

Navigating Cycles in Education Investment

Uncovering Sustained Growth in a Transforming Sector

The education sector has witnessed seismic investment cycles, often catalyzed by moments of innovation or crisis. From the rapid adoption of EdTech during the COVID-19 pandemic to the current AI buzz, the space is no stranger to hype. But what happens when the excitement fades? What remains is an enduring demand for education, a need that transcends trends and offers investors a landscape of steady, strategic growth.

For private equity investors this represents a unique opportunity to prioritize strategic, steady growth over unproven trends. Early childhood education, K-12 services, workforce training, international education programs and credentialing are just a few of the growth areas that align with macroeconomic and global workforce shifts, positioning the sector for long-term expansion.

“The true opportunity lies not in chasing the next big thing, but in understanding the long-term, unshakable demand for education and certification.”

- Jim Goodwin, Director, Technology & Business Services

From Surges to Stability: Lessons from Investment Cycles

Periods of high growth, such as the pandemic-driven EdTech boom, demonstrated how external forces can spark swift innovation and adoption. However, as demand normalizes, areas like online proctoring and AI-driven learning are grappling with questions regarding use-cases, scalability and commoditization. Over the past two years, record lows in EdTech venture funding, have shifted the narrative from disruption to sustainable integration.

Education's resilience lies in its universal necessity. Whether it's preparing future generations or upskilling today's workforce, the sector remains indispensable across economic cycles.

Key Drivers of Sector Stability:

Lifelong Learning: Thanks in part to the democratization of education, continuous demand for certifications, reskilling, and professional development continues to rise in alignment with evolving job markets.

Workforce Trends: Growing emphasis on credentialing and skills validation sustains evergreen demand for accessible learning pathways and is only heightened by recent advances in AI.

Operational Efficiency in Education: Institutions and service providers are prioritizing operational improvements—through technology and data-driven decision-making—to optimize costs and enhance learner outcomes.

Enhancing, Not Disrupting: Technologies Strategic Role

Technology in education has moved from disruption to integration, complementing traditional educational frameworks rather than replacing them. Scalable proctoring solutions and hybrid learning models enhance operational efficiency and learner outcomes without fundamentally redefining the sector.

While volume of education transactions decreased in 2024 vs the first three quarters of 2023, notable transactions, such as Bain's acquisition of PowerSchool and KKR's acquisition of Instructure highlight the sustained confidence in market leaders within the space. Over the past four years, education acquisitions have moved from businesses using M&A to respond to market shifts (such as McGraw Hill's acquisition of Achieve3000, Learnosity's acquisition of Questionmark and Meazure Learning's acquisitions of Examity and Scantron's certification business) to an investment in growth via scale and product expansion represented by transactions such as DreamBox Learning's acquisition of Discovery Education, PowerSchool's acquisition of Allovue and Perdoceo's announced acquisition of the University of St. Augustine. Emerging from a period of slower growth, many market leaders are focusing on seamless, secure, and flexible solutions that align with the long-term needs of students, districts and institutions rather than short-term excitement associated with new technology.

Investment Opportunities: Stable Growth in Key Areas

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Private equity investors have a unique opportunity to capture value in key growth areas:

Credentialing Programs: Rising regulatory standards are driving demand for robust, scalable certification programs.

Subscription-Based Models (EaaS): Predictable, recurring revenue streams offer strong potential for scalability and recurring revenue.

Lifetime Value: A global increase in level of postsecondary and advanced degree attainment continues to deepen the individual investment in education.

Why Education is a Resilient Bet? The Opportunity and G2's Role

“Education isn’t just an investment in infrastructure or technology—it’s an investment in the future of human potential, offering unmatched resilience and scalability.”

- Jim Goodwin, Director, Technology & Business Services

With the global education market projected to reach \$10 trillion by 2030, the sector offers compelling long-term opportunities. Shifts in the political landscape, including potential changes under a new administration, may further emphasize workforce development, and de-regulation—accelerating opportunities for investors prepared to navigate these trends. By targeting investments in areas with enduring demand and focusing on sustainable growth, private equity firms can realize both significant returns and transformative impact.

G2 Capital Advisors brings deep expertise in education technology and services, helping investors craft tailored strategies that align with long-term sector demands. Contact us to explore how we can support your financing and investment goals in this evolving space.

Learn more about the approaches we are using with our 80+ active client engagements across our focal industries.

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