



# Sector Spotlight: EdTech

April 2024



# Market Trends



High **capital inflows** driven by increased interest from Growth funds & Venture Capitalists which collectively invested \$6bn in 2023

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



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 customisation solutions



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

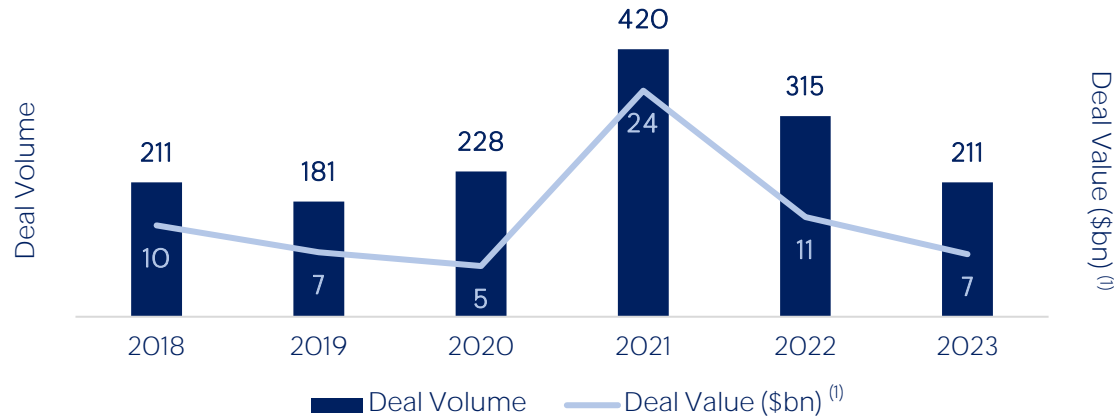


# Recent Notable Transactions

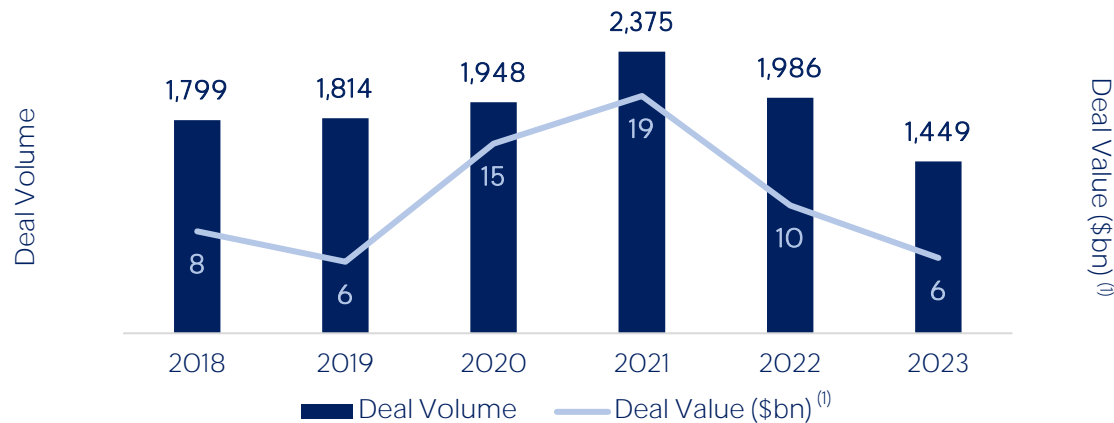
Target	Buyer	Date	Target Subsector	Buyer Subsector	Deal Value (\$m)
REDUCATE	ALL SEAS CAPITAL	17-Apr-24	Online CPE platform	Private equity	n.a.
XpertLearning	L3ORON Institute	17-Apr-24	Corporate and academic learning	Professional training services	n.a.
n2y	texthelp	25-Mar-24	Pre-K-12 special education platform	Literacy and assistive technology	n.a.
<i>Note: Merger of equals. Five Arrows is the majority shareholder of both businesses</i>					
parchment	INSTRUCTURE	01-Feb-24	Online credentials platform	Learning platform	835
Kahoot!	GENERAL ATLANTIC KIRKBI Goldman Sachs	23-Jan-24	Game-based learning platform	Private equity	1,660
Elmtree	mynd.ai	13-Dec-23	E-learning Platform	Early childhood education services	750
arco	GENERAL ATLANTIC	07-Dec-23	School e-learning platform	Private equity	1,500
Neverskip	PowerSchool	05-Sep-23	School ERP	K-12 cloud-based software	n.d.
UP EDUCATION	PEP PACIFIC EQUITY PARTNERS	31-Jul-23	Tertiary study e-learning	Private equity	265
Talisys	PROMECAP	01-Jul-23	Early childhood e-learning	Private equity	45
UDACITY	accenture	30-Jun-23	Corporate e-learning	Global consultancy	1,000
Vc.b	Paycor	26-Apr-23	Leadership e-learning	Payroll and HCM Solutions	n.d.
n2y	Five Arrows Principal Investments	04-Apr-23	Pre-K-12 special education platform	Private equity	1,000

# 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; Source: Pitchbook

# Most Active Buyers

**PowerSchool** 1997 Foundation \$2.9bn Market Cap Folsom, USA HQ 3,500+ Employees

Recent acquisitions: **Neverskip**, **chalk**, **SchoolMessenger**, **Headed2>**, **ALLOVUE**

**INSTRUCTURE** 2008 Foundation \$2.8bn Market Cap Salt Lake City, USA HQ 1,400+ Employees

Recent acquisitions: **parchment**, **LEARN PLATFORM**, **CONCENTRIC SKY**

**upGrad** 2015 Foundation \$479m Raised to date Mumbai, India HQ 4,900+ Employees

Recent acquisitions: **CENTUM LEARNING**, **HARAPPA**, **TALENTEDGE**, **INSOFE**

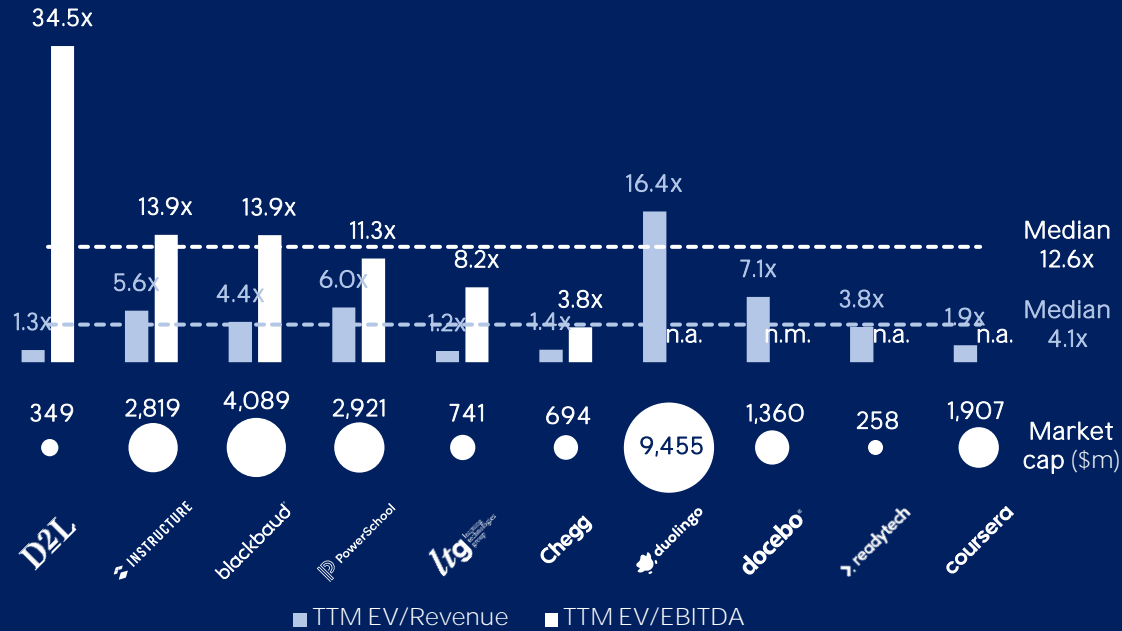
**texthelp** 1996 Foundation >\$1bn Valuation Antrim, UK HQ 600+ Employees

Recent acquisitions: **n2y**, **Svensk Talteknologi**, **Oribi**

Note: Recent acquisitions based on completed deals over 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: Pitchbook (as of 23/04/24)

# Sector Valuations Over Time

## TTM EV/Revenue over the last 5 years



## TTM EV/EBITDA over the last 5 years



(1) Peer group includes the 10 companies presented to the left. Blackbaud, Chegg, Ltg, and Readytech span the entire historical period, while other peers are added when listed as per the illustrations above. Note: Lines represent 15-day moving averages

## Leadership



**Chris Sahota**  
Founder & CEO

**13+**  
years of leading Cisco

**20+**  
years of corporate leadership



Board Advisory Member: Palantir **accenture**

## Sector Team



**Ateesh Srivastava**  
Managing Director  
Technology & Software

**13+**  
years of experience

**>£7bn**  
deal value executed



**Matt Bruun**  
Senior Advisor  
Software

**20+**  
years of experience

**SaaS**  
Enterprise Sales Expert



**Daniel Glentworth**  
Technology Coverage

**3+**  
years of experience

**MSc**  
Finance



**Nicolas Pétré**  
Software Coverage

**2+**  
years of experience

**BSc**  
International Business



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## Select Cisco 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

Our team has built strong relationships and worked with transformative Technology businesses:



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