2x	21.4x	NM
GP Strategies Corporation	GPX	361	225	77.3%	4.9%	(53.7%)	9.1%	5.5%	4.4%	0.6x	0.6x	14.6x	8.8x	36.6x
Wilmington plc	WIL	332	287	90.5%	44.2%	(2.1%)	(2.8%)	3.1%	18.6%	2.1x	2.0x	11.5x	10.2x	19.6x
China Distance Education Holdings	DL	271	271	88.7%	20.7%	(27.6%)	27.1%	18.7%	14.1%	1.3x	1.0x	9.0x	NA	12.7x
Professional Education Services Median		\$361	\$287	77.3%	20.7%	(2.1%)	7.0%	5.5%	14.1%	1.9x	1.9x	11.5x	9.5x	16.2x

DIVERSIFIED EDUCATIONAL CONTENT AND PUBLISHING

RELX PLC	REL	\$57,725	\$48,740	94.0%	22.5%	41.1%	2.1%	3.9%	30.4%	5.9x	5.3x	19.3x	15.3x	24.7x
Thomson Reuters Corporation	TSX:TRI	38,222	35,799	96.4%	48.2%	48.6%	8.6%	5.0%	17.6%	6.5x	6.2x	37.1x	25.6x	249.7x
Wolters Kluwer N.V.	WKL	22,070	19,451	96.0%	23.4%	100.8%	2.8%	4.2%	27.3%	4.4x	4.1x	16.0x	14.8x	29.9x
Pearson plc	LSE:PSON	8,771	6,571	61.8%	(29.5%)	(16.5%)	(9.0%)	0.7%	14.2%	1.7x	1.7x	11.9x	9.0x	11.1x
John Wiley & Sons, Inc.	JW.A	3,597	2,727	91.6%	3.3%	(11.0%)	2.1%	3.3%	16.5%	2.0x	1.9x	11.9x	9.7x	19.0x
Houghton Mifflin Harcourt Company	HMHC	1,378	777	58.7%	(29.5%)	(42.4%)	7.0%	2.2%	NM	1.0x	1.0x	NM	8.7x	NM
Scholastic Corporation	SCHL	1,162	1,331	84.0%	(4.5%)	(19.0%)	(0.2%)	3.0%	4.6%	0.7x	0.7x	15.3x	8.5x	78.8x
Diversified Education Median		\$8,771	\$6,571	91.6%	3.3%	(11.0%)	2.1%	3.3%	17.0%	2.0x	1.9x	15.6x	9.7x	27.3x

FOR PROFIT EDUCATION

Laureate Education, Inc.	LAUR	\$5,696	\$3,850	94.8%	15.6%	NM	(0.9%)	3.3%	15.5%	1.7x	1.7x	11.1x	8.7x	NM
Grand Canyon Education, Inc.	LOPE	4,730	4,579	72.2%	(0.4%)	63.9%	(20.9%)	10.1%	39.3%	6.4x	5.5x	16.2x	15.2x	17.9x
Strategic Education, Inc.	STRA	3,091	3,413	83.7%	40.1%	97.1%	91.0%	4.7%	21.5%	3.2x	3.0x	14.8x	11.7x	46.4x
American Public Education, Inc.	APEI	224	422	78.3%	(3.8%)	11.6%	(3.4%)	2.6%	13.6%	0.8x	0.8x	5.7x	6.2x	34.1x
For Profit Education Median		\$3,910	\$3,631	81.0%	7.6%	63.9%	(2.1%)	4.0%	18.5%	2.4x	2.3x	12.9x	10.2x	34.1x

Sources and Disclosures

Sources

1. GARTNER.
2. TECHNAVIO.
3. CAPITAL IQ.
4. PITCHBOOK.

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