



Deeply Rooted in Tech | Focused on Our Clients' Values

# GovTech, EdTech & Non-Profit Tech Market Overview

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January 2021

*Confidential*

*Digital transformation projects that used to take years have been completed in a matter of months. Government tech leaders have demonstrated their own grit and resilience and that of their organizations through this disruption. However, 2020 has clearly shown that organizations need to become nimbler in strategy and culture. Moreover, they need to be modernizing mission-critical systems while enhancing security and maintaining zero disruption operations.*

**Deloitte.**

*"2021 Government Tech Forces"*

*Technology in the classroom has always been a benefit to education, enabling personalized, mastery-based learning, saving time for teachers and equipping students with the digital skills they will need in the 21st century. The changes EdTech has brought forth this year will continue to influence classroom teaching. As schools and universities prepare for a full return to schools, many are wondering which of these changes should play a greater role in student learning beyond the immediate crisis.*

*"2021 Tech Transformation"*



*Government leaders face evolving challenges from the COVID-19 pandemic over the next 12 to 18 months. Public sector CIOs can help address these challenges by linking business capabilities to technology investments that accelerate the pace of digital innovation. Investing in new technologies, whether by research grants, dedicated groups like DARPA, or contracting, supports technological innovation that will create the next stage of digital governance.*

**Gartner.**

*"Top Government Business Technology Trends for 2021"*

*After a tough year, non-profits could find solid ground by investing in technology to help drive donations and better target services. Despite COVID, one upside for many organizations has been innovation. Non-profits have used technology to work through roadblocks, and that deployment could leave them stronger when the pandemic ends. Good technology is a great storytelling tool, but more than that, it helps strengthen bottom lines in ways that can create long-term success.*

*"Non-Profit Tech Trends to Watch in 2021"*



## GovTech, EdTech & NonProfit Tech LTM Snapshot

Source: Pitchbook

1,368  
Deals

1,125  
Investors

187  
Exits

\$39.1Bn+  
Capital Invested

\$65.2M  
Median Valuation

### Largest Deal

\$2Bn



### Most Active Sponsors



### Most Active Strategies



## Recent Notable Transactions

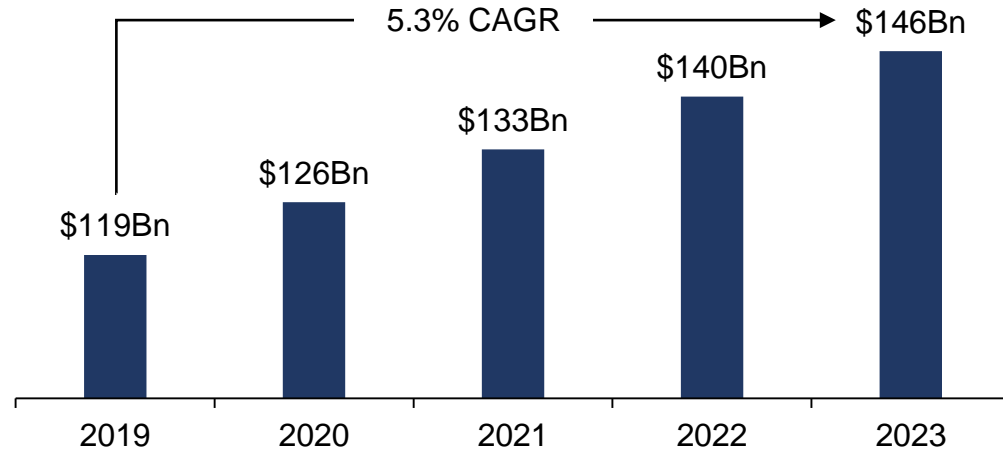
Vaquero Experience



Legacy infrastructure that has been utilized by government agencies can no longer support the demands of the modern world. Workforce experts and agency leaders have long called for the modernization of outdated and potentially risky mission-critical systems.

Several government agencies have already acted or have made plans to enhance the reliability and efficiency of their IT infrastructure. For instance, the Social Security Administration has brought forth its own modernization plans, an effort that it believes will yield cost savings through incremental efficiencies gained.

### U.S. Government Technology Spending



Time Horizon	Policy Response	Digital Government Response	
Short Term	React	<p>Digital Platforms for Accurate and Timely Information Sharing</p>	<p>Lead Two-Way Communication With People &amp; Foster E-Participation</p>
Medium Term	Resolve	<p>Form Effective Multi-Stakeholder Partnerships on Regional, National and Local Levels</p>	<p>Protect People's Privacy and Sensitive Data and Take Into Consideration Consequences of Technology</p>
Long Term	Reinvent	<p>Invest in Innovative Technologies Related to Healthcare, the Economy and Public Services Delivery</p>	<p>Leverage Lessons Learned and Policy Ideas From the Ongoing Crisis</p>

*Forward-thinking organizations, including governments, understand the technological forces that surround them and look for ways to harness them for the benefit of citizens.*

## Ethical Technology and Trust

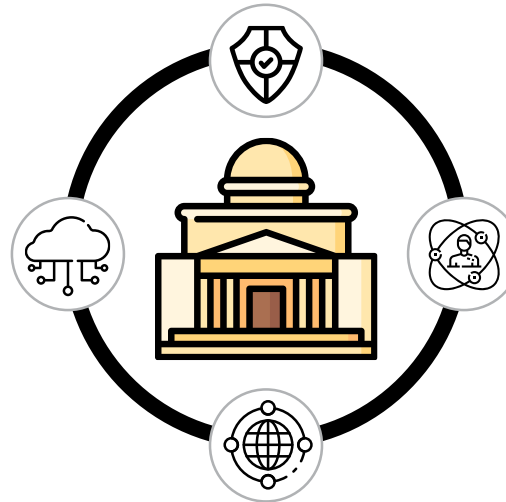
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**Industry Trend:** Government organizations, as custodians for very sensitive personal data, can set the bar for trustworthiness. Taking the lead means setting higher standards, articulating agency values, communicating those values consistently, training employees on proper data use, and securing the data.

## Bridging the Physical & Digital

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**Industry Trend:** Creating virtual copies of physical infrastructure (bridges, buildings, air space, and more) enables better understanding and optimization. Consequently, city planners need massive cloud storage solutions and analytics platforms to model things such as the impact of airspace management or public transportation.



## Human-Centered Platforms

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**Industry Trend:** A growing class of AI-powered solutions are redefining the way we experience technology to address the increasing demand for systems that better understand and appropriately respond to humans. Using emotionally sensitive and context-aware interfaces can make citizen interactions more streamlined and pleasant.

## Rise of the Digital Citizen

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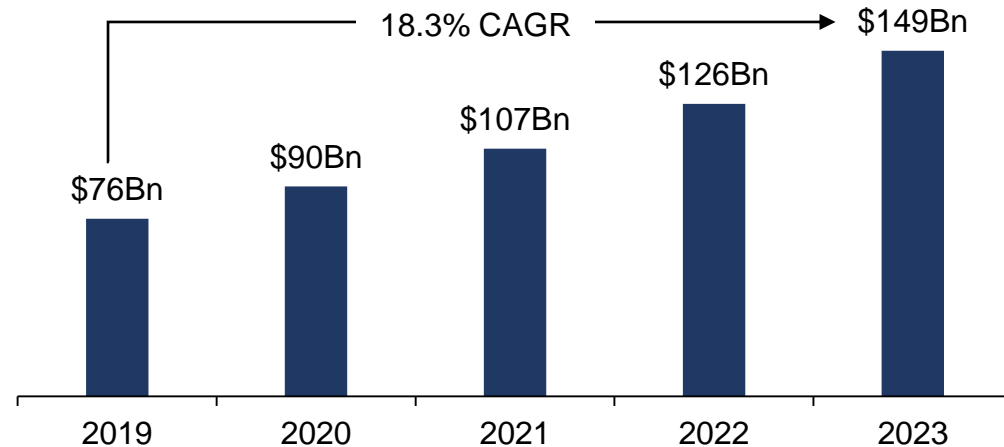
**Industry Trend:** Digital identity is the ability to prove an individual's identity via any government digital channel that is available to citizens. It is critical for inclusion and access to government services, yet many governments have been slow to adopt them. Government CIOs must provision digital identities that uphold both security imperatives and citizen expectations.

# VAQUERO | Education Technology Market Overview

The gradual shift from conventional exam-oriented learning to a personalized and interactive learning approach has now accelerated during the pandemic. Students, faculty and parents are seeing the effectiveness of tech-enabled solutions that upend traditional learning models and better prepare students for the workforce.

Education technology is poised to stay even after the pandemic, as the benefits have generally spread across a wide array of geographical regions, age, and socio-economic conditions. Additionally, with the rush of institutions adopting solutions as fast as possible during the lockdown, technology companies are working to address the road bumps and add additional capabilities moving into the future.

## Global Education Technology Market



## Education Technology Statistics

78%

Of College Students Say Digital Learning is Helping Them With STEM Courses

71%

Of Students Retain Material Better with Digital Courses

80%

Of Teachers Agree That Tech Has Had a Positive Impact on Student Engagement

57%

Of K-12 Students Already Use Digital Learning Tools

## Drivers of EdTech Market Growth



### Population Growth in Developing Countries

Classroom technologies are narrowing the education gap in developing countries, accelerating its adoption as populations grow



### Demand for Efficiency

Sitting in traffic and having difficulty aligning schedules are only a few of the reasons traditional learning is being ousted by more efficient digital learning experiences



### Opportunities to Solve Key Problems in Education

The rapid rise of student debt along with flattening test scores are key areas institutions and policy makers have yet to address – students are turning to online learning as an alternative



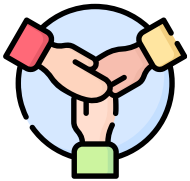
## Student-Led Learning

Globally, schools are updating their teacher-student structures to offer students agency over their education and educational environments. 65% of American educators say student-led learning is extremely valuable in developing 21st-century skills. Next-generation education platforms are allowing students and teachers to actively engage in discussion and collaborate answer questions remotely – a trend accelerated by COVID-19.



## Computational Thinking

Globally, 92% of future jobs will need digital skills and 45% of jobs will require workers who can configure and work confidently with digital systems and technology. To give students the best start possible, schools are looking to help them develop a toolkit of technical skills – such as problem-solving, coding and a good understanding of STEM subjects. Parents and teachers want students to develop problem solving alongside digital skills so they will be better prepared for future jobs. Learning management systems are now filling the gap where traditional teacher-led instruction is failing to engage and educate students.



## Connecting Guardians & Schools

Guardians want to be more involved in their child's education, and technology is being used as a tool to connect them with teachers. In the US, 76% of teachers and administrators say that technology is important in engaging parents with their child's school performance. Collaboration between parents and teachers would not only be helpful for parents, but also for teachers to know more about the environmental conditions and the family situation where students are coming from, because most of the differences in student outcomes are shaped by families and not by schools.

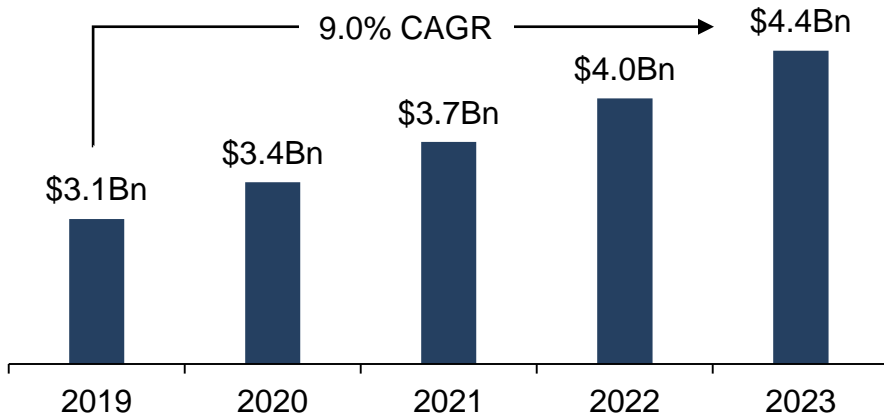


## Digital Responsibility

In the US, more than 39% of young people get a social media account by the time they're 12 years old. These conditions have created a desire to help students develop a healthy, responsible relationship with technology – something that often falls under the jurisdiction of the education system. Parents want schools to help students to have healthy relationships with technology, and to be safe and confident explorers of the digital world – EdTech will be their aid in fostering a healthy relationship with technology.

# VAQUERO | Non-Profit Technology Market Overview

## Non-Profit Software Market



To deepen connections with beneficiaries, donors, clients and partners, non-profits require a comprehensive engagement strategy and a continuous feedback loop from the communities they serve. Knowing this, non-profits of all sizes are facing growing expectations to be digital in their mindset – to meet the demands of constituents who are used to personalized and real-time experiences in the rest of their lives.

Organizations that can successfully use technology to not only reach new constituents, but also deepen existing relationships, have a unique chance to expand their impact for years to come.

## Drivers of Technology Adoption



### Personal Privacy of Donors

Donors are looking for the ability to donate anonymously and keep their donation history private



### Social Media Accessibility

Easy plugins on social media allow users to donate in seconds



### Constant Communication

Donors prefer personal and consistent engagement from non-profits to have a better understanding of current goals/missions

93%

Of Non-Profits Lack IT Staff Needed for Tech Adoption

75%

Of Non-Profits Have Challenges with Data Measuring & Reporting

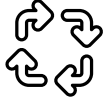
74%

Of Non-Profits Report the Demand for More Programs has Increased

69%

Of Non-Profits See an Increased Demand in Transparency





### Recurring Online Revenue Is Accelerating

The rise of the subscription economy has primed people to make a monthly commitment. Donors who set up recurring donations give 42% more annually, compared to one-time donations.



### Mobile-Native Donating Platforms

Half of all non-profit website visits came from users on mobile devices. This trend will continue as technology users choose phones over desktops for tech usage.



### E-mail Campaign Impact Growing Weak

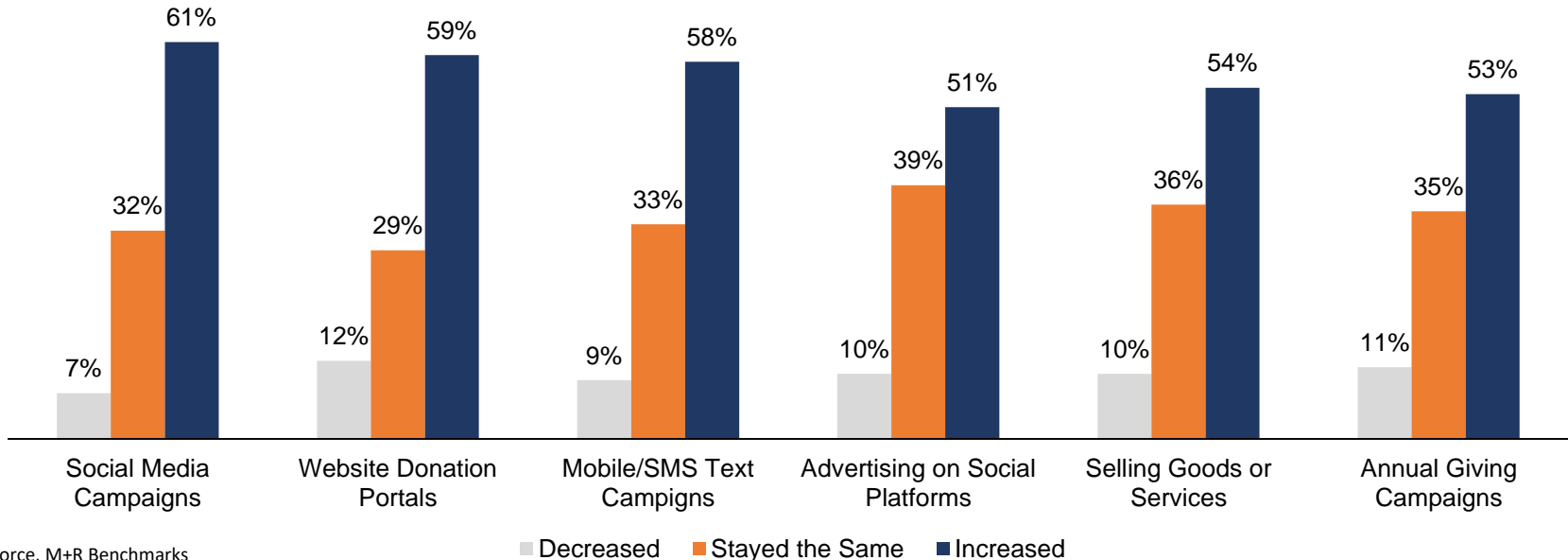
E-mail click-through rates have fallen to .56%, the lowest rate out of any channel, making omni-channel engagement campaigns/solutions a necessity



### Text Message Presence is Paramount

Non-profit text messaging audiences grew by 26% in 2019, the fastest growth out of any channel. Text messaging will be key in continuing donor engagement.

Change in Online Fundraising Tactics in Past 5 Years



# The Leader in Middle Market Investment Banking | VAQUERO

## Leading the Premium Growth Market

- Exceptional results for premium assets
- Minority and majority capital raises
- M&A with strategics and sponsor-backed strategics

## Focus on Quality Assets and Process

- High Quality materials and data
- Leverage strategic premiums/synergies
- Maximize tension/timing

Pure-Play  
Advisors

Lower Mid-Market



VISTA POINT  
ADVISORS

SEG  
Software Equity Group

Premium Growth



HW Harris Williams



HOULIHAN LOKEY

Large Cap

EVERCORE



Catalyst  
PARTNERS

Equity  
Platforms

Co-Managers

STIFEL  
NICOLAUS

KeyBank

Needham

Equity Platforms

RAYMOND JAMES

William Blair

Bulge Bracket

Morgan Stanley

Bank of America

Goldman  
Sachs

JPMorgan

## Vaquero CV

Founded in 2012

BOA, Goldman Sachs,  
William Blair Alum

200+ Completed  
Transactions

SF, CHI Presence

93

Deals Completed  
since 2012 (Vaquero  
& Bandon)

\$8.3Bn

Cumulative Vaquero  
Sell-Side Transaction  
Value

92%

Industry-Leading  
Deal Close Ratio

## Sectors We Cover



Industrials,  
Transportation & Energy



GovTech, EdTech  
& Non-Profit



Built Environment  
& RE Software



Governance, Risk,  
Compliance



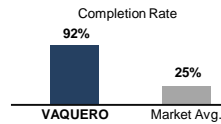
Healthcare Software



# Firms Choose Us Because...

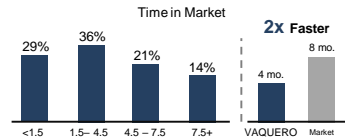
**We Get Deals Done...**

**92%**  
Deals Closed



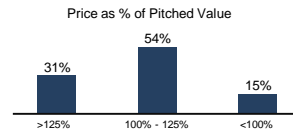
**On time...**

**65% < 4.5 mos.**  
Timing between selection and exclusivity  
29% < 1.5 mos.



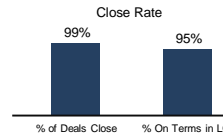
**On price...**

**116%**  
Pitch valuation  
31% deals > 125%



**On terms...**

**99%** On deals with LOI close  
**95%** On terms in LOI



2020  
**PRIVATE EQUITY DEAL OF THE YEAR**  
ACQ GLOBAL AWARDS

2018, 2019 & 2020  
**TECH INVESTMENT BANK OF THE YEAR**  
M&A ATLAS AWARDS

2020  
**RISING STAR AWARD**  
TERRY JIANG  
RISING DEALMAKER AWARDS

2020  
**INVESTMENT BANK OF THE YEAR**  
GROWTH BUSINESS  
ACQ GLOBAL AWARDS

2020 & 2018  
**M&A DEAL OF THE YEAR**  
M&A ATLAS AWARDS

2020  
**SPAC DEAL OF THE YEAR**  
ACQ GLOBAL AWARDS

2019  
**CROSS-BORDER M&A DEAL OF THE YEAR**  
M&A ATLAS AWARDS

2019  
**HEALTHCARE IT DEAL OF THE YEAR**  
M&A ATLAS AWARDS

## Middle-Market Technology League Table

M&A Deals, PE Deals & Deals Per Banker

Self-Side Software Tech Deals: Last 12 and 24 Months

RANK	ADVISOR	TOTAL PE DEALS	
1.	William Blair	14	31
2.	Raymond James	12	41
<b>3.</b>	<b>VAQUERO</b>	<b>9</b>	<b>20</b>
4.	Canaccord Genuity	8	18
5.	Houlihan Lokey	7	17
6.	GCA Advisors	6	17
7.	Baird	6	17
8.	Software Equity Group	5	8
9.	Piper Sandler	4	11
10.	Atlas Technology Group	4	6

RANK	ADVISOR	TOTAL M&A DEALS	
1.	William Blair	17	34
2.	Raymond James	15	40
3.	Houlihan Lokey	12	17
<b>4.</b>	<b>VAQUERO</b>	<b>8</b>	<b>18</b>
5.	Piper Sandler	8	16
6.	Baird	8	19
7.	Stifel	7	11
8.	Canaccord Genuity	6	15
9.	AGC Partners	5	7
10.	Software Equity Group	5	9

RANK	ADVISOR	DEALS/BANKER	
<b>1.</b>	<b>VAQUERO</b>	<b>3.0</b>	<b>6.7</b>
2.	Software Equity Group	2.3	3.7
3.	Piper Sandler	1.1	2.7
4.	William Blair	1.1	2.2
5.	Canaccord Genuity	0.9	1.8
6.	Raymond James	0.8	2.1
7.	Houlihan Lokey	0.8	1.5
8.	Needham & Company	0.4	1.4
9.	GCA Advisors	0.4	1.2
10.	Vista Point	0.3	1.2

# VAQUERO | Core Sectors of Focus



## GovTech, EdTech & Non-Profit

Vaquero has extensive experience across govtech, edtech & non-profit software space

Through a number of transformative transactions, Vaquero has relevant insights into the broad ecosystem



## Built Environment & RE Software

Vaquero has completed deals touching all aspects of the built environment

Vaquero's deep industry knowledge provides unique insight into the complete ecosystem of customers, companies & investors



## Industrials, Transportation & Energy

Vaquero has more industrials, transportation & energy deal experience than our competition

Vaquero has long-standing relationships with relevant strategics and PE firms



## Governance, Risk & Compliance

Vaquero has leading transaction experience across the GRC space

Vaquero has a unique understanding of the intersection & importance of governance, risk & compliance software for successful enterprises



## Healthcare Software

Vaquero has recently closed a blockbuster transaction in the broader HCIT sector

With the hire of Josh Moses, an experienced HCIT banker, Vaquero continues to grow its HCIT presence

### Vaquero Experience

**6** Deals Completed  
**\$500M+** Total Transaction Value



**13** Deals Completed  
**\$1.6Bn** Total Transaction Value



**22** Deals Completed  
**\$2Bn+** Total Transaction Value



**11** Deals Completed  
**\$1.3Bn** Total Transaction Value



**7** Deals Completed  
**\$1Bn** Total Transaction Value





**Transaction Details:**

Vaquero advised Praetorian, a leading provider of LMS, content and training solutions to the EMS industry, in their merger with Lexipol, via their sponsor Riverside Company.

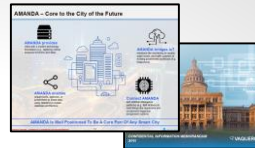
Vaquero achieved an exception outcome for Praetorian's Founder, Alex Ford, who will take over as CEO of the combined company.



**Transaction Details:**

Vaquero advised Vision Internet in their sale to Granicus. Vision Internet is the premier provider of website solutions for North American governments.

The acquisition will enable Granicus to accelerate their mission to power seamless digital experiences by bringing the first end-to-end digital government platform to the market.



**Transaction Details:**

Calytera is a leading provider of permitting, compliance and licensing software to governments of all sizes. The Company has recently released their industry-leading FOIA product – enabling seamless government document management and redaction capabilities.



**Transaction Details:**

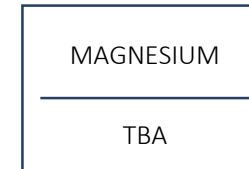
Vaquero advised StudentBrands, a leading developer and operator of online study materials and platforms for students. The company's educational platforms and tools use text analysis, artificial intelligence and cloud computing to provide educational content for virtually any assignment a student is tackling.



**Transaction Details:**

Vaquero advised PresenceLearning, the provider of an online platform designed to offer online speech therapy and diagnostic services. The company's online platform offers access to a network of more than 700 licensed clinical professionals who work face-to-face with students via secure, live, online video sessions.

## Other Relevant Experience



# VAQUERO | Our Team



David Grove

23 Years Experience

Bank of America,  
Cowen

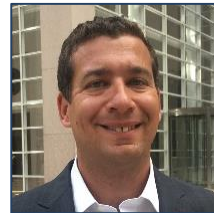
100+ Completed  
Transactions



Terry Jiang

UCSD, BS  
Management Science;  
Minor in Accounting

30+ Transactions at  
Vaquero



Josh Moses

18+ Years Experience

MBA – Northwestern

University of Chicago,  
BA History



Dominic Chan

UC Berkeley, BA  
Political Science

8+ Years in Financial  
Services Industry



JP Joyce

MBA – UC Berkeley

U.S. Air Force  
Academy, BS  
Political Science

3500+ Flight Hours



Kristian Kempainen



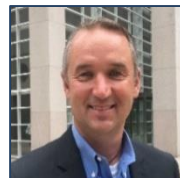
Sarah Childers



Macalaster Schmidt



Kyle Getsiv



Danny Allen



Logan Breslin





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