



Sector Spotlight:

EdTech

September 2023



Market Trends

01 High **capital inflows** driven by increased interest from PE funds & Venture Capitalists which collectively invested over \$10bn in 2022

Artificial Intelligence & Machine Learning enable **personalised education** through adaptive learning models and innovative chatbots

02

03 Large firms view **employee reskilling and upskilling as a necessity**, and E-learning platforms are the **cheapest and most effective** option

India becomes a leader with its market to reach \$10.4bn by 2025, fueled by the demand for non-academic courses and customization solutions

04

05 K-12 **homeschooling start-ups are on the rise**, especially in the US as homeschoolers make up 5.22% of American school students

Adoption of **immersive learning technologies** including VR/AR, hybrid learning environments and specialized web-conferencing tools

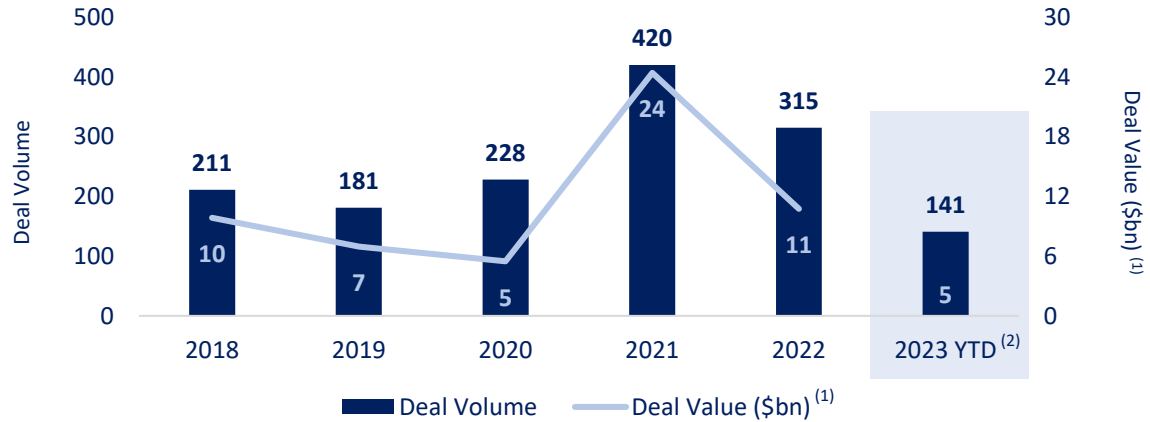
06

Notable Transactions

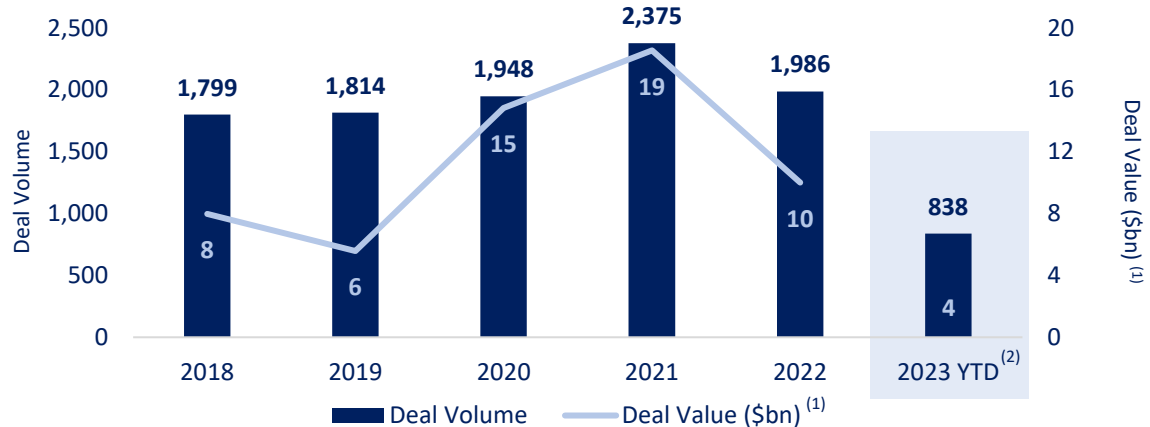
Target	Buyer	Date	Target Subsector	Target Description	Deal Value (\$m)
 Neversklop	 PowerSchool	Sep-23	ERP (India)	ERP software and digital solutions company for the K12 segment	-
 arco	 GENERAL ATLANTIC	Aug-23	E-learning (Brazil)	Pedagogical platform delivering educational content to private schools in Brazil	1,500
 Kahoot!	 KIRKBI  GENERAL ATLANTIC  Goldman Sachs	Jul-23	E-learning (Norway)	Worldwide game-based learning platform for kids and working professionals	1,515
 Talisys	 PROMECAP	Jul-23	E-learning (Mexico)	Teaching platform offering professional training and early childhood education	55
 RM Education	 The Key	May-23	MIS (UK)	Cloud-based financial management system for school business managers	20
 EssentialAssessment™	 Education Perfect	May-23	E-learning (Australia)	Teaching and assessment platform enabling students to regularly test their knowledge	40
 Veeva	 Paycor	Apr-23	E-learning (US)	Online platform enabling personal development via experimental learning	-
 n2y	 Five Arrows Principal Investments	Apr-23	E-learning (US)	Pre-K-12 education platform for children with special needs	1,000
 GL Education	 RENAISSANCE™	Mar-23	E-learning (UK)	School assessment services enabling teachers to measure student progression	-
 Khan Academy	 Google	Mar-23	Application (USA)	Calculator app designed to solve mathematical equations in real time	500
 UCHi.RU	 VK	Feb-23	E-learning (Russia)	Education platform helping elementary students in mathematics across Russia	162
 Strawbees	 albert™	Jan-23	E-learning (Sweden)	Educational tools helping students to better understand technology	42

EdTech Deal Activity

M&A & Buyouts over the last 5 years



VC & Growth Equity over the last 5 years



(1) Deal values for the period do not include values from all deals captured in the deal volume for the period as values for some deals are not disclosed; (2) As at 05/09/23; Source: Pitchbook

Most Active Buyers

PowerSchool Market Cap \$3.7bn HQ Folsom, USA

Provider of cloud-based software to the K-12 education market to help schools and districts manage their resources

Recent acquisitions⁽³⁾



BYJU'S Learning Funds raised to date \$6.4bn HQ Bengaluru, India

Operator of an online learning platform targeted at Pre-K to Grade 12 students

Recent acquisitions⁽³⁾



upGrad Funds raised to date \$479m HQ Mumbai, India

Developer of an online learning platform designed to offer professional diplomas and post-graduate courses

Recent acquisitions⁽³⁾



FP FRANCISCO PARTNERS AUM \$45.0bn HQ San Francisco, USA

Private equity firm seeking to make investments in technology-focused companies

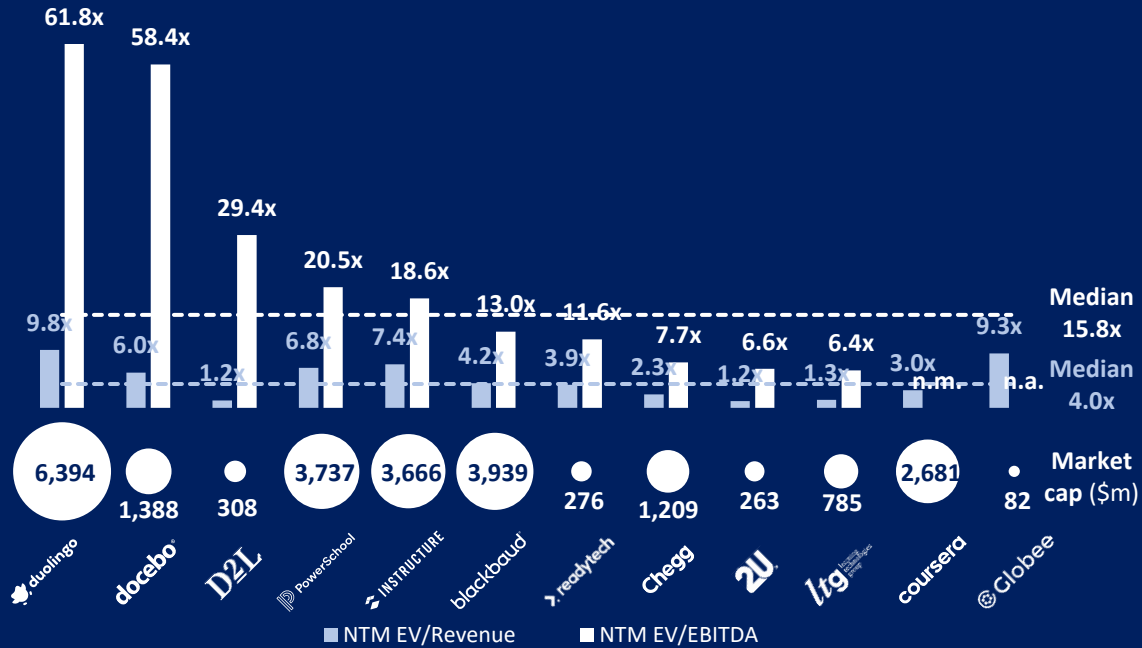
Recent acquisitions⁽³⁾



(3) Acquisitions completed over the last 2 years

Public Comps

Valuation Multiples



Recent CEO Commentary

PowerSchool “We are excited about the tremendous opportunity for AI to accelerate our product roadmap and business model” – *Hardeep Gulati, CEO*

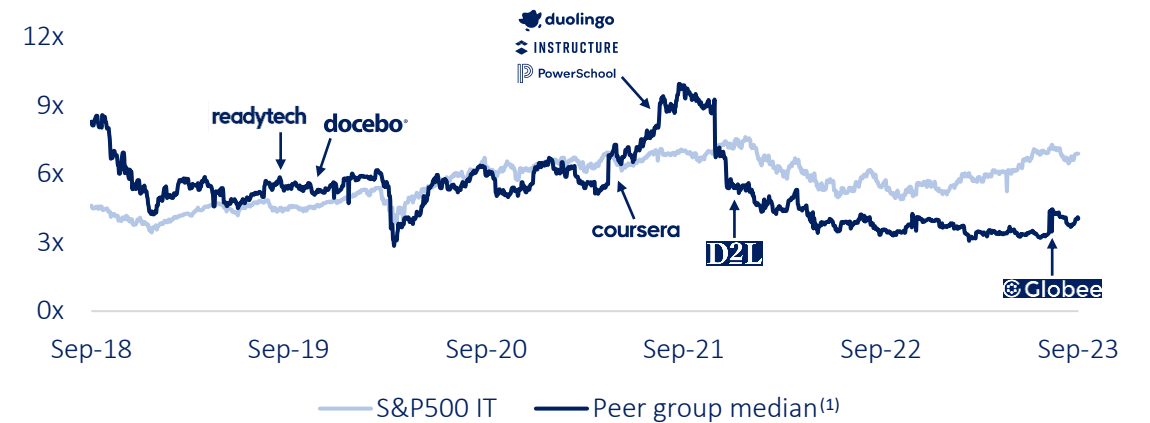
INSTRUCTURE “We are working with our customers to define privacy and security standards to ensure AI solutions are safe and each partner in the marketplace is committed” – *Steve Daly, CEO*

blackbaud “We’re expanding our strategy into next-generation and generative AI technology that addresses specific challenges” – *Michael P. Gianoni, CEO*

Source: S&P Capital IQ (as of 05/09/23)

Sector Valuations Over Time

NTM EV/Revenue over the last 5 years



NTM EV/EBITDA over the last 5 years



(1) Peer group includes the 12 companies presented to the left. Blackbaud, Chegg, 2U, and Ltg span the entire historical period, while other companies are added when listed as per the illustrations above

Sector Team



Ateesh Srivastava
Managing Director

Ateesh is a Managing Director at Ciesco with more than a decade of investment banking experience focused on the Technology and Software sector. He brings extensive sector focused transaction experience and an ability to build long term relationships with his clients.

Ateesh's extensive expertise is sought after by businesses in the Technology and Software sector who appreciate his dedication to delivering tailored solutions and achieving successful outcomes.



Nicolas Pétré
Analyst

Nicolas provides deal support throughout the M&A transaction cycle from origination to execution, including financial analysis and deal documentation. He also assists the market intelligence team to monitor M&A deal activity.

Prior to joining Ciesco, Nicolas gained experience in Private Equity at TheClubDeal, and interned at Degroof Petercam. He holds a Master's degree in Finance from IE Business School and a BBA from ICHEC Brussels Management School.



Daniel Glentworth
Analyst

Daniel is part of the M&A deal execution team with responsibilities, including market intelligence research, deal documentation preparation and financial analysis.

Dan is also closely involved with Ciesco's Origination and Market Intelligence efforts, in particular in the healthcare and tech services space. Dan has strong financial analysis and accountancy skills. He gained experience at PwC and a corporate finance boutique prior to joining Ciesco.

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Recent Ciesco Deals



SELL SIDE ADVISORY – ENTERPRISE SOFTWARE / GLOBAL SOFTWARE GROUP



SELL SIDE ADVISORY – CONSULTING / PUBLIC COMPANY



SELL SIDE ADVISORY – SERVICES / PRIVATE EQUITY



BUY SIDE ADVISORY – CONSULTING / PRIVATE EQUITY

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