



# Capstone Partners

## CORPORATE & PROFESSIONAL TRAINING

Q2 2016

### CONTACTS

#### **Jacob Voorhees**

Managing Director  
(617) 619-3323  
jvoorhees@capstonellc.com

#### **Daniel Schultz**

Director of Business Development  
(617) 619-3368  
dschultz@capstonellc.com

### **MERGER AND ACQUISITION ACTIVITY**

The Corporate & Professional Training industry has continued to exhibit strong growth and healthy M&A activity through Q2 2016. The industry is expected to continue to grow as a result of increased demand from middle and senior management, and growing acceptance of business training and coaching programs. In many cases, companies find that adopting online corporate training programs is a more affordable and flexible option than traditional training practices. Middle market firms that would otherwise not consider funding such a program have begun to adopt corporate training. Strategic buyers are acquiring technology driven corporate development products at a heightened pace in order to meet market demand, expand product offerings and bolster revenue streams. There is little doubt that the Corporate & Professional Training industry has been an active and thriving M&A market in 2015, and Capstone expects this trend to continue as the industry begins to turn its focus towards technology driven platforms.

### **OUTLOOK**

The outlook for the Corporate & Professional Training industry is positive due to the renewed focus on technology within the industry. Companies will turn to online corporate training solutions in an effort to enhance profit margins and to train millennials through the use of mobile and social channels. Providers in the Corporate & Professional Training space will soon be able to tailor their training experiences to the individual rather than using a traditional one-size-fits all model. These trends are expected to drive significant M&A growth in the near term and Capstone expects to continue to see a healthy deal pipeline in this sector.

**Corporate & Professional Training: M&A Transactions**



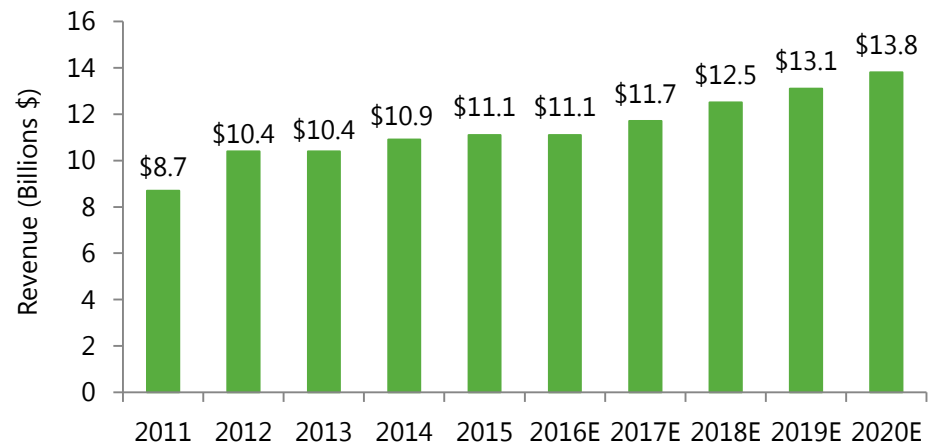
**BOSTON**  
**CHICAGO**  
**LONDON**  
**LOS ANGELES**  
**NEW YORK**  
**ORANGE COUNTY**  
**PHILADELPHIA**  
**SAN DIEGO**  
**SILICON VALLEY**  
**TAMPA**

*Includes M&A transactions in the US and Canada  
Sources: Capital IQ and Capstone Partners LLC research*

### CORPORATE & PROFESSIONAL TRAINING INDUSTRY OVERVIEW

During the recession between 2008 and 2010, corporations reduced non-essential costs associated with corporate training. As the US economy recovered and skills required by employers changed, demand in the corporate training market improved as corporations had additional resources to spend on training their employees. Additionally, with rising employment, individuals also benefit by learning skills needed to remain competitive in the workplace. The emergence of online training solutions, which offer a more flexible and affordable option to corporations, has facilitated growth within the corporate training sector and continues to be a catalyst for the sector moving forward. According to IBIS World, the corporate training market is expected to grow at an average annual rate of 4.5% from \$11.1 billion in 2015 to \$13.8 billion in 2020.

**Corporate & Professional Training: Industry Revenue**



Source: IBIS World

As the economy becomes more globalized, companies have adopted new technologies which has led to an increase in the services offered by corporate training providers. Today, larger corporations have placed greater value on business seminars and workshops. Within these segments, courses relating to information technology and change management have been two areas of growth for the industry.

In 2015, IBIS estimated that professional development training accounted for 39.3% of industry revenues, which included industry specific programs and those related to general topics such as communication skills, marketing and time management. Recently, many providers of these services have experienced a surge in demand due to the recovery and growth in the economy. Management training accounted for 31.1% of 2015 revenues which included training for middle and senior-level managers in leadership, business management, sales management and supervision. Quality assurance training accounted for 15.4% of revenue and is projected to increase over the coming years as companies focus more on improving the quality of products and services provided. Lastly, business coaching accounted for 14.2% of industry revenue, more than doubling from 7.0% in 2011 due to increased job transition, self-employment and changing management styles.

Corporate training services are utilized by individuals as well as the non-profit, public and private sectors. Individuals accounted for 18.0% of all corporate training services in 2015 through both face-to-face open enrollment programs and distance learning. The public sector, which primarily focuses on government management and professional training in Washington D.C., accounted for 24.0% of the corporate training market. The private sector accounted for the largest segment of the industry at approximately 50.0%. Historically, private corporate training consists of standard or customized solutions focused on a variety of programs and topics. The non-profit sector accounted for 8.0% of the corporate training market in 2015 and has experienced rapid growth due to increased acceptance of the benefits of management training within the sector.

### **CORPORATE TRAINING DRIVERS**

Corporate training, as a whole, is subject to a variety of systemic and demographic drivers, which are magnified by the increased demand for qualified workers to operate in a more complex and automated work environments.

- ▶ **Increasing Corporate Profits** – When the economy is improving and corporate profits are increasing, businesses tend to spend more on employee development programs. In 2014, corporate training expenditures were expected to increase 1.0%-2.0%, but growth actually occurred at about five times that amount (5.0%-7.0%). These trends are expected to continue, outpacing economic gains. Since corporate profits hit a trough during the recession in 2008, they have increased from \$1.0 to \$1.7 trillion in 2014. This has resulted in an increase in investment among firms as evident by the increase in corporate training revenue from \$7.2 billion in 2008 to \$11.1 billion in 2015.
- ▶ **Increase in Labor Pool** – With the civilian labor force projected to increase by 9.8 million from 2014 to 2024, employees will have to remain competitive in a tougher job market. Demand will increase for continuing education, educational training and industrial skill training as the workforce expands.
- ▶ **Growing Employee Knowledge Gaps** – As the global economy becomes increasingly competitive, higher levels of education, critical thinking and information analysis are desired. However, the US is lacking in these areas on a global setting. According to a study by McKinsey regarding the impact of education on employment, 45.0% of US employers cite a lack of skills as the main reason for entry-level job vacancies. Moreover, a mere 42.0% of worldwide employers believe new graduates are inadequately prepared for work. Therefore, corporate training is becoming a necessity among employers who wish to remain competitive on a global basis.
- ▶ **Evolution to a Knowledge-Based Economy** – Over the last five decades, the US economy has been transformed from a production-based economy to a service-based economy. While previous value creation was defined through physical and financial assets, today the US economy puts a premium on intellectual capital. According to the

Bureau of Labor Statistics, the total output of the services-based economy will grow from 65.0% of total GDP in 1998 to an estimated 73.0% in 2018. Of the 15.3 million jobs the Bureau of Labor Statistics estimated will be created from 2008 to 2018, 14.6 million or 96.0% will be services-based. As the economy continues to evolve, corporations will put a higher emphasis on intellectual capital, resulting in higher demand for corporate training.

## MARKET TRENDS

The corporate training market has experienced a high level of innovation with new technological advances that have assisted long-term industry growth. The global e-learning market has grown at a CAGR of 7.9% since 2012 and is expected to bring annual investment in e-learning solutions to over \$50 billion by the end of 2016. Online corporate learning programs allow employees a more flexible and cheaper option of training and therefore have become more popular among firms looking to upgrade their worker's technical capabilities.

- ▶ **Shift to E-Learning** – Because corporations have multiple locations worldwide, face-to-face training becomes burdensome and expensive. The reduction in travel costs, which can account for up to 60.0% of total training costs for some organizations, as well as the effort saved in organizing a physical meeting location are considered attractive benefits. Experts predict that revenues from e-Learning solutions in the US are expected to reach \$27.1 billion by 2016.
- ▶ **Increasingly Rapid Adoption of Mobile** – There is an ongoing trend toward migrating learning & development programs into mobile delivery platforms. Mobile devices have become a staple across the corporate industry and have far outpaced PC shipments. Nearly two billion mobile devices were expected to ship in 2015, compared to just 270 million PCs. In 2014, The Bandon Hall Group, a research firm, estimated that only 10.0% of companies were using mobile web-based learning solutions. With that said, the global mobile learning market is expected to grow from \$9.5 billion in 2015 to \$37.8 billion in 2020, representing a CAGR of 36.3%.
- ▶ **Adoption of Massive Open Online Courses (MOOCs)** – MOOCs offer courses through the web to an unlimited audience and include traditional course materials such as filmed lectures, readings and problem sets while also incorporating user forums to facilitate interactions between students and professors. Currently, about 8.0% of US corporations use MOOCs for training purposes. This is forecasted to rise to 28.0% over the next two years.
- ▶ **Shift to Gamification of E-Learning** – Research has shown that employees are 54.0% more likely to perform a task if it has elements of a game. This general segment is expected to account for \$1.7 billion of revenue in 2015 and \$5.5 billion in 2018. Gartner Research has predicted that by 2016, gamification will have become the primary mechanism that 40.0% of the Global 1000 organizations will employ to improve their business models. The main driving factor behind this is that gamification stimulates learners' motivation because it results in

higher engagement rates when compared to more traditional methods of learning. Moreover, gamification serves as an incentive for those who may be more competitive. A survey conducted by TalentLMS found that 89.0% of the survey population said a point system would boost their engagement and 62.0% said they would be more motivated to learn if leaderboards were involved in the learning process and they were provided with the opportunity to compete with colleagues.

### THE FUTURE OF E-CORPORATE TRAINING

As technology continues to transform the way we do business, it will revolutionize the way we learn, too. For global companies, in-classroom training is simply too expensive and is extremely hard to coordinate. Logistics to determine a suitable meeting location and to transport employees is particularly burdensome for companies. Due to its advantages, firms have started to turn to internet-based methods of training. The following represent a few key advantages of online corporate training over its traditional in-class counterpart.

- ▶ **Lower Cost** – E-learning has become increasingly attractive due to lower per-student costs than traditional in-house brick and mortar applications. Online services can also accommodate student population growth without the capital costs and time requirements of school construction and expansion. In order to capitalize on these cost advantages, corporate training systems are projected to implement drastically more online offerings in the future.
- ▶ **Anyone, Anywhere, Anytime** – With the majority of corporate employees having access to a device with an internet connection, whether that be a PC or smartphone, individuals are able to work on lessons from virtually any location and adhere to their own schedule as well. This flexibility provides employees new opportunities to complete required training.
- ▶ **Higher Retention of Content** – Technology-based content can more easily be tailored to different individual's learning styles and levels of proficiency. With access to learning material available 24/7, employees have greater control over their learning process and can proceed at their own pace, which results in better understanding of the material and higher retention rates.
- ▶ **Higher Levels of Collaboration Among Students** – Online courses offer more interaction and collaboration among students when compared to the live alternative. The online platform provides a level of anonymity, allowing people who are shy to ask questions or participate in discussions. This not only benefits the student at hand but also the entire audience. Other individuals will have the opportunity to hear from a wider range of perspectives, resulting in a more rewarding learning outcome.

**CORPORATE & PROFESSIONAL TRAINING: SELECT M&A TRANSACTIONS**

Ann. Date	Target	Acquirer	Target Business Description	Enterprise	EV / LTM	
				Value (mm)	Revenue	EBITDA
03/01/16	Unmanned Safety Institute	ARGUS	Provides safety education and training services.	-	-	-
01/27/16	Innovative Learning	La Clinica del Valle	Offers leadership and personal development training to individuals, corporations and governmental agencies.	-	-	-
01/15/16	Distance	OnCourse Learning	Provides long distance learning courses for emergency medical services professionals.	-	-	-
01/07/16	ExitCertified	Avnet	Provides information technology training to corporate and government clients.	-	-	-
01/06/16	Code3	Career Step	Provides online virtual education for emergency medical services.	-	-	-
01/06/16	Solutions In Mind	Frontline Technologies	Provides online training and professional development to the K-12 industry.	-	-	-
12/01/15	AKLearning	Business Training Library	Offers online training services for employees.	-	-	-
11/10/15	Price Mine	Compliance Staffing Agency	Offers MSHA and OSHA training for working in mines.	-	-	-
11/09/15	Sherwood Learning	InfoPro Learning	Offers accounting training, coaching and workshops for professional development.	-	-	-
11/05/15	GlobalHealth Training	Keypath Education	Provides online learning services for employees and members of healthcare companies.	-	-	-
10/29/15	AnalystSuccess	John Wiley & Sons	Offers CFA study programs and training to candidates for CFA exam preparations.	-	-	-
10/29/15	Proflight Aviation	Tempus Applied Solutions	Provides aviation training services.	-	-	-
10/28/15	STC	Circuit Technology	Provides hand soldering training and IPC certification services.	-	-	-
10/27/15	RediLearning	Relias Learning	Offers online training courses for the senior care industry.	-	-	-
10/22/15	SmartPros	Kaplan	Provides educational solutions for accounting/finance, legal, engineering, securities and insurance markets.	\$12.6	0.9x	11.0x
10/06/15	Develop Mentor	Global Knowledge Training	Provides software development training services.	-	-	-
09/29/15	BigKite	Traction Sales	Provides customer relationship management consulting, implementation and training services.	-	-	-
09/21/15	TopLine Matters	Futuri Media	Provides expert advisory and guidance services for executive management in various digital sectors.	-	-	-
09/03/15	Archipelago	Tectonic	Delivers IT solutions including data strategy, management and training.	-	-	-
09/01/15	CaseNEX	Longleaf	Provides online and case-based professional development programs to educators and school leaders.	-	-	-
08/14/15	Learner's Digest	Wolters Kluwer	Develops mobile-based educational products for healthcare professionals.	\$150.0	3.9x	-

**CORPORATE & PROFESSIONAL TRAINING: SELECT M&A TRANSACTIONS (CONTINUED)**

Ann. Date	Target	Acquirer	Target Business Description	Enterprise	EV / LTM	
				Value (mm)	Revenue	EBITDA
08/14/15	Trinity Consultants	Levine Leichtman	Offers training courses on environmental issues as well as EH&S professional training services.	-	-	-
08/07/15	TSS Redmond	360training	Offers training in Microsoft content and testing.	-	-	-
08/06/15	Fitness Association	Academy Of Sports Medicine	Provides fitness certification and education services.	-	-	-
08/06/15	CompuWorks	NH Learning Solutions	Provides IT education services to legal, corporate, and federal and state government clients.	-	-	-
07/31/15	ZEE Medical	Cintas	Provides van-based first aid, safety and emergency training solutions.	\$130.0	-	-
07/21/15	BridgeFront	Callidus	Offers online education courses on HIPPA, compliance, risk management and communication skills.	-	-	-
07/13/15	Imedex	Vesey Street	Provides accredited continuing medical education to healthcare professionals.	-	-	-
07/07/15	Masterlink	360training	Provides professional development training services.	-	-	-
07/06/15	US Medical	Relias Learning	Provides online education services for nurses and healthcare professionals.	-	-	-
06/30/15	CTB McGraw-Hill	Data Recognition	Publishes educational assessment products and services for K-12 and adult education.	-	-	-
06/12/15	Emergency Certifications	Career Step	Offers online American Heart Association-based training and education programs.	-	-	-
05/31/15	Corporate Visions	Sentinel Capital	Provides marketing and sales messaging, tools and training services.	-	-	-
05/27/15	SideraWorks	CrowdSource	Offers professional development programs to improve collaboration skills.	-	-	-
05/18/15	Acatar	The Learning House	Offers professional education and certification programs.	-	-	-
05/13/15	Fire EMS Academy	Praetorian Digital	Provides certificate and degree programs for firefighters and first responders in the US.	-	-	-
05/13/15	Health & Safety Institute	Riverside & Maranon	Provides environmental, health and safety training solutions.	-	-	-
05/11/15	Management Impact	HR Impact	Provides HR consulting as well as leadership development, training tools and services.	-	-	-
04/15/15	LearningExpress	EBSCO	Develops eLearning tools for professional development.	-	-	-
04/09/15	lynda.com	LinkedIn	Offers training courses for individuals to learn business, software, technology and creative skills.	\$1,500.0	9.3x	-
04/02/15	Adnet's Learning Services Division	NH Learning	Offers education training solutions.	-	-	-
04/01/15	National Seminars	SkillPath	Designs and offers online training courses and services.	-	-	-



## CAPSTONE PARTNERS: CURRENT MARKETING PROCESS

Capstone Partners' professionals have completed many transactions in the training sector and the firm maintains the most active education & training practice in the middle market, having represented clients across various corporate training and education niches. The following are profiles of Capstone's latest in-process transaction and a recently closed transaction in the education & training space.



Capstone Partners LLC has been engaged by a leading professional development provider to schools and districts around the world. The Company empowers K–12 educators to raise student achievement through a wide range of services and products including educator conferences, customized district solutions for long-term professional development, books, videos and online courses. Over 25,000 educators attend Company events on professional learning communities, RTI, assessment and other topics. As part of this assignment, the Company is looking to acquire education and corporate training companies prior to coming to market. If you think you have a company that may be a fit, please contact Jacob Voorhees below.

*If there is interest in learning more about this opportunity, please contact Jacob Voorhees at [jvoorhees@capstonellc.com](mailto:jvoorhees@capstonellc.com) or 617-619-3323.*



Capstone Partners recently advised Penn Foster Educational Holdings on its recapitalization with The Vistria Group. Penn Foster offers comprehensive corporate training, high school, career school and college programs through a completely online platform. Through direct student enrollments as well as partnership programs offered with schools and businesses, more than 13 million people have taken Penn Foster-enabled courses to further their education and better position them for life success. Aside from being the largest online high school in the US, Penn Foster graduates 25,000 students yearly and enrolls more than 100,000 new students each year in programs designed to address the gap in middle skilled careers. Penn Foster combines affordable career-ready education with a flexible delivery model that makes content available and allows students to connect with their peers and instructors on an "anytime and anywhere" basis.

*The press release for this transaction can be found here: <http://www.capstonellc.com/news/capstone-partners-advises-penn-foster-education-group-its-recapitalization-vistria-group>*



CAPSTONE PARTNERS: A SAMPLING OF TRAINING & EDUCATION TRANSACTIONS

<p><b>CONFIDENTIAL</b></p> <p>corporate sale (IN PROGRESS)</p> <p><b>Professional Teacher Development</b></p>	<p><b>CONFIDENTIAL</b></p> <p>corporate sale (IN PROGRESS)</p> <p><b>Real Estate Certification Training</b></p>	<p><b>PENNFOSTER</b></p> <p>has recapitalized with</p> <p><b>VISTRIA</b></p>	<p><b>TRIUMPH</b> HIGHER EDUCATION GROUP</p> <p>has received growth capital from</p> <p><b>CAMDEN PARTNERS</b></p>
<p><b>NTT</b> Workforce Development Institute</p> <p>has been acquired by</p> <p><b>ecpi UNIVERSITY</b></p>	<p><b>Tricore</b> Educate. Influence. Motivate.</p> <p>has been acquired by</p> <p><b>highroad</b> CAPITAL PARTNERS</p>	<p><b>OBRIDGE ACADEMIC PROGRAMS</b></p> <p>has been acquired by</p> <p><b>WORLDSTRIDES</b> DISCOVER YOUR WORLD a portfolio company of <b>THE CARLYLE GROUP</b></p>	<p><b>SS SAFETY SERVICES COMPANY</b></p> <p>has recapitalized with</p> <p><b>Serent</b> CAPITAL</p>
<p><b>BrightStar</b> EDUCATION GROUP</p> <p>has been acquired by</p> <p><b>GREYBULL STEWARDSHIP</b></p>	<p><b>CRG PARTNERS</b></p> <p>has been acquired by</p> <p><b>Deloitte.</b></p>	<p><b>SANDY CORPORATION</b> An <b>ES&amp;P</b> Company</p> <p>has been acquired by</p> <p><b>GP Strategies Corporation</b></p>	<p><b>McKissock</b> Your education solution.</p> <p>has been acquired by</p> <p><b>ALPINE</b></p>
<p><b>Henley-Putnam University</b></p> <p>has secured financing from</p> <p><b>CMS SMALL-CAP PRIVATE EQUITY FUND</b></p>	<p><b>AMERICAN SENTINEL UNIVERSITY</b></p> <p>has secured financing from</p> <p><b>JLL</b></p>	<p><b>TrainingPro</b></p> <p>has recapitalized with</p> <p><b>Riverside</b></p>	<p><b>ECC maxim PARTNERS</b></p> <p>has acquired</p> <p><b>ROBERTSON COLLEGE</b></p>
<p><b>Heald COLLEGE</b></p> <p>has been acquired by</p> <p><b>PALM VENTURES</b></p>	<p><b>ACADEMY OF HEALING ARTS</b></p> <p>has been acquired by</p> <p><b>MILAN MILAN INSTITUTE</b></p>	<p><b>R</b></p> <p>has been acquired by</p> <p><b>HERON CAPITAL PARTNERS</b></p>	<p><b>KIMIS SOFTWARE COMPANY</b></p> <p>has been acquired by</p> <p><b>SAP</b></p>

CORPORATE & PROFESSIONAL TRAINING TEAM



**Jacob Voorhees, Managing Director**  
jvoorhees@capstonellc.com • (617) 619-3323

Jacob is a founding member of Capstone Partners and oversees the Northeast Region. Jacob has a vast amount of experience in the education and training, consumer products and business services sectors. Over the last five years, Jacob's transactional work has resulted in over 40 individual nominations for deal of the year within his sectors, culminating eight wins, including 2014 "Consumer Services Deal of the Year" and 2014 "Consumer Goods Deal of the Year". Formerly, Jacob was with Andersen Corporate Finance LLC, where he focused his efforts on the software and direct marketing industries. He started his career in New York City with Rabobank International, a multi-national Dutch investment bank in Utrecht, the Netherlands. While at Rabobank International, Jacob worked in the mergers and acquisitions group focusing on cross-border transactions in South and Latin America in the consumer products, food & beverage industries.

The M&A Advisor named Jacob to its prestigious "40-UNDER-40" deal makers list in 2012. Jacob received an MBA from the Sloan School of Management at Massachusetts Institute of Technology (MIT) and a BS from Cornell University. Additionally, Jacob founded Sophie's Fund which provides college scholarships and financial support to homeless youth. Jacob is qualified as a General Securities Representative.



**Daniel Schultz, Director of Business Development**  
dschultz@capstonellc.com • (617) 619-3368

Dan oversees Capstone's national business development and industry coverage activities, working closely with current and prospective clients of the firm on matters related to corporate sales, recapitalizations, mergers & acquisitions and growth financings. In his role, Dan is able to deliver specific market intelligence to clients regarding M&A, financing, strategic, industry and competitive trends.

Prior to spearheading the firm's business development and market initiatives, he was a Vice President in Capstone's M&A group, managing numerous successful transactions across a variety of industries. Dan also gained hands-on transaction experience as an investment banker at Headwaters MB. He started his career with Ernst & Young's National Professional AABS practice and later worked in Assurance and Advisory Business Services in the Denver office. Dan received a BE in Biomedical Engineering with a Business Minor from Vanderbilt University. He earned an MBA and a Master of Accountancy from the Daniels College of Business at the University of Denver.

## CAPSTONE'S OFFICE LOCATIONS

### BOSTON

176 Federal Street  
3rd Floor  
Boston, MA 02110  
(617) 619-3300

### CHICAGO

200 South Wacker Drive  
Suite 3100  
Chicago, IL 60606  
(312) 674-4531

### LONDON

42 Brook Street  
London W1K 5DB  
United Kingdom  
+44 (0) 203 427 5068

### LOS ANGELES

401 Wilshire  
Suite 1200  
Santa Monica, CA 90401  
(858) 926-5950

### NEW YORK

41 Madison Avenue  
31<sup>st</sup> Floor  
New York, NY 10010  
(212) 634-0855

### ORANGE COUNTY

23046 Avenida de la Carlota  
Suite 600  
Laguna Hills, CA 92653  
(949) 460-6431

### PHILADELPHIA

1515 Market Street  
12th Floor  
Philadelphia, PA 19102  
(215) 854-4063

### SAN DIEGO

12707 High Bluff Drive  
Suite 200  
San Diego, CA 92130  
(858) 926-5950

### SILICON VALLEY

228 Hamilton Avenue  
3rd Floor  
Palo Alto, CA 94301  
(650) 319-7370

### TAMPA

1550 W Cleveland Street  
Suite 10  
Tampa, FL 33679  
(813) 251-7285

## ABOUT CAPSTONE PARTNERS

Capstone Partners LLC is a premier investment banking firm dedicated to serving the corporate finance needs of middle market business owners, investors and creditors. The firm provides M&A, corporate restructuring, private placement and financial advisory services. Headquartered in Boston, Capstone has offices in Chicago, London, Los Angeles, New York, Orange County, Philadelphia, San Diego, Silicon Valley and Tampa with an international presence that spans 450+ professionals in 70 offices across 31 countries.

**For more information  
about our expertise,  
please visit**

**[www.capstonellc.com](http://www.capstonellc.com)**



# Capstone Partners

World Class Wall Street Expertise. Built for the Middle Market