



HOULIHAN LOKEY

PROFESSIONAL LEARNING

INDUSTRY UPDATE | MARCH 2022



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Select Recent Transactions: Past 12 Months

Colibri
 a portfolio company of
GRIDIRON CAPITAL
 has acquired
Becker **OnCourse Learning**
 from
ADT ALEM
 GLOBAL EDUCATION

Buyside Advisor

Ridgemont EQUITY PARTNERS
 made a minority investment in
TEACHERS of TOMORROW
 TEACHER CERTIFICATION™

Buyside Advisor

corporate visions
 conversations that win®
 a portfolio company of
Sentinel CAPITAL PARTNERS
 has been acquired by
Riverside

Sellside Advisor

EducationDynamics®
 a portfolio company of
 Prudential Private Capital
 and
MUIRLANDS capital
 has been acquired by
RENOVUS CAPITAL

Sellside Advisor

skillsoft ▶
 has merged with
CHURCHILL CAPITAL II

Sellside Advisor

TAILWIND CAPITAL
 has acquired
ISSA

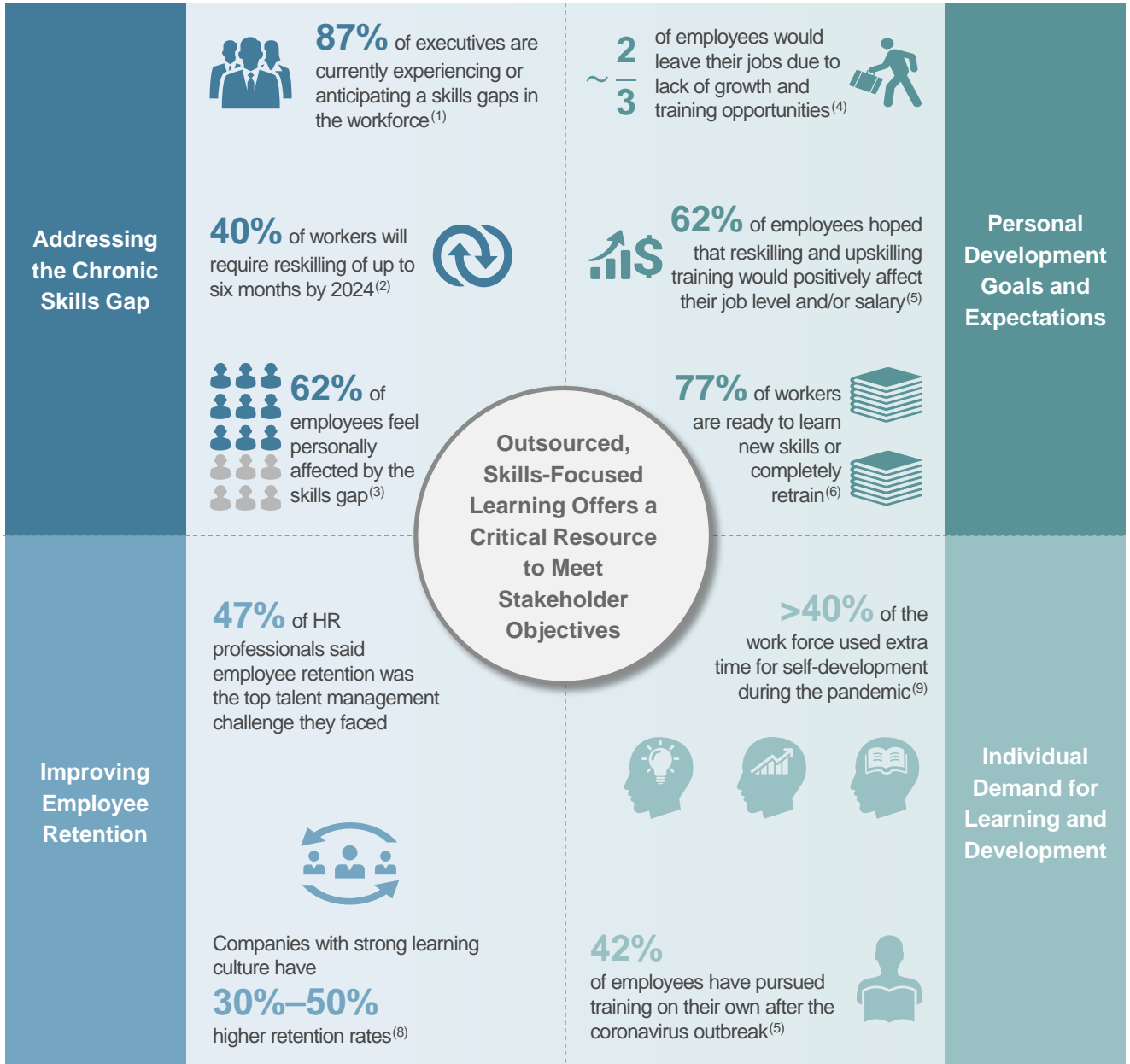
Buyside Advisor

Mega Trends Driving Market Demand

The skills gap is fueling demand from both employers and employees for access to learning content focused on skills enhancement.

Growing and Anticipated Needs From Employers...

...Met With Employee Eagerness to Upskill and Develop



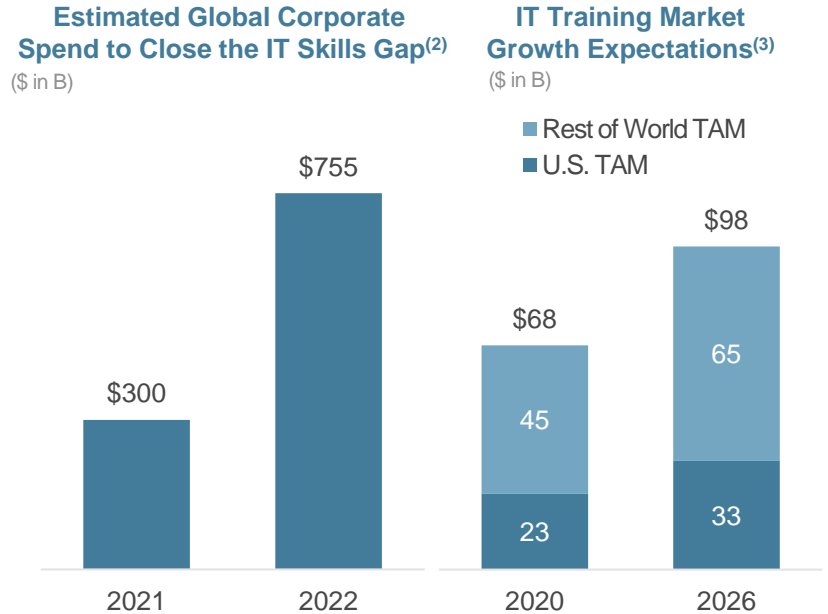
(1) "Beyond Hiring: How Companies Are Reskilling to Address Talent Gaps," McKinsey (February 2020).
 (2) The Future of Jobs Report 2020, World Economic Forum (October 2020).
 (3) 2019/2020 Global Skills Gap Report, Udemy (November 2020).
 (4) "Research: Workforce of 2022: Reskilling, Remote and More," Amdocs (August 2021).
 (5) "Employee Upskilling & Reskilling Statistics," TalentLMS (June 2020).
 (6) "Hopes and Fears 2021," PWC (March 2021).
 (7) "Using Recognition and Other Workplace Efforts to Engage Employees," SHRM (January 2018).
 (8) "39 Statistics That Prove the Value of Employee Training," Lorman (September 2021).
 (9) "Pivoting to the New Normal," myjen.ai (January 2021).

Vertical-Specific Themes

IT Training

The current size of the IT market, coupled with an environment of rapid technological development, has created unprecedented demand for IT training.

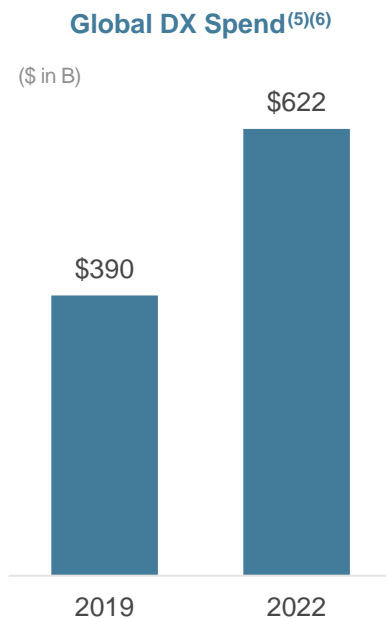
- The pace of technological change continues to accelerate. Select trends include the proliferation of AI, growing cloud migration and cloud infrastructure, and the continued growth of complex data utilization technologies.
- The global digital skills gap remains large and reflects a consistent hurdle for global enterprises. Technology and data analytics represent the largest portion of the global skills shortage, requiring more than 40 million skilled workers.
- Digital badges are growing in demand from both learners and employers. Ten out of 12 IT leaders consider IT certification to be worthwhile for employees.⁽¹⁾



Business Transformation Training⁽⁴⁾

Broad technology migrations and implementations have increased demand for operational and digital transformation training to improve the efficiency and efficacy of broad, multi-year enterprise initiatives.

- The global investment in digital transformation is expected to grow at a CAGR of 17% through 2022. Such capital deployment, which focuses on the digitization of all enterprise applications, has spurred demand for outsourced learning and development tools that help employees keep pace with broader enterprise goals and objectives.
- Agile and Scrum frameworks have been deployed, at scale, to help organizations manage such transformations, and learning content providers will continue to play a large and growing role in helping organizations best manage the learning curve.



“As COVID-19 impacts every aspect of our work and life, we have seen two years' worth of digital transformation in two months. From remote teamwork and learning to sales and customer service to critical cloud infrastructure and security, we are working alongside customers every day to help them stay open for business in a world of remote everything.”

—Satya Nadella, CEO and Director, Microsoft

(1) “83% of Tech Leaders Say IT Certifications Are Valuable, but Experience Wins,” TechRepublic (November 2018).
 (2) “Three IT Training Trends to Know in 2021,” VMWare (March 2021).
 (3) Global IT Training Market; Expert Market Research (2021).
 (4) Defined as sweeping training content, which can be applied across a wide range of organizational functions; core verticals include Agile training and change management training.
 (5) Global IT Training Market; Expert Market Research (2021).
 (6) “DX” stands for digital transformation; IDC (October 2018).

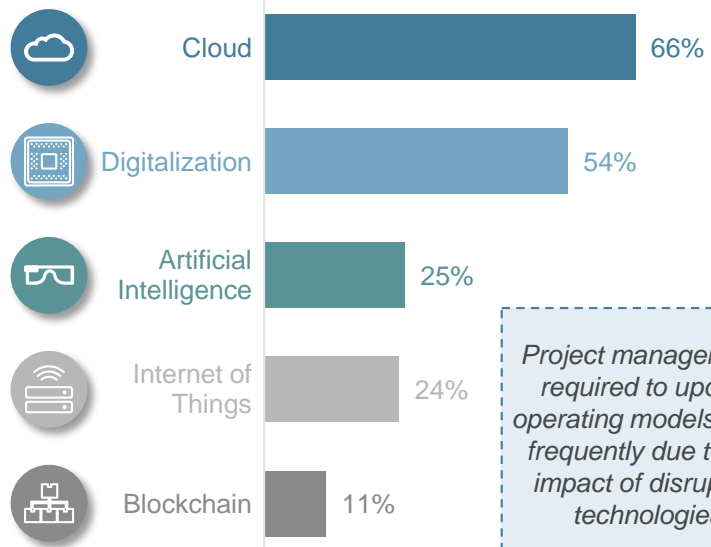
Vertical-Specific Themes (cont.)

Product/Project Management Training

Enterprise digitization and related broad initiatives permeate day-to-day operations of product and project managers, who require a refreshed set of skills to better navigate a growing digital environment.

- Product and project management skills are in high demand across industries. Skills development consists of smaller scale, targeted training associated with the day-to-day management of a product or project.
- The future of project management is increasingly strategic and expansive, with project leaders having a broader set of digital tools to leverage and often requiring client/customer management skills.
- The vast range of product and project managers requires a hybrid set of training solutions, teaching both competency best practices and how to leverage new and relevant technologies to improve project success.

Project Managers Are Affected by Disruptive Technologies⁽¹⁾



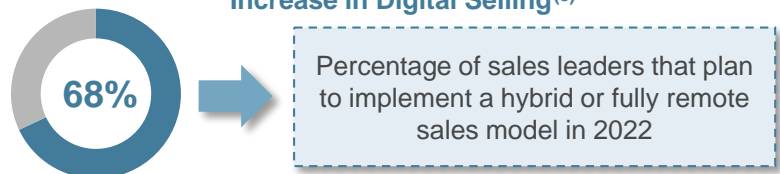
Project managers are required to update operating models more frequently due to the impact of disruptive technologies

Revenue Enablement Training

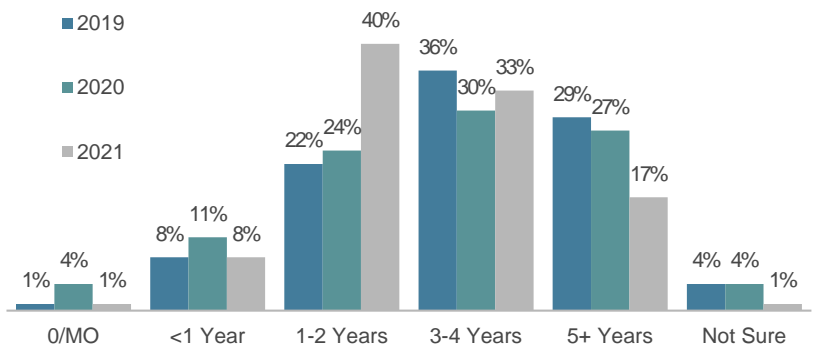
The COVID-19 pandemic has overhauled the sales function, with sales professionals requiring digital selling skills. In addition, the proliferation of the customer success (CS) function has provoked a mega trend for CS training.

- The absence of in-person meetings for the better part of 2020 and 2021 and the uncertainty behind a “normalized” long-term selling environment have sparked an immediate and sustainable bump in demand for digital selling skills. Many organizations have turned to outsourced experts to teach digital selling across a range of hybrid and digital formats.
- Sales executives have embedded revenue enablement training in their long-term learning initiatives, given traditionally high turnover among sales people and the continued evolution of digital selling best practices.
- Customer success training is still in its nascency, with a select few training providers championing content and thought leadership to meet growing demand from enterprises.

Increase in Digital Selling⁽³⁾



Number of Years CS Teams Have Been in Operation⁽²⁾



(1) Illustration of the percentage of product managers affected by releases of disruptive technology;

“Transforming Tradition: the Project Management Office,” Deloitte (Spring 2020).

(2) State of the Customer Success Industry and Salary Report 2021; Totango.

(3) HubSpot Research Global Sales Enablement Survey; HubSpot (October 2020).

Vertical-Specific Themes (cont.)

Diversity and Inclusion Training

As employers strive to create a more inclusive environment and effectuate diversity initiatives, companies have leveraged training content to support these initiatives, at scale.

- The workforce is increasingly multigenerational and multicultural, provoking enterprises to take proactive steps to both hire a more diverse workforce and create a healthier, inclusive work environment.
- Employee awareness and education is a critical first step, and digital, microlearning content can serve as an avenue for organizations to create an employee-centric, forward-looking work environment.
- Organizations acknowledge that hiring is not enough and core values need to be engrained in the workforce through a variety of mediums.

“Diversity and inclusion initiatives, including activities that promote gender diversity, are ‘must haves’ for every organization and, to be successful, need support from the board level down. Research continually demonstrates that businesses with more diverse teams produce better results and fosters innovation.”
—Keisha Bell, Managing Director, DTCC

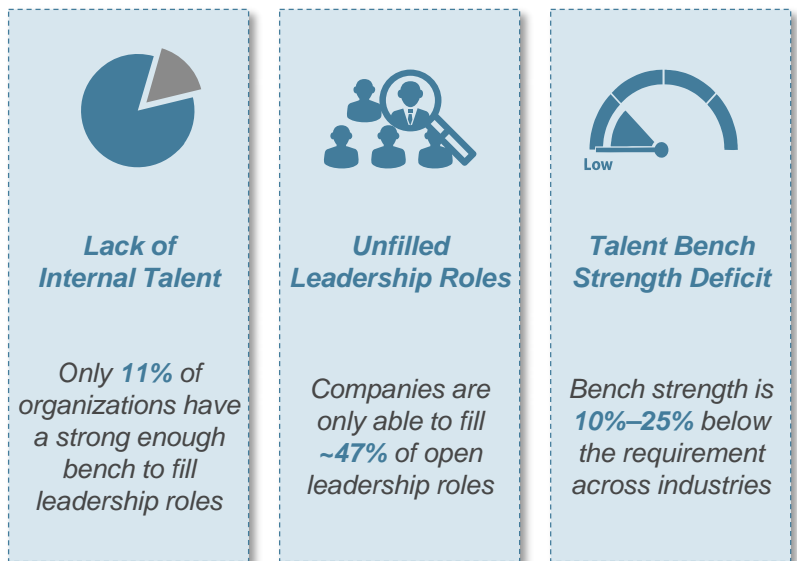
“We know the customers who use Udemy for business, and Udemy ourselves, are very interested in continuing to create content and provide access to learning around this topic. It’s certainly not going away, and it shouldn’t. This is one of the most important things we can do as organizations to support a diverse, equitable, and inclusive company and world.”
—Shelley Osborne, VP of Learning, Udemy

Leadership Training

Organizational leaders have had to adjust to managing in a digital environment. In addition, the acute shortage of managerial talent requires companies to develop existing talent through leadership training programs.

- While commonly referenced as a “soft skill,” managers have been forced to adopt more regimented, digitally focused tactics to better engage and motivate employees in a remote environment. Innovative leadership training has helped managers adjust quickly.
- The Great Resignation has left organizations searching for both entry level and managerial talent. The corporate leadership pipeline is at an all time low, with HR reporting empty internal benches and difficulty recruiting strong candidates.⁽¹⁾
- One-on-one coaching is emerging as a strong learning complement for leaders who are experiencing challenges in a new or existing role or are being considered for a higher-level position.

Growing Leadership Gap to Facilitate the Market⁽¹⁾








(1) Global Leadership Forecast 2021; DDI (February 2021).





Career Elevating Skills

Select Transactions

Select and Notable M&A Transactions

Company	Recent M&A
 <p>Riverside corporate visions conversations that win[®]</p>	<ul style="list-style-type: none"> In August 2021, the Riverside Company acquired Corporate Visions, a provider of revenue enablement training and content to global enterprises. Select investment considerations include proprietary IP and content, demonstrable client ROI, an impressive multisegment customer base, and sector tailwinds, particularly around digital sales and customer success.
 <p>CHURCHILL CAPITAL II Global Knowledge skillsoft</p>	<ul style="list-style-type: none"> In June 2021, Churchill merged with Skillsoft, valued at \$1.3 billion, and then acquired Global Knowledge for \$230 million; a \$530 million PIPE investment supported the transaction. This created the market's only public, pure-play B2B diversified digital learning player. Skillsoft's Learning Experience Platform (LXP), Percipio, which boasts near 100%+ net revenue retention, championed the long-term growth story.
 <p>CENGAGE GROUP INFOSEC</p>	<ul style="list-style-type: none"> In January 2022, Cengage entered into an agreement to acquire Infosec for \$191 million. Infosec, a leader in cybersecurity education, marks a key strategic step for Cengage, which is seeking to deepen its footprint in the large and growing workplace training and skills development market. Employer-paid cybersecurity training represents an attractive high-growth segment; the market size is expected to increase from \$1 billion today to ~\$10 billion by 2027.
 <p>Blue Ocean Brain hsi Waud Capital</p>	<ul style="list-style-type: none"> In November 2021, Blue Ocean Brain was acquired by Health & Safety Institute (HSI), a portfolio company of Waud Capital Partners, for an undisclosed amount. Blue Ocean Brain offers an on-demand, daily engagement microlearning platform and content suite that enhances HSI's position and offerings in the HR training and professional development marketplace.
 <p>SCALED AGILE EURAZEO</p>	<ul style="list-style-type: none"> In November 2021, Leeds Equity Partners sold Scaled Agile to Eurazeo. Scaled Agile is the market leader in Agile training and represents the gold standard in such training for large-scale enterprises.

Select and Notable Capital Raises

Company	Recent Equity Raises
 <p>BetterUp WELLINGTON MANAGEMENT[®] ICONIQ Growth Lightspeed</p>	<ul style="list-style-type: none"> In October 2021, BetterUp, a digital coaching platform, raised \$300 million in a Series E round, led by Lightspeed Venture Partners, ICONIQ Capital, and Wellington Management at a valuation of \$4.7 billion. Funding from the transaction will be used to enhance new product innovation and international growth.
 <p>CAREER KARMA TopTier</p>	<ul style="list-style-type: none"> In January 2022, Career Karma, an online coaching and peer mentorship platform for tech job seekers, raised \$40 million in a Series B round, led by Top Tier Capital Partners. The funding will enable Career Karma to grow its staffing division and hire additional employees.
 <p>go coach PANORAMIC VENTURES</p>	<ul style="list-style-type: none"> In December 2021, GoCoach, a digital coaching platform, raised \$3.5 million in a seed round, led by Panoramic Ventures. Funding from the transaction will enable GoCoach to expand its team and accelerate innovation that enables companies to build inclusive learning ecosystems, supported by data-driven coaching to improve organizational performance.
 <p>emtrain[®] EGP EDUCATION GROWTH PARTNERS</p>	<ul style="list-style-type: none"> In May 2020, Emtrain, an online workplace culture platform, raised \$8 million in a Series A round,⁽¹⁾ led by Education Growth Partners. The funding will enable Emtrain to expand its culture tech platform to provide on-demand monitoring and analyses of key indicators that are the foundation of healthy workplace culture.

 Indicates Houlihan Lokey transaction.

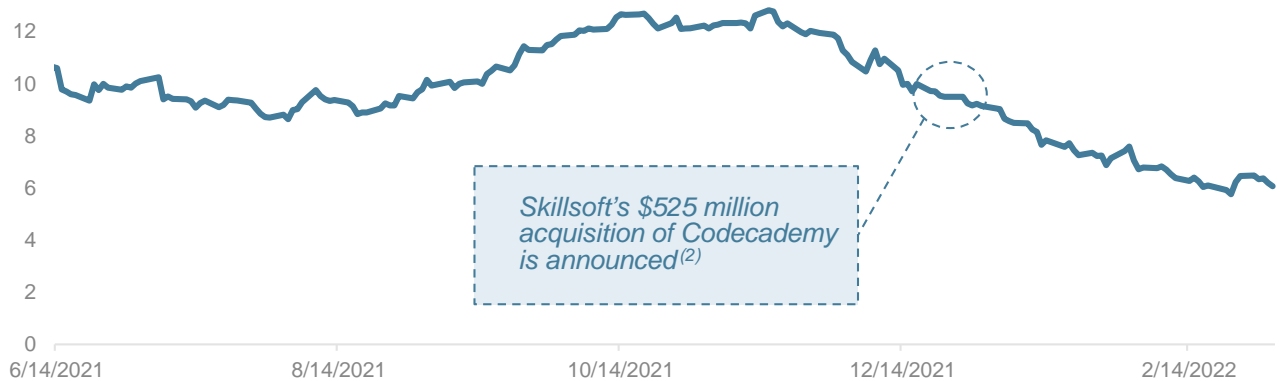
(1) Emtrain also raised \$2 million in debt financing from Signature Bank in May 2020.

Select Public Company Performance

Recently, public peers in the training space have largely traded down since their respective listings, driven by near-term recession fears and a rising interest rate environment, which could slow hiring. In addition, select peers have had micro level events impact trading.

Skillsoft Corp (NYSE:SKIL)⁽¹⁾

(\$, price per share)



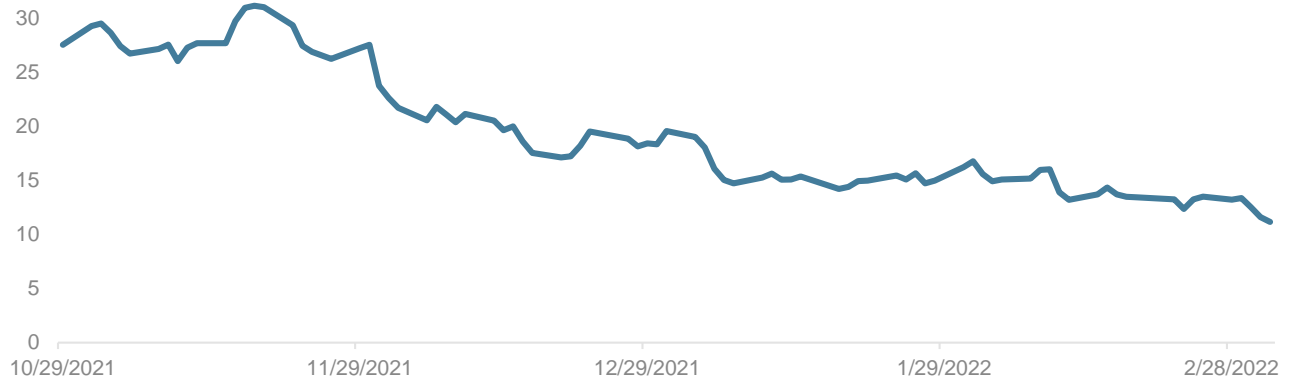
KnowBe4, Inc. (NASDAQ:KNBE)⁽¹⁾

(\$, price per share)



Udemy, Inc. (NASDAQ:UDMY)⁽¹⁾

(\$, price per share)



(1) Source: NASDAQ and NYSE.

(2) "Skillsoft Strikes \$525 Million Deal to Acquire Ed-Tech Rival Codecademy," WSJ (December 2021).

(3) KnowBe4 SEC Filing (May 2021).

(4) "KnowBe4 Announces the Upsize and Pricing of Follow-On Offering," Yahoo Finance (August 2021).

(5) "Russia Begins Military Operation in Ukraine," WSJ (February 2022).

Public Comparables

Education Technology

(\$ in millions)

Company	Stock Price	52-Week High	% of 52-wk High	Cash & ST Inv	Equity Mkt Cap	Enterprise Value	EV / Revenue			EV / EBITDA		
							LTM	2021	2022	LTM	2021	2022
Tyler Technologies	\$472.04	\$557.55	84.7%	\$361	\$19,342	\$20,534	12.9x	12.9x	11.1x	NM	47.6x	40.8x
Chegg	31.63	115.21	27.5%	1,546	4,332	4,477	5.8	5.9	5.3	28.4	17.5	16.8
Coursera	21.34	62.53	34.1%	822	2,942	2,147	5.2	5.2	4.2	NM	NM	NM
PowerSchool	18.66	36.56	51.0%	86	2,947	4,088	7.3	7.4	6.7	35.7	25.6	23.2
Blackbaud	67.55	86.96	77.7%	55	3,425	3,946	4.3	4.3	3.7	NM	16.4	15.4
Instructure	24.28	29.59	82.1%	165	3,409	3,731	9.2	9.1	8.2	33.4	26.0	23.1
2U	17.34	59.74	29.0%	233	1,307	1,236	1.3	1.3	1.1	NM	19.3	13.7
Nerdy	4.84	13.49	35.9%	144	406	254	1.8	1.8	1.3	NM	NM	NM
Stride	36.02	38.40	93.8%	308	1,495	1,772	1.1	1.1	1.1	10.7	7.6	6.4
Top Quartile			82.1%	\$361	\$3,425	\$4,088	7.3x	7.4x	6.7x	34.0x	25.8x	23.1x
Mean			57.3%	413	4,401	4,687	5.4	5.4	4.7	27.1	22.8	19.9
Median			51.0%	233	2,947	3,731	5.2	5.2	4.2	30.9	19.3	16.8
1st Quartile			34.1%	144	1,495	1,772	1.8	1.8	1.3	24.0	17.0	14.6

Training Technology

(\$ in millions)

Company	Stock Price	52-Week High	% of 52-wk High	Cash & ST Inv	Equity Mkt Cap	Enterprise Value	EV / Revenue			EV / EBITDA		
							LTM	2021	2022	LTM	2021	2022
Learning Technologies Group	\$2.20	\$3.24	67.9%	\$54	\$1,731	\$1,712	8.2x	5.0x	2.4x	33.2x	19.9x	11.7x
Docebo	54.38	92.44	58.8%	216	1,787	1,577	16.9	15.2	10.7	NM	NM	NM
Skillssoft	6.83	12.88	53.0%	105	910	1,285	1.9	1.8	1.8	17.2	7.7	6.6
Healthstream	23.88	31.11	76.8%	52	754	720	2.8	2.8	2.6	24.4	13.8	13.7
Udemy	15.95	32.62	48.9%	534	2,216	2,359	4.6	4.6	3.7	NM	NM	NM
KnowBe4	24.22	36.67	66.1%	274	4,150	3,891	15.8	15.9	12.6	NM	NM	NM
Top Quartile			67.4%	\$259	\$2,109	\$2,198	13.9x	12.6x	9.0x	28.8x	16.8x	12.7x
Mean			61.9%	206	1,925	1,924	8.4	7.6	5.6	24.9	13.8	10.7
Median			62.4%	160	1,759	1,644	6.4	4.8	3.2	24.4	13.8	11.7
1st Quartile			54.5%	67	1,115	1,358	3.2	3.3	2.4	20.8	10.7	9.1

Education Publishing

(\$ in millions)

Company	Stock Price	52-Week High	% of 52-wk High	Cash & ST Inv	Equity Mkt Cap	Enterprise Value	EV / Revenue			EV / EBITDA		
							LTM	2021	2022	LTM	2021	2022
Lagardere	\$27.59	\$28.11	98.1%	\$0	\$3,863	\$8,265	1.4x	1.5x	1.2x	13.5x	18.2x	13.4x
Pearson	8.42	11.97	70.3%	1,269	6,344	7,450	1.6	1.6	1.5	9.3	9.4	8.6
John Wiley	51.22	66.04	77.6%	101	2,859	3,972	1.9	1.9	1.8	11.3	9.1	8.8
Sanoma	14.98	19.55	76.6%	60	2,440	3,179	2.2	2.3	2.2	10.7	8.3	7.7
Graham Holdings	592.69	685.00	86.5%	970	2,935	3,100	1.0	1.0	0.9	8.9	12.5	8.0
Houghton Mifflin	18.35	19.27	95.2%	463	2,343	2,382	2.3	2.3	2.2	16.7	9.5	9.0
Scholastic	41.42	43.54	95.1%	301	1,419	1,212	0.8	NA	NA	13.9	NA	NA
Top Quartile			95.2%	\$717	\$3,399	\$5,711	2.1x	2.2x	2.1x	13.7x	11.8x	8.9x
Mean			85.6%	452	3,172	4,223	1.6	1.8	1.6	12.0	11.2	9.2
Median			86.5%	301	2,859	3,179	1.6	1.8	1.7	11.3	9.5	8.7
1st Quartile			77.1%	80	2,392	2,741	1.2	1.5	1.3	10.0	9.2	8.2

Traditional Training

(\$ in millions)

Company	Stock Price	52-Week High	% of 52-wk High	Cash & ST Inv	Equity Mkt Cap	Enterprise Value	EV / Revenue			EV / EBITDA		
							LTM	2021	2022	LTM	2021	2022
Informa	\$7.59	\$8.18	92.8%	\$570	\$11,406	\$14,413	6.8x	5.8x	4.9x	45.9x	22.8x	17.0x
CAE	25.59	33.37	76.7%	366	8,107	10,117	3.9	3.8	3.2	23.3	18.9	14.2
Franklin Covey	47.20	52.52	89.9%	51	675	655	2.8	2.8	2.5	25.9	21.5	17.5
Wilmington	3.27	3.33	98.0%	33	285	322	2.0	2.1	2.0	12.2	10.3	9.9
Top Quartile			94.1%	\$417	\$8,932	\$11,191	4.6x	4.3x	3.6x	30.9x	21.8x	17.1x
Mean			89.3%	255	5,118	6,377	3.9	3.6	3.2	26.8	18.4	14.7
Median			91.4%	209	4,391	5,386	3.3	3.3	2.9	24.6	20.2	15.6
1st Quartile			86.6%	47	577	571	2.6	2.6	2.4	20.6	16.7	13.1

Note: "NA" indicates estimates were not available; multiples higher than 50.0x are reflected as "NM."

Note: Revenue and EBITDA reflect calendar year.

Source: S&P Capital IQ; comps as of March 7, 2022.

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