Global Stock Universe Classification

Education Technology and Digital Learning.

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1. About Us

HolonIQ Pty Ltd (“HolonIQ”) is a global market intelligence platform for education.

Education is a dynamic sector operating at global, national, local and personal levels. However, information and insights about education and the innovation that is occurring throughout the system is fragmented and anchored in its local environment, making cooperation across contexts difficult, thus hindering material innovation in the sector.

HolonIQ was founded in 2018 with a vision to build the smartest and most trusted global source of education market intelligence in order to connect the people, ideas and capital that are driving and supporting innovation in education from Pre-K through to lifelong learning.

One billion learners at three million schools, colleges and universities around the world are depending on education to prepare them for the jobs of the future. However, the overwhelming majority of institutions are unable to innovate fast enough to deliver on this mission. HolonIQ is an industry leading market intelligence platform that offers up-to-date data and analysis of developments in the global education market, providing data and insights on companies, countries and industries and how their innovation activities form patterns and trends in the market.

Through our machine learning platform and global network of experts, we connect the entire learning-to-work spectrum with the technology, skills and capital to innovate. HolonIQ is the backbone of strategic planning for education institutions, technology companies, government departments and education sector investors who rely on it for key business functions, including market metrics, market dynamics and market access.

The result is significantly more innovation, accelerating the transformation of education and providing dramatically improved access, affordability and outcomes for learners everywhere. HolonIQ is headquartered in Sydney, Australia with offices around the world.
2. Education Tech and Digital Learning

2.1 Introduction to the “Education Tech and Digital Learning” investment theme.

While education is estimated to become a $10T market by 2030, it is highly fragmented and grossly under-digitised, impeding transformation at a global scale, which is required if education is to fulfil its objectives at the speed and scale required.

Present day paradigms of education and learning, generally characterised by standardisation, high costs and limited access, are shifting toward more open, flexible and personalised alternatives. Technology has the potential to support the transformation of traditional educational models in order to help them fulfil their missions, and enable lower costs, increased access, flexibility and quality of education.

At the same time, new actors and new models within education are emerging, having identified opportunities unfilled by traditional players, capitalising on learners’ changing expectations and the accelerated demand for better lifelong learning solutions.

These new actors are able to utilise technology and data to better meet the evolving demands of learners, parents, industry and government. With technological advances among the most important drivers of change in the education sector, this will open up completely new ways of organising, delivering, pursuing and recognising education.

2.2 Establishing the Stock Universe.

In 2018, HolonIQ launched the Global Education Stock Universe (the “Stock Universe”). As of May 2020, the Stock Universe contained 268 companies.

The Stock Universe follows a global market classification (segmentation) system that has been designed for the investment and research communities with the objective of identifying global publicly-listed companies, sub-sectors and business activities of companies involved in the global education sector. Every company in the Stock Universe has subsequently been classified within one of the pre-defined sub-sectors described at Section 2.3 below.

The Stock Universe has also been thematically scored across HolonIQ’s “Education Tech and Digital Learning” investment theme. The score is a thematic purity score assigned to a company by reference to its exposure to the “Education Tech and Digital Learning” investment theme.

HolonIQ does not accept payments from companies or third parties to include their stocks within the Stock Universe.
2.3 Sub-Sector Classifications.

Within the Stock Universe, companies are classified within one of the four sub-sectors listed below (the “Sub-Sector Classifications”):

**Pre-K**
Companies in the Pre-K sub-sector include those which develop products, services, games and software systems for the purpose of learning, specifically aimed at children between the ages of zero and six years old, and which are delivered direct-to-consumer. Examples include digital storybooks and numeracy games, play-based learning apps, parenting support tools. Also included are companies that support Pre-K educational organisations, such as childcare centres, through digital products and services such as digital curriculum and education resources, technology or management systems. Examples of companies in the Pre-K sub-sector are: Bright Horizons Family Solutions, which provides child care and early education services and educational advisory services; and, AcadeMedia, a European pre-school provider.

**K-12**
Companies in the K-12 sub-sector provide online education programs to individuals between the ages of 11-18, and to schools in areas such as maths, language and literacy, and STEAM learning. Online tutoring, test preparation, language learning models are also included, as are software platforms such as learning management systems (LMS), student information systems (SIS), social learning platforms, exam software and digital curriculum aimed at schools and school age learners. Examples of companies in the K-12 sub-sector are: Koolearn Technology, which provides online extracurricular education services in China; K12 Inc., which provides online curriculum, software systems, and educational services to facilitate personalised learning; and, Arco Platform, that provides a learning platform and services to private schools in Brazil.

**Higher Education**
Companies in the Higher Education sub-sector include those which offer accredited degree programs through digital delivery, as well as companies that deliver digital services to higher education institutions and students through the learner lifecycle, such as university discovery, matching and enrolment platforms, learning support applications for research, writing and examinations through to digital, adaptive and immersive learning content. Learning environments and digital teaching/learning tools, student institutional management systems and higher education online enablement companies are also included in this sub-sector. Examples of companies in the Higher Education sub-sector are: Chegg, which operates direct-to-student online learning support, homework help and tutoring services; 2U, which partners with universities to build, deliver, and support online degree programs; and, IDP Education, an international education platform and English Language Test provider.

**Workforce**
Companies in the Workforce sub-sector include those which deliver digital education and training in vocational and professional contexts, e-learning platforms, online testing and exam preparation for professional certifications. The workforce sub-sector also includes digital skills assessment and upskilling in areas such as technology, compliance, finance, health and other topics directly related to, or required for career outcomes. Companies in this sub-sector also include online managed training services, and technology companies delivering simulation training for vocations and professions. Examples of companies in the Workforce sub-sector are: Pluralsight Inc., which provides technology skill development solutions including skill and role assessment and a digital ecosystem of on-demand courses in technology subject areas; Afya, a medical education group in Brazil, providing educational products and services, including medical schools, medical residency courses, and programs for lifelong medical learners; and, Rosetta Stone providing digital language learning, literacy, and brain fitness solutions.
Publishing

Companies in the Publishing sub-sector include those which make information, literature, software and other content available to the public for sale or for free. Traditionally, the term refers to the distribution of printed works, such as books, newspapers and magazines. With the advent of digital information systems, the scope has expanded to include electronic publishing, such as ebooks, academic journals, micropublishing, blogs, video game publishing and other subscription services. Examples of companies in the Publishing sub-sector are: Pearson, a British multinational company focused on professional educational materials, textbooks, digital online learning and educator professional development courses; and, John Wiley & Sons, a publisher of print and electronic products, such as scientific, technical and medical books and journals, as well as professional and consumer books and subscription services.
2.4 Scoring Fingerprint: What is it and how is it used?

The HolonIQ Scoring Fingerprint (the “Scoring Fingerprint”) is the thematic purity score assigned to a company by reference to its exposure to the “Education Tech and Digital Learning” investment theme.

Each company’s Scoring Fingerprint is determined using publicly available data provided by the company through its published financial statements, company presentations and/or official earnings conference call transcripts.

A company’s exposure is measured by the percentage of its operating profits (or revenue, if operating profit is not available) derived from the “Education Tech and Digital Learning” investment theme. If, in analysing a company’s public materials, it is clear that its operations are benefiting from a theme, but no specific operating profit or revenue data is reported that can verify the extent to which the company is benefiting from the theme, the company receives a Score 1 for its thematic purity.

Score 1 – The company generates less than 20% of its reported operating profit or revenue from the theme or no specific operating profit or revenue data is reported that can verify the extent to which the company is benefiting from the theme
Score 2 – The company generates between 20% and 29% of its reported operating profit or revenue from the theme
Score 3 – The company generates between 30% and 39% of its reported operating profit or revenue from the theme
Score 4 – The company generates between 40% and 49% of its reported operating profit or revenue from the theme
Score 5 – The company generates between 50% and 59% of its reported operating profit or revenue from the theme
Score 6 – The company generates between 60% and 69% of its reported operating profit or revenue from the theme
Score 7 – The company generates between 70% and 79% of its reported operating profit or revenue from the theme
Score 8 – The company generates between 80% and 89% of its reported operating profit or revenue from the theme
Score 9 – The company generates between 90% and 99% of its reported operating profit or revenue from the theme
Score 10 – The company generates all of its reported operating profit or revenue from the theme

If a company (or professional advisor acting on behalf of the company) wishes to challenge the Scoring Fingerprint assigned to the company, supporting evidence should be sent to hello@holoniq.com. The reasons for proposing a change of the company’s Scoring Fingerprint should be stated with documentary evidence in support of its claim submitted. In considering the claim, HolonIQ may only take account of publicly available information.

Any adjustment resulting from a change in a company’s Scoring Fingerprint will be effective in line with the next occurring semi-annual scoring review.
3. Review Frequency

The Scoring Fingerprint of the companies within the “Education Tech and Digital Learning” investment theme are reviewed twice per annum, in March and September respectively.

During each semi-annual review session, HolonIQ will update a company’s Scoring Footprint as needed, based on the company’s most recent public disclosures.

4. Oversight and Governance

The Stock Universe is maintained by HolonIQ’s Education Intelligence Unit. The HolonIQ Education Intelligence Unit also engages in regular dialogue with the HolonIQ Global Advisory Board.

5. What is Education Technology ("EdTech")?

EdTech, a conjunction of ‘education’ and ‘technology’, can be broadly defined as technologies, both hardware and software, apps, platforms and new business models that support education and learning for the purposes of enhanced educational experiences, outcomes, access or efficiency.

EdTech operates across the whole learner lifecycle and examples can be found at every point of the learning journey, in both formal and informal education settings – from platforms to support the discovery of educational opportunities, new ways of generating content and experiencing learning, software to support education institution management and administrative processes, through to the delivery, assessment and credentialing of learning.

EdTech at the level of learning refers to the ways in which technology is directly involved in, facilitates, or mediates learning processes. Examples include adaptive learning systems, immersive learning technologies, synchronous learning platforms and apps, interactive, social or gamified solutions as well as digitally-led homework help and tutoring. The objective of EdTech operating at the learning level is typically to enhance student learning experiences and outcomes.
EdTech also refers to technologies that support institutions, organisations, teachers, parents and others who are delivering education. Examples include school management systems, learning analytics applications, assessment and feedback technologies, learning management systems, admissions platforms, teacher resources and support, and digital internship solutions.

Finally, EdTech also refers to new, technology-led business models in education that include new ways of defining the context of where learning occurs, how it occurs, and what ‘counts’ as legitimate learning. New business models include subscription-based content, education and learning, revenue sharing partnerships between technology companies and education institutions and, peer-to-peer knowledge and content sharing platforms.

5.1 Global Learning Landscape Taxonomy.

The Global Learning Landscape is an open source taxonomy for education innovation, providing a common structure and language for identifying, tracking and making sense of the complexity and volume of innovation happening in education globally. The taxonomy provides a well-defined, robust, accessible and community enabled market segmentation and can be accessed at: https://www.globallearninglandscape.org/