

EDTECH KEY TRENDS

The pandemic is placing increasing pressure on the Learning & Development sector to enhance their technological offering and build a virtual learning experience.

This fast-paced innovation has rapidly changed the sector overnight. And EdTech is thriving as a result.

COOPER PARRY
CORPORATE FINANCE

GLOBAL
M&A
PARTNERS



EDTECH

The pandemic has been a significant catalyst for technological advancement in the Learning & Development (L&D) space and has encouraged the trend towards lifelong e-learning.

Speaking to Forbes.com, Panos Siozos, cofounder and CEO of e-learning platform LearnWorlds says that “E-learning was already growing at a 100% growth rate per year. We hated that Covid-19 was the catalyst, but it has made us achieve in four months what would normally have taken ten years.”

In order to ensure the shift towards lifelong e-learning continues in the future, and isn't just a passing trend, there must be significant innovation in the sector.

MARKET TRENDS (INC. IMPACT OF COVID)

A CHANGE IN THE WAY WE LEARN

Due to Covid, organisations are switching to learning journeys that combine e-learning, curated content and virtual classrooms. Many are sufficiently impressed and are planning to continue this way of learning following the pandemic.

THE RESKILLING REVOLUTION

According to Forbes.com, the Fourth Industrial revolution is seeing job requirements shift rapidly. And by 2022, 42% of core skills needed to perform existing jobs are expected to change.

This is driving the need for a global reskilling revolution.

THE RAPID ADOPTION OF VR

Another trend which is bursting onto the e-learning scene is the adoption of VR. In fact, education is expected to be the 4th largest sector that will invest in VR investment.

VR has proven successful in creating a more inclusive learning environment than traditional settings. The drive towards a personalised learning experience to facilitate success for those who don't fit the 'average student' mould is also driving the adoption of VR. As VR and AR can be extremely beneficial to student who have disabilities. For example;

VR Augmented Aid – which gives the user the ability to change text sizes, alter contrast settings, or add audio commentary to suit the individual's specific needs for the optimum learning experience.

Statista is predicting that by 2025, VR education is set to be a \$700 million industry as many industries are adopting VR for their educational needs. For example, healthcare providers are utilising the technology to educate clinicians on new products and how to use them.

MICROLEARNING IS ON THE RISE

Microlearning platforms have exploded into the e-learning sector. With the rise of handheld devices and increasingly fast internet speeds, people are deciding to learn on-the-go rather than in an office environment. The effectiveness of this way of learning is backed up by evidence, with smartphone users being on average 45% faster at completing courses. However it hasn't been entirely adopted by the L&D space. 8 out of 10 L&D professionals support the use of bite-sized, self-directed learning.

As shown in the diagram, specific market trends are driving growth in the Microlearning subsector.

KEY TRENDS OF MICROLEARNING

MORE FOCUS ON PERSONALISATION

94% of pioneering businesses say that personalisation is key to their success

MORE DATA

xAPI is an eLearning standard. It gives an extra level of insight into how learners are interacting with your training

VIDEO-BASED LEARNING

61% of teachers believe that students prefer to learn via video. Micro-lectures in this format have proven successful

SPACED LEARNING

By reinforcing knowledge over repeated intervals, the information will be stored as long-term memories in the hippocampus

SHORTER LEARNING SESSIONS

The average British person gets distracted after just 7 minutes. Shorted sessions improve chances of information being absorbed

GAME-BASED LEARNING

Rewards, notifications and leader boards improve engagement with training

WHAT MAKES THE EDTECH SECTOR SO ATTRACTIVE TO INVESTORS

EdTech has proven to be one of the biggest beneficiaries of the pandemic. Interest in EdTech has been increasing steadily year-on-year with investment from schools, academies and trusts into technology rising annually. However, Covid-19 has sparked a dramatic technological revolution in the education sector, with many schools and universities closed and forced into finding alternative solutions. In fact, it has been said in the industry that ‘the pandemic has been to EdTech what demonetisation was to FinTech in 2016’.

Interest has peaked for a variety of investors. Firstly, publishers, who have long dominated the market, need to acquire innovative companies to stay relevant. Private Equity firms are increasingly investing in the sector. Investors like the space due to strong margins, sticky customers, the ability to scale operations and the fragmented nature of the sector.

END-TO-END SOFTWARE OFFERING

Investors are looking to create platforms which provide schools with a full offering including administration, finance, HR, teaching, property, location data management and distance education.



Horizon Capital backed Juniper Education acquired FS4S, a UK-based provider of payroll and HR services. Following the acquisition, Juniper Education will be able to provide a school or trust with a full education focussed payroll solution, as well as support for budget management and any HR issues that arise in the year. The completion of this acquisition establishes the company as a full-service education supplier, with education support services, pupil assessment tracking tools and an innovative management information system.



Potentia Capital's EdTech portfolio company Education Horizon Group, which is the largest Australian-owned K-12 school software company, has acquired the Double First, a company, which works with independent schools in the UK and sells its school management software to 600 schools across more than 60 countries. Similarly to the above deal, this acquisition, along with five other bolt-ons completed by Education Horizon Group, are establishing the company as a full end-to-end software offering.

TECHNOLOGY ADOPTION THROUGH ACQUISITION

The sector is being dominated by innovative start-ups adopting technology such as AI, VR and data analytics. In order to keep up with these market trends, traditional players are seeking to acquire these disruptive, high growth start-ups.



Key Capital Partners has backed an educational virtual reality business, Avantis Systems, with a £4.25 million investment. The company was founded by CEO Nik Tuson in 2007. The Gloucester based business has an innovative VR product named ClassVR, a complete system of hardware, software and content creation that enables teachers to give their students a virtual reality experience in the classroom. Sales of ClassVR have grown rapidly in the three years since launch with over 40,000 VR headsets now deployed in more than 3,000 schools around the world.

THE IMPORTANCE OF THE UK IN THE GLOBAL EDTECH MARKET

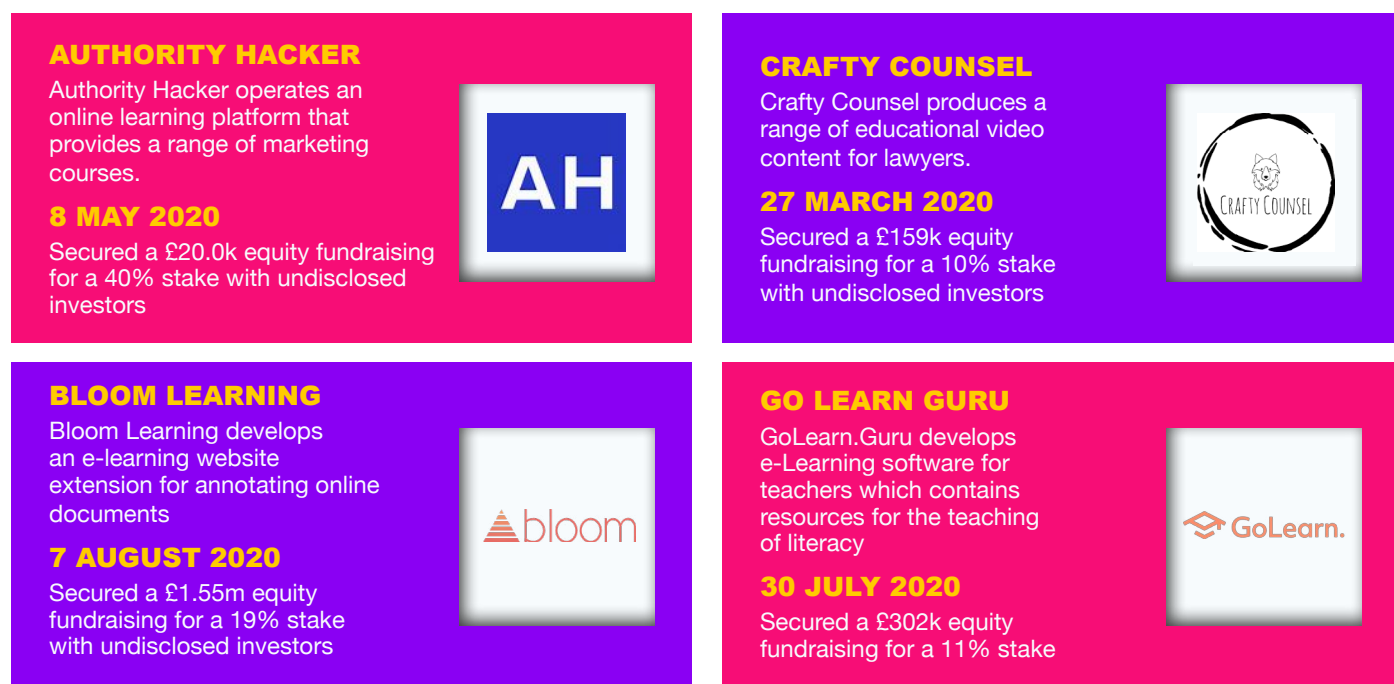
EUROPEAN CITIES BY VC INVESTMENT

There are innovation hubs for education technology setting up globally. London is establishing itself as one of these major hubs as it is the only city to feature in the global top 10 by investment. Other European cities are showing similarly high levels of investment in education technology.



START-UPS SURGE IN LONDON

Investments in EdTech have been growing and start-ups in Europe have been expanding globally during the pandemic. Since the shut down of schools and universities, start-ups have been stepping up to provide solutions. At its peak in mid-April, the virus caused nationwide school closure in 190 countries, impacting 90% of total enrolled students, almost 1.6 billion people globally. Start-ups are providing schools with course materials, intelligent textbooks, engaging video content, slide shows, activities and assessments to assist in the continuation of the education of millions of children.



WE HAVE SEEN SIGNIFICANT CONSOLIDATION IN THE EDTECH SPACE

DATE	TARGET	TARGET ACTIVITY	ACQUIRER	EV (£M)
16/09/2020	ABC Insights	US-based higher education benchmarking consortium that helps its members better understand their administrative spend levels and compare to peer institutions to direct and shape financial decision making.	HelioCampus	n/d
14/09/2020	HomeCEU	US-based specialist in continuing education for healthcare professionals with a focus in therapy professions.	Colibri Group	n/d
14/09/2020	Scientific Learning Corporation	US-based company which develops and markets software for teaching language, reading, and reading comprehension skills	Carnegie Learning, Inc.	11.5
11/09/2020	FS4S	UK-based provider of payroll and HR services	Juniper Education	n/d
02/09/2020	QuinStreet, Inc. (Education media, client and campaign assets)	US-based education media, client and campaign assets of QuinStreet, Inc.	EducationDynamics, LLC	14.9
31/08/2020	Rosetta Stone Inc.	US-based company engaged in technology-based language learning solutions	Cambium Learning Group, Inc.	553.7
27/08/2020	Cayuse, LLC	US-based provider of software solutions to universities, healthcare and research institutes	Primus Capital Quad Partners	n/d
20/08/2020	Education Management Solutions, LLC	US-based software company focused on developing healthcare IT and software products designed to provide clinical simulation management platforms for skills management	Collegis, LLC	n/d
18/08/2020	LearningMate	US-based provider of teaching and learning software solutions	SPi Global (Partners Group)	n/d
02/07/2020	RaiseMe	US-based company that partners with colleges and universities to offer students scholarships	CampusLogic, Inc.	n/d
29/05/2020	RaiseMe	US-based provider of online test preparation and data analytics to healthcare education and training institution	LLR Partners Inc.	n/d
20/05/2020	Yanka Industries, Inc.	US-based company that operates an online education platform	New Enterprise Associates Fidelity Management & Research Company Institutional Venture Partners Atomico Owl Ventures, LP NextEquity Partners 01 Advisors 01, L.P.	81.7
27/04/2020	Unitek Learning	US-based parent company for four learning institutions in the areas of healthcare, nursing, emergency medical services, and information technology	The Vistria Group, LLC	n/d
11/03/2020	Authess	US-based developer of performance-based competency assessment software solutions	Elsevier B.V.	n/d
10/03/2020	Blackboard Open LMS	US-based SaaS open-source LMS owned by Blackboard in Columbia	Learning Technologies Group Plc	24.3
10/03/2020	Thinkmap, Inc.	US-based company engaged in development of visualization softwares	IXL Learning, Inc.	n/d
27/01/2020	Galvanize, Inc.	US-based technology educational company	K12 Inc.	126.3
10/01/2020	Campus Management Corp. Edcentric Inc.	US-based provider of cloud solutions and services to the higher education market	Veritas Capital Fund Management, L.L.C.	n/d
08/01/2020	Kofschip Groep	Netherlands-based information and communications technology provider for the educational sector	Capital A Investment Partners	n/d
08/01/2020	LearnZillion, Inc.	US-based provider of K-12 digital curriculum solution	Weld North Education LLC	n/d

CONTACT US



BEN ROOKES

Ben joined Cooper Parry in 2002 and has over 14 years of Corporate Finance experience.

He has worked with business owners and management teams across a variety of sectors, including both cross-border and domestic company disposals and private equity transactions.

benr@cooperparry.com



LAURA CLARKE

Laura joined Cooper Parry in 2005 and has a wealth of experience in both advising business owners and deal origination.

Laura leads our Origination Team, organising a series of networking events and topical insight publications for business owners. She keeps a close eye on M&A in our key sectors, to provide useful and timely information. Laura and the Origination Team approach fast growing businesses in sectors we know very well.

Laura is a Chartered Accountant, having trained at Deloitte.

laurac@cooperparry.com



MEGHAN PHILLIPS

Meghan joined Cooper Parry Corporate Finance in 2019, assisting the team with deal origination and market research.

She holds a BSc (Hons) in Mathematics and MSc Investments from the University of Birmingham.

meghanp@cooperparry.com

OUR RECENT COMPLETED DEALS IN THE TECH SPACE

<p>ANOTHER DEAL MOVED SMOOTHLY</p> <p>COMPANY SALE</p> <p>eTech Solutions Limited to CoreLogic International</p> <p>Leading mobile surveying and workflow management software providers for the property services industry</p> <p>Cooper Parry Corporate Finance acted as lead advisors to the shareholders</p> <p>COOPER PARRY GLOBAL M&A CORPORATE FINANCE</p>		<p>ANOTHER DEAL CONVEYED</p> <p>MBO ANNOUNCED</p> <p>Livingbridge back MBO of Simply Conveyancing Property Lawyers ("Simply")</p> <p>Simply is a leading provider of tech-enabled conveyancing services for the UK Property Market</p> <p>Cooper Parry Corporate Finance acted as lead advisors to Private Equity Investors Livingbridge</p> <p>COOPER PARRY GLOBAL M&A CORPORATE FINANCE</p>	
<p>ADDING THE EDGE DOING THE DEAL</p> <p>MBO ANNOUNCED</p> <p>NorthEdge Capital back MBO of Phoebus Software Limited (PSL)</p> <p>PSL is a market leading provider to the banking, lending and savings sectors, delivering innovative and seamless solutions for the origination and management of loans and savings accounts</p> <p>Cooper Parry Corporate Finance acted as lead advisers to private equity investor NorthEdge Capital</p> <p>COOPER PARRY GLOBAL M&A CORPORATE FINANCE</p>		<p>CUTTING THE RISK DOING THE DEAL</p> <p>COMPANY SALE</p> <p>William Martin Compliance Solutions Limited to Marlowe plc</p> <p>Leading technology-enabled UK provider of property-related health & safety audit & consultancy service</p> <p>Cooper Parry Corporate Finance acted as lead advisors to the shareholders</p> <p>Cooper Parry GLOBAL M&A CORPORATE FINANCE</p>	

To read more about our recent deals, [**CLICK HERE.**](#)