Education: 2025 M&A Deal Roundup and Trends To Watch Out for in 2026

March 2026

Agenda

- Education Investment Landscape in 2025
- Trends Shaping Education M&A in 2026

L.E.K. Team

Jitin Sethi

Managing Director,
Education Practice Lead, U.S.

J.Sethi@lek.com

Laura Brookhiser

Managing Director, Education
& Consumer Practice, U.S.

L.Brookhiser@lek.com

L.E.K. Consulting has addressed a range of critical issues for education-sector companies across the entire learner journey …

NONEXHAUSTIVE

OPERATORS AND SERVICE PROVIDERS

Pre-K → **Higher education** → **Professional training and development**

OFFERINGS

Pre-K

- Market assessment
- Geographic prioritization
- Competitive landscape
- Catchment analysis
- Portfolio optimization and center profitability assessment
- School operation improvement
- Parent feedback and unmet needs
- Tuition fee optimization/Pricing strategy
- Online learning models and applications
- After-school homework assistance and extracurriculars

Higher education

- Market assessment
- Geographic prioritization
- Competitive analysis
- Revenue diversification
- Ranking improvement
- Program portfolio optimization
- Learner outcomes and satisfaction
- Stackable degrees and micro-credentials
- Tuition fee optimization
- M&A synergies
- International students
- Five year strategy
- Campus expansion
- Operational improvement

Professional training and development

- Market assessment (TAM/SAM/SOM)
- Geographic prioritization
- Competitive landscape
- Pricing strategy
- Customer unmet needs assessment
- Identification of attractive growth segments
- Five year strategy

… and evaluated multiple EdTech/service lines catering to the sector

NONEXHAUSTIVE

OPERATORS AND SERVICE PROVIDERS

PreK-12

Higher education

Professional training and development

EDTECH/SERVICES ASSESSED

PreK-12

- Content management & parent communication
- LMS/SIS
- Student enrollment and retention solutions
- Core and supplemental content
- Assessments
- Classroom enablement
- Digital library management
- Student safety workflow management and software
- Cybersecurity and IT management
- Student transport
- Food service
- Scholastic sports management
- Owner's representative services

Higher education

- Marketing, enrollment and retention
- OPMs
- International student recruitment
- Curriculum and content management software
- LMS/SIS
- Publishers and content providers
- Campus management software
- Payment systems
- CRM
- Research tools
- Digital credentials
- Career counseling
- Resume and interview prep
- Alumni management

Professional training and development

- Digital certifications
- Continuing professional education for medical and allied health
- Trade/vocational training (HVAC, welding, refrigeration)
- Tech boot camps
- Micro-credentials
- Health and safety training
- Executive education
- Adult learning
- Corporate learning
- LMS/LXP
- Fitness instructor certifications
- Hire, train, deploy
- New-age digital skills

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- **Education Investment Landscape in 2025**
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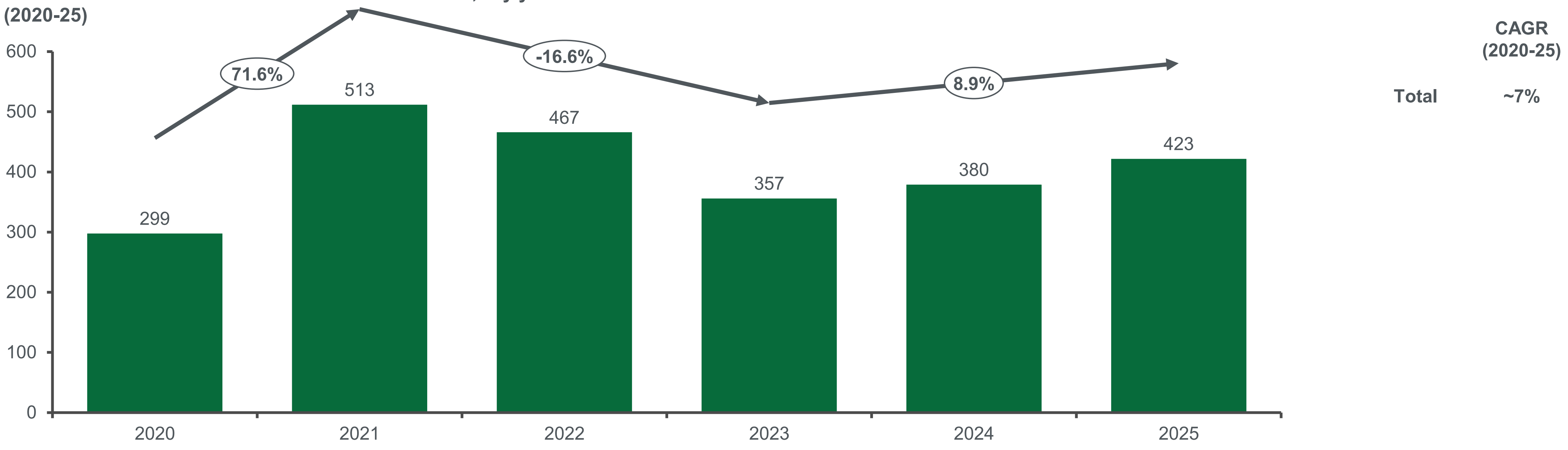
The volume of education M&A transactions in North America is growing again, after COVID-driven highs in 2021-22

Volume of education transactions in North America,* by year (2020-25)



2020	2021	2022	2023	2024	2025	
28	80	54	29	35	72^	**Number of disclosed transactions**
$5.6B	$20.4B	$9.2B	$5.9B	$18.2B	$5.8B	**Deal value of disclosed transactions**

Note: The analysis is done across years and through multiple sources, hence data should be treated as directional as there might be biases in data recording and assumptions; CAGR=compound annual growth rate
*North America denotes U.S. and Canada, excluding Mexico; deals sorted by year based on announced deal date; ^Additional deals may continue to be disclosed for 2025
Source: Dealogic; Pitchbook; L.E.K. research and analysis

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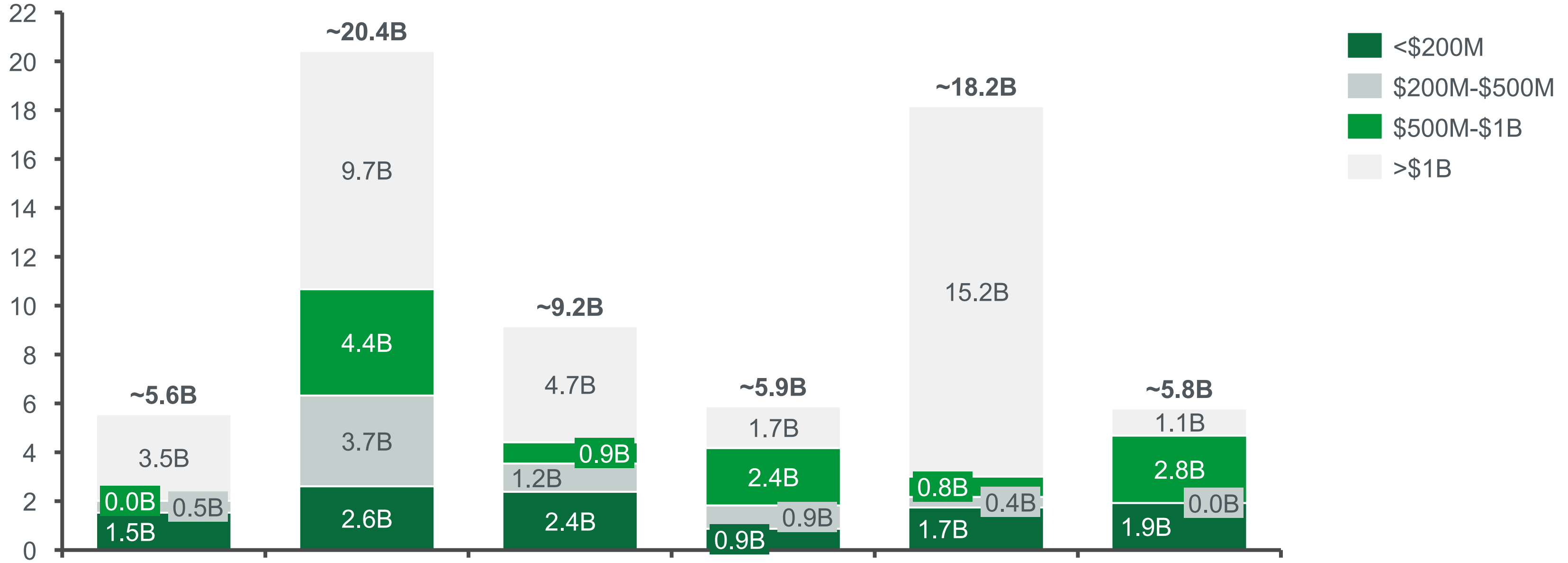
The value of disclosed education transactions was $5.8B in 2025; while the historical trend is choppy due to the presence of mega deals, deal value under $1B was the highest since 2021

Distribution of investment in the education sector in North America,^ by transaction size* (2020-25)
USD (billions)



2020	2021	2022	2023	2024	2025	
28	80	54	29	35	72	**Disclosed deals (volume)**
271	433	413	328	345	351	**Undisclosed deals** (volume)**
~200M/~74M	~255M/~141M	~170M/~85M	~203M/~150M	~520M/~94M	~81M/~66M	**Avg. disclosed deal value (all deals/excl. mega deals) (USD)**

Large deals transacted	
2021	
PLURALSIGHT	Vista Equity Partners acquired Pluralsight for **~$4.8B**
2022	
frontline education	Roper Technologies acquired Frontline Education for **~$3.7B**
2023	
Kahoot!	Goldman Sachs acquired Kahoot! for **~$1.7B**
2024	
PowerSchool	Bain Capital acquired PowerSchool for **~$5.6B**
INSTRUCTURE	KKR and Dragoneer acquired Instructure for **~$4.8B**
VARSITY BRANDS	KKR acquired Varsity Brands for **~$4.75B**
2025	
Sana	Workday acquired Sana Labs for **~$1.1B**

Note: The analysis is done across years and through multiple sources, hence data should be treated as directional as there might be biases in data recording and assumptions; *Only disclosed transaction values included; **Transaction value of relevant deals not disclosed to the general public; ^North America denotes U.S. and Canada, excluding Mexico
Source: S&P Capital IQ; Pitchbook; L.E.K. research and analysis

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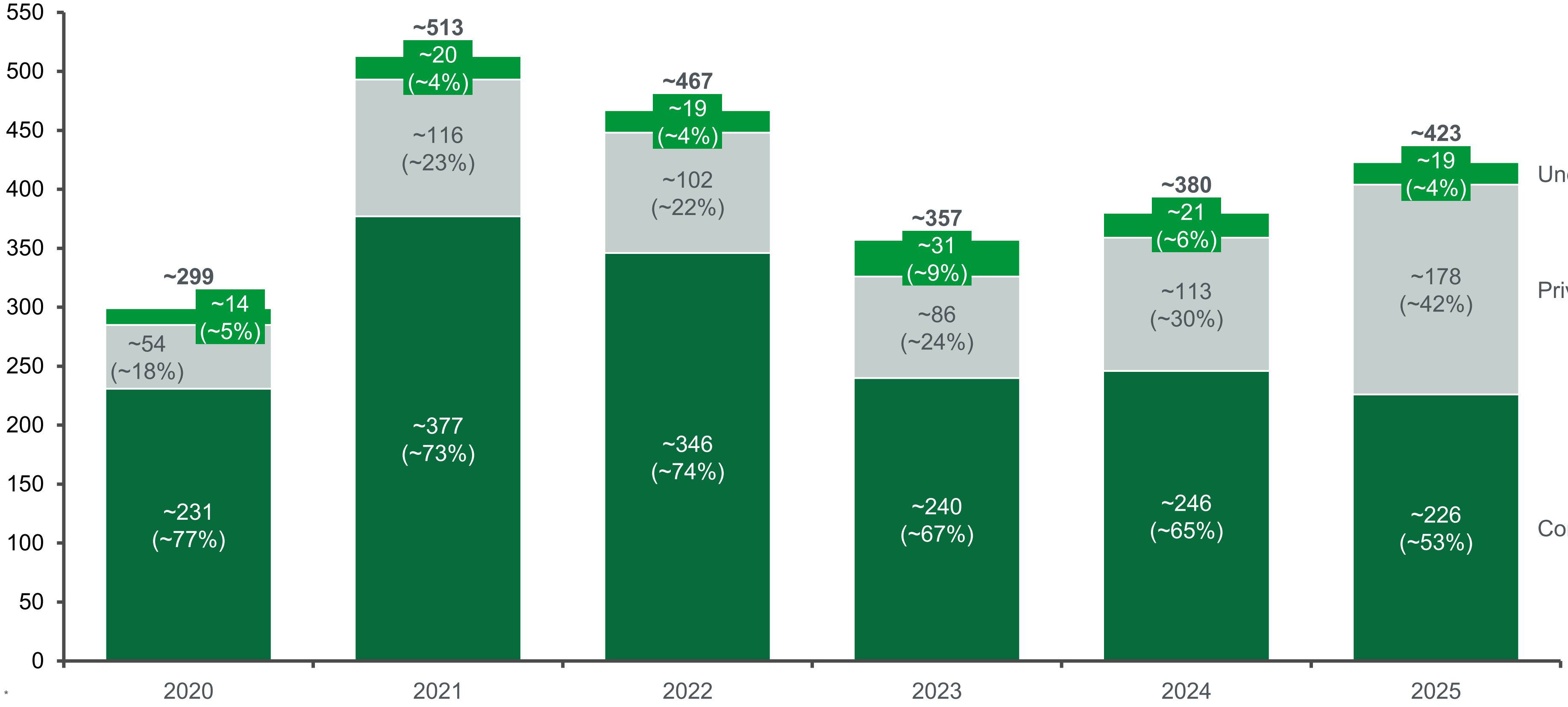
The volume of corporate transactions has remained largely stable during 2023-25; while PE /VC transactions have grown, many of these are earlier-stage/smaller deals, suggesting a building pipeline

Distribution of transactions* in the education sector in North America, by bidder type (2020-25)**
Number of transactions



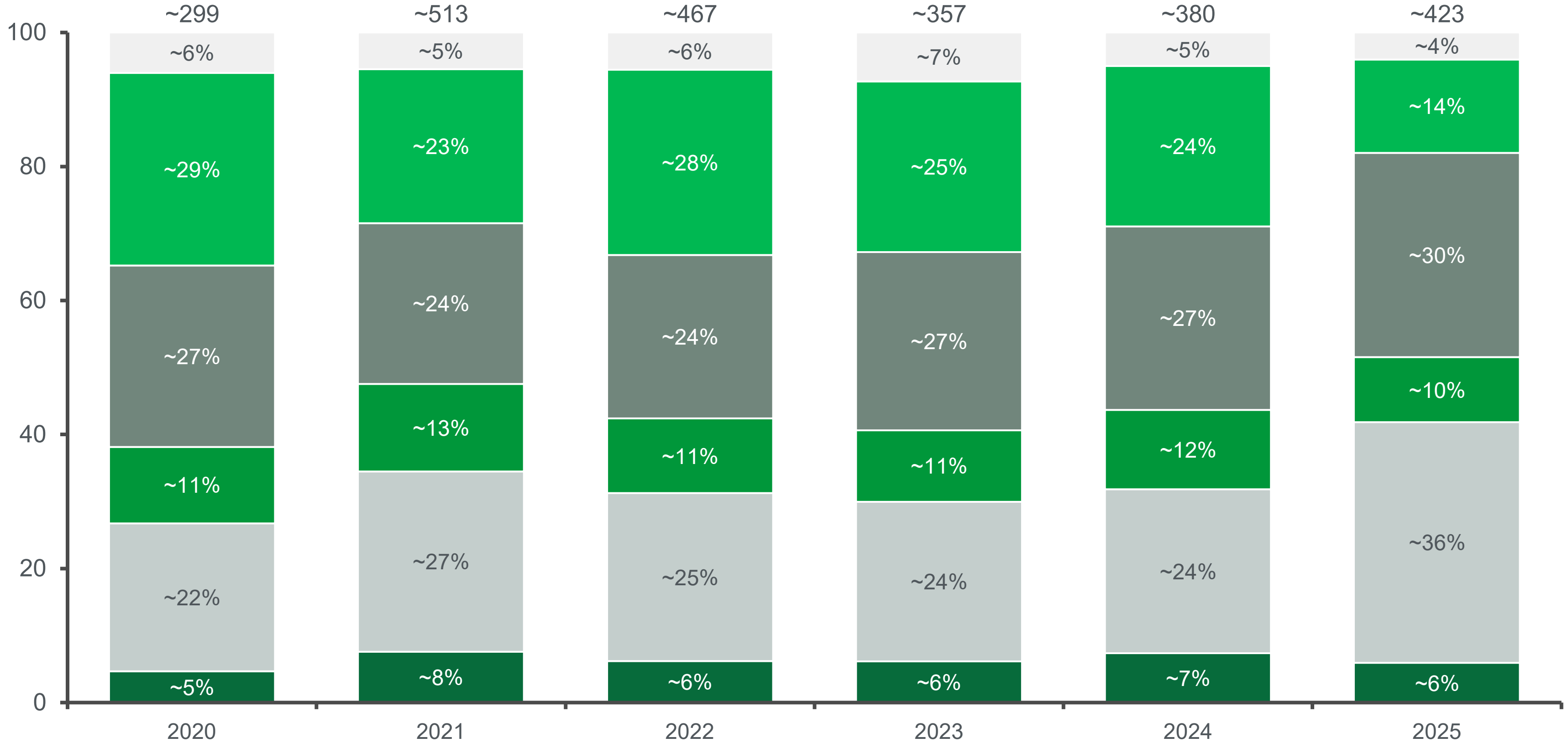
CAGR% (Number of transactions)	(2020-25)	(2023-25)
Undisclosed bidder	~6%	~(22)%
Private equity / VC	~27%	~44%
Corporate^	~(0)%	~(3)%

*

Note: The analysis is done across years and through multiple sources, hence data should be treated as directional as there might be biases in data recording and assumptions; ROI=return on investment; CAGR=compound annual growth rate; PE=private equity; Including disclosed and undisclosed transactions; **North America denotes U.S. and Canada, excluding Mexico; ^Includes corporate entities that invested alongside PE firms and/or are PE-backed
Source: S&P Capital IQ; Pitchbook; L.E.K. research and analysis

Professional upskilling, corporate training and K-12 have accounted for the bulk of education M&A activity each year; 2025 had an uptick in professional upskilling, with K-12 activity largely corporate

M&A transactions* in the education sector in North America (2020-25)**
Percent of transactions



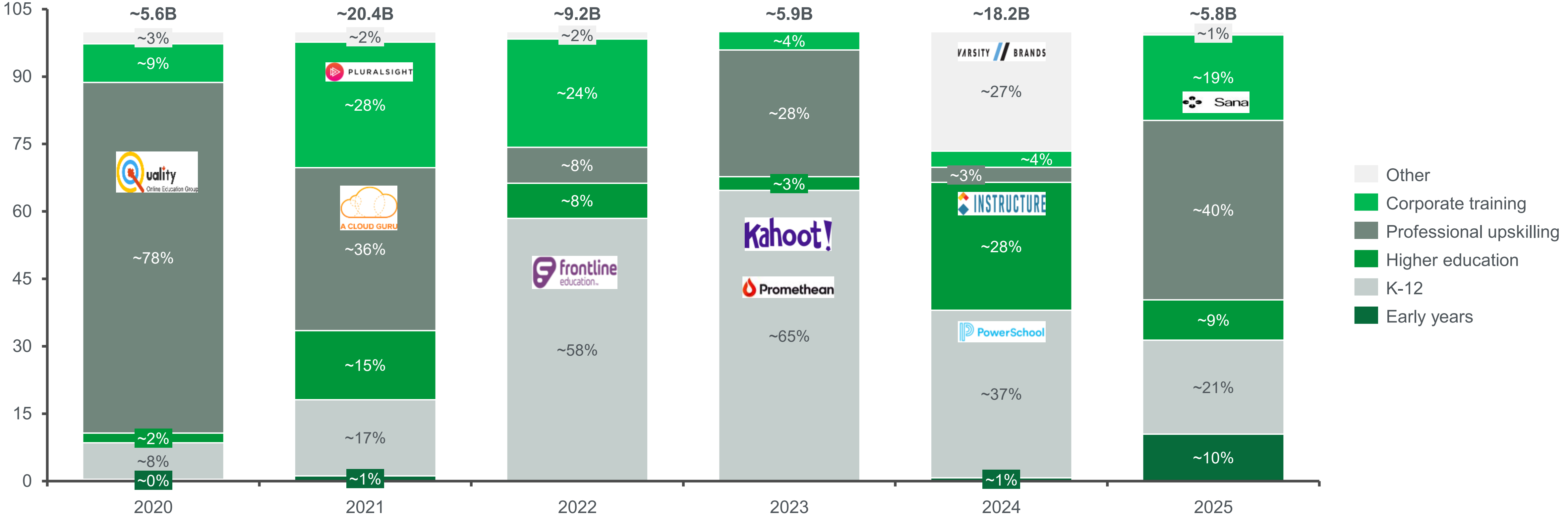
Annual share gain (Percentage of transactions)

	(2020-25)	(2024-25)
Others	~(1)%	~(11)%
Corporate training	~(7)%	~(35)%
Professional upskilling	~10%	~24%
Higher education	~4%	(~9)%
K-12	~18%	~63%
Early years	~12%	~(11)%

Note: *Includes both disclosed and undisclosed transaction counts; **North America denotes U.S. and Canada, excluding Mexico; The analysis is done across years and through multiple sources, hence data should be treated as directional as there might be biases in data recording and assumptions
Source: S&P Capital IQ; Pitchbook; L.E.K. research and analysis

Mega deals continue to drive the value share of each segment, with professional upskilling, corporate training and K-12 accounting for a majority of the total annual transaction value

Value of disclosed transactions in education in North America,* by segment (2020-25)
USD (billions)



Note: *North America denotes U.S. and Canada, excluding Mexico; The analysis is done across years and through multiple sources, hence data should be treated as directional as there might be biases in data recording and assumptions
Source: S&P Capital IQ; Pitchbook; L.E.K. research and analysis

A range of assets that received funding between 2020 and 2023, suggesting they may be eligible to come to market

Assets by select education segments in North America

Nonexhaustive, based on reported data; does not capture transactability of asset

Education subsegments

Professional Upskilling	LingoAce; Teachers of Tomorrow; Domestika; Colibri (Achieve More); Spear Dental Education; Certus; SoloLearn (Learn playing. Play learning); Phlebotomy Training Specialists; Skillshare; GetCourse; Reforge
Corporate Training	articulate 360; CEO Warrior; execonline; Cypher Learning; Spekit; EVERFI; LifeLabs Learning; mindmarker x; Learn to Win; Guild; Sales Empowerment Group (Revenue. Delivered.); Pryor Learning; InStride
Higher education	Rasmussen College; California Southern University; University of Fredericton; Yorkville University; Burrell College of Osteopathic Medicine; Honorlock; edX; Coursedog; Ocelot; engageli; Kira Talent
K-12	BookNook; SchoolStatus; Brainly; HeyTutor; engage2learn; GoStudent; BrainPOP; Kiddom; Kahoot!*; Mathnasium (The Math Learning Center)
Early years	BrainVault Games; Cadence Education; Lillio; Collierville Christian Academy; International Comprehensive; brightwheel; KinderSystems; Lovevery; Little Newtons (Brilliance Guaranteed); Nouvelle School Early Childhood Education; Odyssey Early Schools
Others	iD Tech (Camps, Academies & Online)*; Interworld Highway*; yousician; metafy; Art Venture; Buddy Pegs Media; Win Reality; Softdocs

*Strategic acquisitions in 2021-2022

Source: S&P Capital IQ; Pitchbook; L.E.K. research and analysis

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- **Trends Shaping Education M&A in 2026**

Staying ahead: Key themes and trends for 2026 in North America*

Key trends	Description	Investment themes
Private school shift	• State-level K-12 school choice programs are **shifting enrollment and tuition from public to private schools** • Outcomes are largely **shaped by state-by-state political and legal variability**	• Choice expansion can increase private-school enrollment and tuition funding pools, benefiting scaled operators and providers positioned for capacity growth • Further, school choice increases competition among K-12 schools, benefiting service providers serving private schools or K-12 recruitment and enrollment more broadly
K-12 EdTech integration	• **K-12 districts are prioritizing integrated EdTech** ecosystems that reduce tool sprawl and total cost of ownership, driving consolidation	• Tool sprawl, measurable learning outcomes and rising cybersecurity pressure are driving demand for integrated platforms, supporting consolidation-focused strategies and scaled winners • Deal flow skews toward smaller tuck-ins and roll-ups, as large-cap education acquisitions remain muted while sub-$200M activity continues to recover
Momentum in trade education	• Trades training and workforce programs are benefiting from **sustained labor shortages and infrastructure demand**, supported by **expanding regulatory tailwinds**	• Policy tailwinds are expanding affordability and access (e.g., growing corporate commitments, broader 529-eligible credential pathways), boosting enrollment • Fragmented provider landscape supports consolidation and employer-aligned models, favoring platforms with good placement outcomes and apprentice partnerships
Continued upskilling and credentialing	• Workforce upskilling and credentialing platforms **are integrating into HR/talent stacks**, with success driven by retention, demonstrable ROI and **productivity gains**	• Employer-funded, recurring-revenue models support durable cash flows and stable EBITDA, sustaining strong PE interest in defensible niche platforms • Platform integration into HR/talent stacks supports consolidation and cross-sell, while retention and provable ROI remain key diligence filters
AI-enabled learning	• **Learning platforms are embedding AI-enabled capabilities** (e.g., automated grading and adaptive learning) • AI co-pilots are increasingly **integrating into existing tech ecosystems**	• AI feature adoption supports pricing premiums and improved unit economics with retention lift and cost reduction, sustaining strong strategic and sponsor interest • Continued M&A is expected in data-rich learning ecosystems and co-pilots, favoring scaled platforms and bolt-on acquisitions

*In this section, North America denotes U.S. and Canada, excluding Mexico
Source: L.E.K. research and analysis

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  - **Private school shift**
  - K-12 ed-tech consolidation
  - Momentum for trade schools
  - Workforce upskilling and corporate learning
  - AI-enabled impacts on education

Private K-12 demand is supported by a large and growing market, school choice expansion, and historically resilient enrollment through downturns

Key 2026 trends | **Private school shift**

Private K-12 demand tailwinds

Private K-12 education is a large and growing market

K-12 education is a durable, non-discretionary market with stable enrollment growth, with private education further supported by rising affluence, parental preference for smaller classes, and stronger student outcomes than public schools

School choice creates structural tailwinds

Expansion of vouchers, ESAs, tax credit scholarships and other school choice programs has made private schools increasingly accessible for more families, further supporting enrollment growth

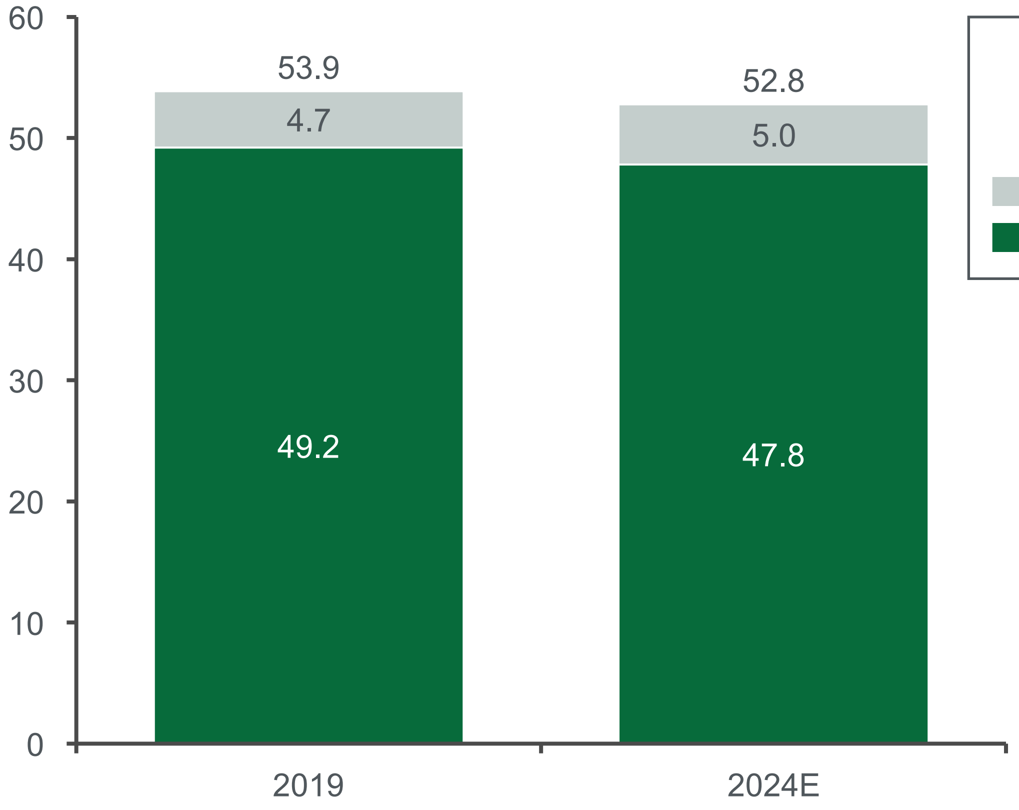
Private education is relatively resilient to economic downturns

Private education enrollments have historically weathered economic downturns, while families are expected to sustain spending on private education going forward

Source: L.E.K. research and analysis

US K-12 private school enrollment is estimated at ~5M students in 2024; this has grown ~1% per year since 2024, while public school enrollment has declined slightly

K-12 enrollment by school type* (2019-24E)
Millions of students



	CAGR% (2019-24E)
Total	(0.4)
Private	1.3
Public	(0.6)

Data from 2019 vs. 2024 was used to minimize the effects of the COVID-19 pandemic on school trends

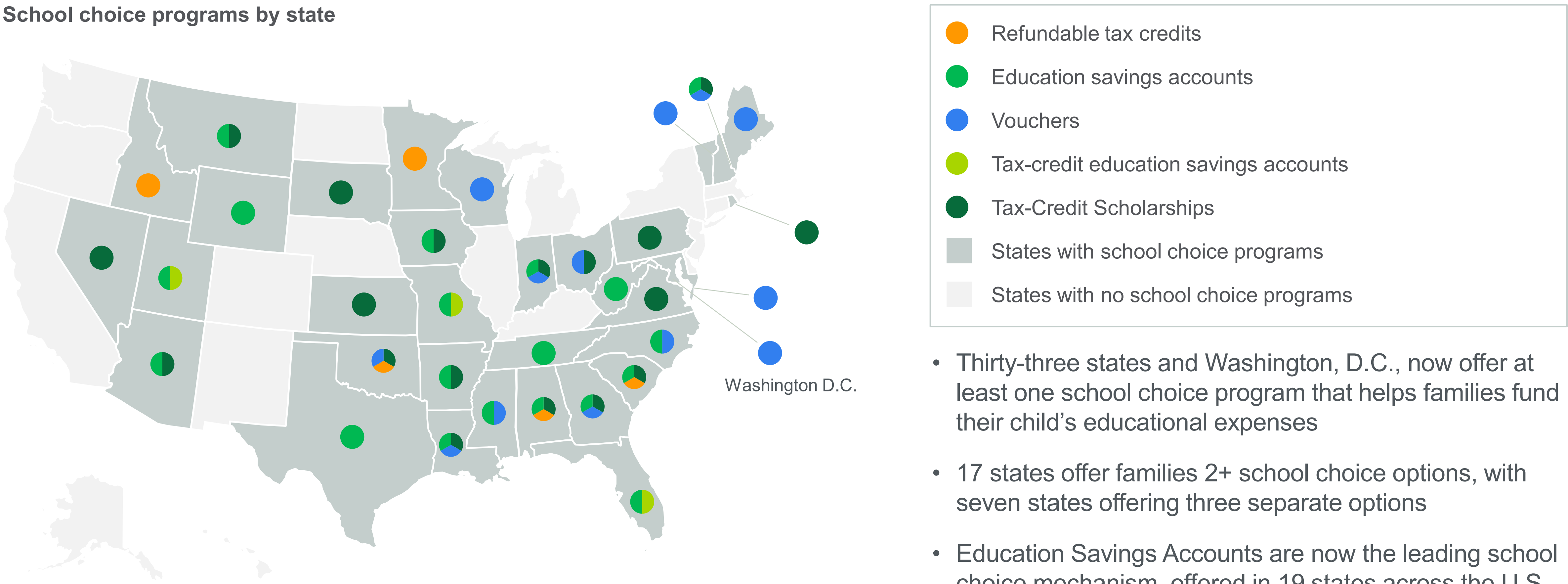
Key trends

- Private enrollment has grown at 1.3% per year., highlighting the resilience of the private K-12 education system
  - Families are prioritizing private school environments offering students leaner classes and higher levels of student success than in public schools
  - As the number of high-earning and high-net-worth households grows, private K-12 education becomes increasingly accessible
- Public enrollment has **decreased** by 0.6% p.a., as families are increasingly dissatisfied with public school offerings
  - Staffing shortages and resource gaps continue to erode the value proposition of public schools, leading students to switch to private programs

*Excludes Pre-K; 2019 public and private enrollments come from National Education Statistics while 2024 estimated public and private enrollments are informed by a combination of NCES and U.S. Census data
Source: NCES; U.S. Census; L.E.K. research and analysis

School choice options have expanded nationwide, with many states offering multiple mechanisms that bring the ability to afford private education to more people

School choice programs by state

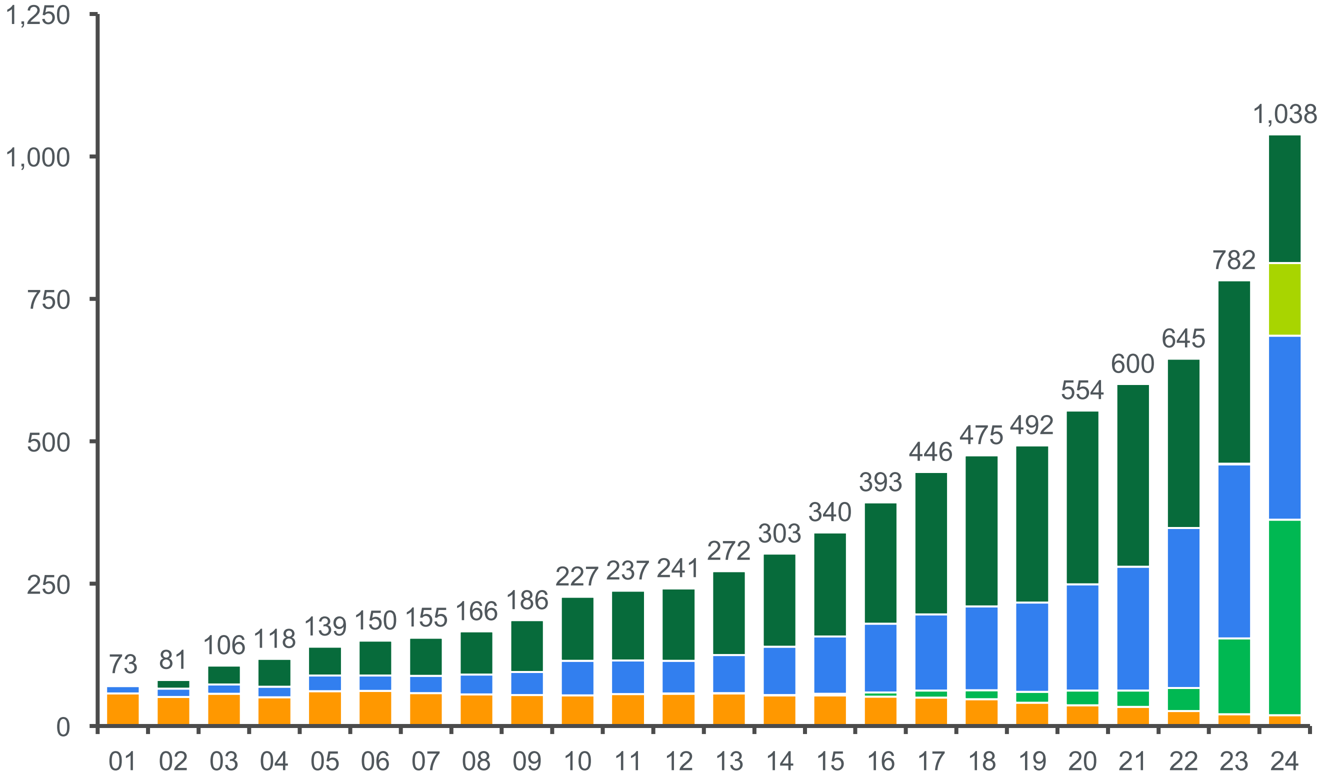


- Thirty-three states and Washington, D.C., now offer at least one school choice program that helps families fund their child's educational expenses
- 17 states offer families 2+ school choice options, with seven states offering three separate options
- Education Savings Accounts are now the leading school choice mechanism, offered in 19 states across the U.S.

Source: EdChoice; L.E.K. research and analysis

Usage of school choice subsidies is accelerating as ESAs and vouchers with broad eligibility expand the pool of families who can afford private education, reinforcing longer-term private education demand

Total recipients of school choice subsidies by type (2001-2024)
Thousands



	CAGR% (2001-19)	CAGR% (2019-24)
Total	**11**	**16**
Refundable Tax Credits	(2)	(14)
Education Savings Accounts	NA	78
Vouchers	11	16
Tax-Credit Education Savings Accounts	NA	NA
Tax-Credit Scholarships	21	(4)

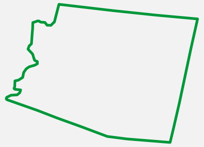
- **ESAs have expanded rapidly**, with spending flexibility and strong early uptake supporting continued bipartisan interest
- Voucher growth has also increased, as states not only maintain long-standing programs but are also **widening eligibility criteria**
- Refundable tax credit usage has declined in recent years as users shift toward **flexible, higher-value** school choice programs
- While school choice subsidies typically rely on state-level regulation, the recently signed **OBBB* provides federal tax credits** and further **expands uses for 529 education savings plans** supporting uptake of school choice

*One Big Beautiful Bill, signed into law July 2025
Source:EdChoice; L.E.K. research and analysis

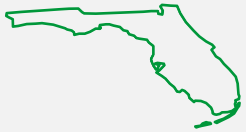
Expansion of school choice programs across large states such as Arizona, Florida and Texas is broadening access to private K-12 funding

Key 2026 trends | Private school shift

States with recent school choice expansion



- **Arizona has one of the most expansive ESA programs in the U.S.**, and in 2022-23 it became the first state to implement universal eligibility for K-12 students
- Funds are deposited in family-controlled accounts for multiple uses including private school tuition, online education, tutoring, etc.



- Florida's Family Empowerment Scholarship, **originally aimed at low-to-middle-income students as an income-based voucher, was converted into a universal ESA in 2023**
- As in Arizona, funds are deposited into savings accounts that can be used for a variety of education expenses, with controlled but expansive options

- Arkansas expanded Education Freedom Accounts to universal eligibility in 2025-26, enabling **all families to use state-funded scholarships for approved K-12 expenses including private school tuition**, tutoring and curriculum
- Funds are deposited in family-controlled accounts to allow state funds to follow students rather than institutions

Upcoming state-level expansions

- There are **additional states working to expand school choice,** including large states such as Texas, which approved a new, universal ESA program launching in 2026/27
- **Texas's program will grant ~$10K per student** with initial funding of $1B+, positioning Texas as a major growth market for private K-12 education
- Tennessee and Wyoming also have new, universal ESA programs beginning in 2025-26

Source: L.E.K. interviews, research and analysis

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Private school models are expanding beyond traditional K-12, with international, micro and theme-based schools gaining traction by offering differentiated curricula, delivery models and outcomes

Key 2026 trends > **Private school shift**

Traditional K-12

Description:

Established **independent schools delivering full-continuum K-12 education** funded primarily by tuition

Differentiated by academic performance, strong college placement, holistic student development, and alumni networks

International schools

*Private schools **offering globally recognized curricula** (e.g., IB, British, bilingual programs) designed for expatriate and global families*

Differentiated by international academic standards, language immersion and cultural immersion

Micro schools

***Small, high-touch learning environments** (<150 students) that replicate one-room schools*

Differentiated by individualized pacing, mixed-age cohorts and flexible delivery models

Theme based schools

***Specialized schools** offering STEM, performing arts, sports academies or new niches like AI-focused curricula*

Differentiated by immersive, talent-driven education models that command premium pricing

Examples:

Trinity School; Phillips Exeter Academy; Harker; a better world UNIS united nations international school; LIB ISB; The International School of San Francisco; Acton Academy; WIS Washington International School; KaiPod Learning; primer; Walnut Hill School for the Arts; BASIS Independent Schools; Alpha; IMG Academy

Source: L.E.K. research and analysis

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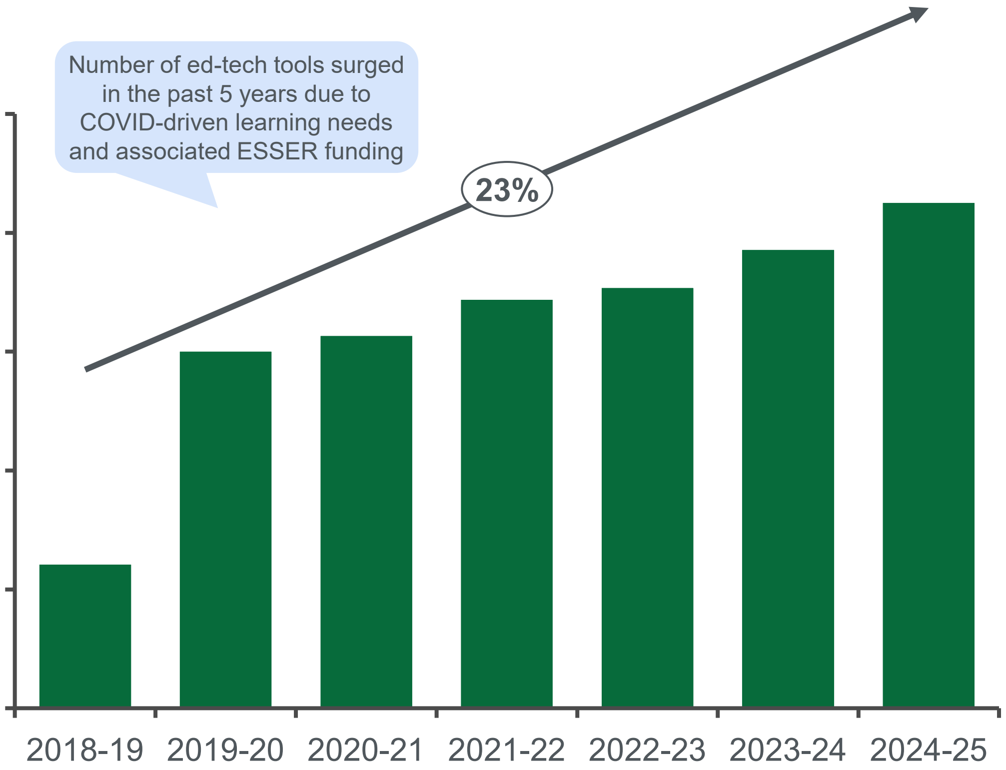
  - AI-enabled impacts on education

With ed-tech tools per district growing at ~23% CAGR, districts are prioritizing integrated ecosystems to curb tool sprawl, reduce risk and improve outcomes

Average number of ed-tech tools* accessed per district, by school year (2025)
Number of tools



Districts' preference for integrated tool drivers

1. **Tool sprawl overwhelming district operations**
   With districts now accessing ~2,982 tools annually, unmanaged ecosystems drive **teacher burnout, low utilization** and **hidden integration costs, pushing districts to standardize on integrated platforms** that reduce cognitive load and improve adoption consistency

2. **Cybersecurity and data privacy pressure**
   Districts are favoring integrated platforms that offer **centralized access controls and consistent security standards**, reducing vendor risk by **limiting the number of vendors** in their ecosystems as cybersecurity threats and data privacy scrutiny increase

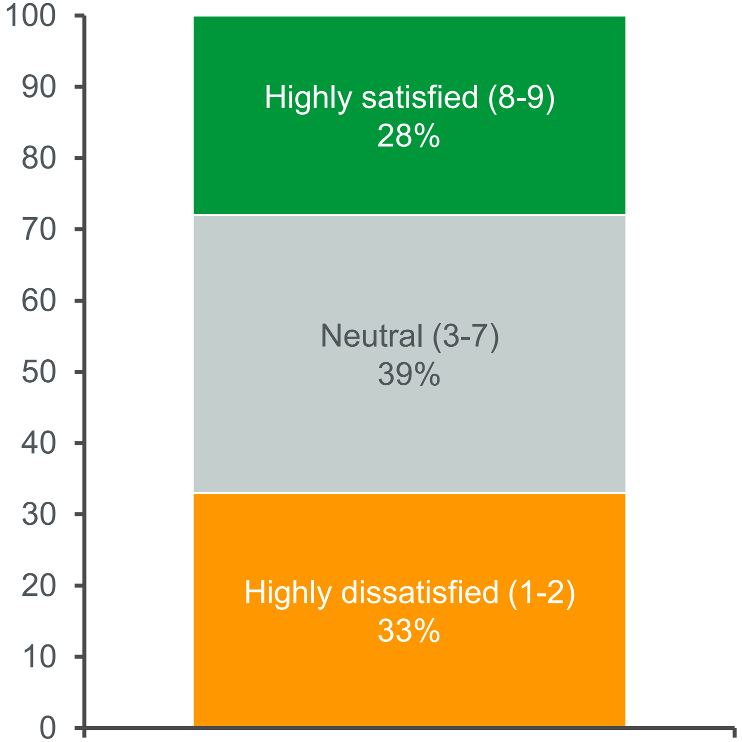
3. **End-to-end learning**
   Integrated platforms close the loop from data to instruction by converting student activity and diagnostics into personalized actions, improving **instructional effectiveness and measurable learning outcomes**

*Digital platforms and applications to deliver instruction, manage learning, assess progress and support classroom workflows
Source: EdTech; ASCD.org; Instructure Edtech Top 40; L.E.K. research and analysis

K-12 teachers report dissatisfaction and lack of training/support for the broad range of tools they are implementing in the classroom

1 Key 2026 trends › K12 ed-tech integration

Teacher satisfaction with number of apps/digital tools (January 2025)
Percentage rating on 1-10 scale, (N=109)



- COVID-driven necessity and experimentation with new digital solutions has led to meaningful growth in the number of tools that districts, schools and individual classrooms are using
- K-12 teachers report net dissatisfaction with the range of digital tools they need to utilize in the classroom, as this disrupts workflow and drives administrative burden; further, many teachers feel that they haven't received appropriate training or professional development support to effectively utilize the tools at their disposal
- District administrators have taken note of the tool proliferation and are increasingly looking to understand tool utilization, duplication and ultimate efficacy, with some research estimating that nearly two-thirds of EdTech licenses go unused

"I've got 50 screwdrivers but only use two. We've got to rethink what's essential…I'm trying to get to a small set of core apps per subject area – something sustainable for both teachers and students"

- Chief technology officer at Grapevine-Colleyville Independent School District (via EdSurge)

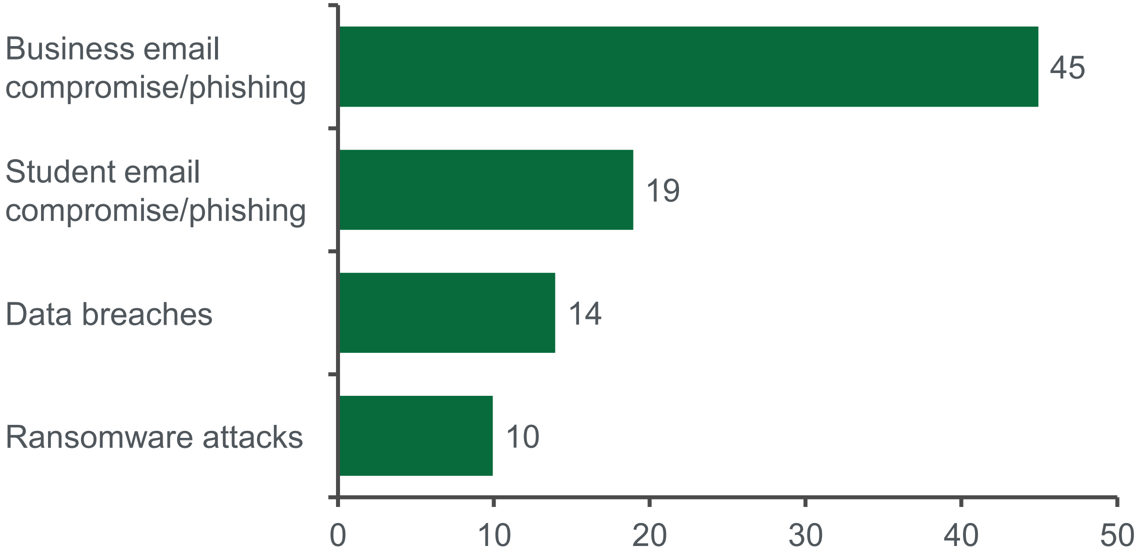
"We are looking to cut a lot of our platforms because many aren't being utilized to their fullest extent. It will allow us to have more thoughtful conversations about the outcomes we're trying to accomplish with these tools"

- Assistant superintendent for technology and innovation at Lynwood Unified School District (via Digital Promise)

Source: Cornerstone Communications; EdSurge; Digital Promise; L.E.K. research and analysis

Tool proliferation and limited IT staff put K-12 districts at risk for cybersecurity issues and other threats

60% of K-12 schools reported experiencing a cybersecurity incident in the 2023-24 or 2024-25 academic year



Percentage of K-12 schools experiencing cyber incident
RAND survey (N=957)

Drivers of cybersecurity risk in K-12 schools:

- Limited IT staff capacity
- Outdated technical systems and faulty patching
- Lower historical investment in cybersecurity, estimated at 8% of IT budget, with 1 in 5 schools spending <1%
- Proliferation of tools, including increasing use of AI-enabled tools that may not be formally approved at school or district level
- Vast stakeholder network with varying levels of cyber awareness/sophistication, including administrators, staff and students

Source: RAND; National Cybersecurity Alliance; Homeland Security Nationwide Cyber Security Review; L.E.K. research and analysis

Curriculum providers are looking to create end-to-end learning systems that assess student competencies, tailor learning pathways, and track progress to provide greater ease and efficacy

i-Ready

- Curriculum Associates' i-Ready product was an early mover in the closed system space
- The platform combines diagnostic assessments directly to instruction, allowing for tailored, adaptive lessons in K-8 reading and mathematics

Renaissance Intelligence

- Renaissance recently announced its Renaissance Intelligence platform, which unifies assessment, instruction and practice in one system with AI that responds to student performance in real time
- Renaissance suggests that this will simplify teaching into one aligned workflow for assessment, instruction and practice, delivering just-in-time, performance-based recommendations that teachers can act on immediately

HMH | nwea

- HMH acquired leading adaptive assessment provider NWEA (MAP Growth assessment) in 2023
- While the two companies are still managed independently, a key rationale for acquisition was to integrate NWEA assessment solutions with HMH curriculum on HMH's platform to create a combined offering that links interim assessment to instruction

Source: Company websites and press releases; Center for Research and Reform in Education; L.E.K. research and analysis

Operational software systems are also leveraging M&A to provide the most robust end-to-end offering for administrators and staff

PowerSchool — Powering Brighter Futures

- PowerSchool has expanded from its core SIS functionality to address enrollment, IEP/special education management, LMS, talent management, communications and analytics/data management
- **Sample acquisitions:**

NAVIANCE, SchoolMessenger®, haiku learning, SUNGARD® K-12 EDUCATION, schoology, PEOPLEADMIN A PowerSchool Company

Instructure.

- Instructure has evolved from its core LMS functionality (Canvas), both organically (video management, course catalog, etc.) and inorganically (assessment, data integration, digital badging, credential management, etc.)
- **Sample acquisitions:**

MASTERY, CONCENTRIC SKY, eesysoft education solutions, parchment, KIMONO

FINALSITE

- Finalsite, the industry-leading content management system, has expanded its functionality into broader communications, mobile apps and strategic enrollment management through recent acquisitions
- **Sample acquisitions:**

schoolpointe, SchoolAdmin, Blackboard

Source: Company websites and press releases; Center for Research and Reform in Education; L.E.K. research and analysis

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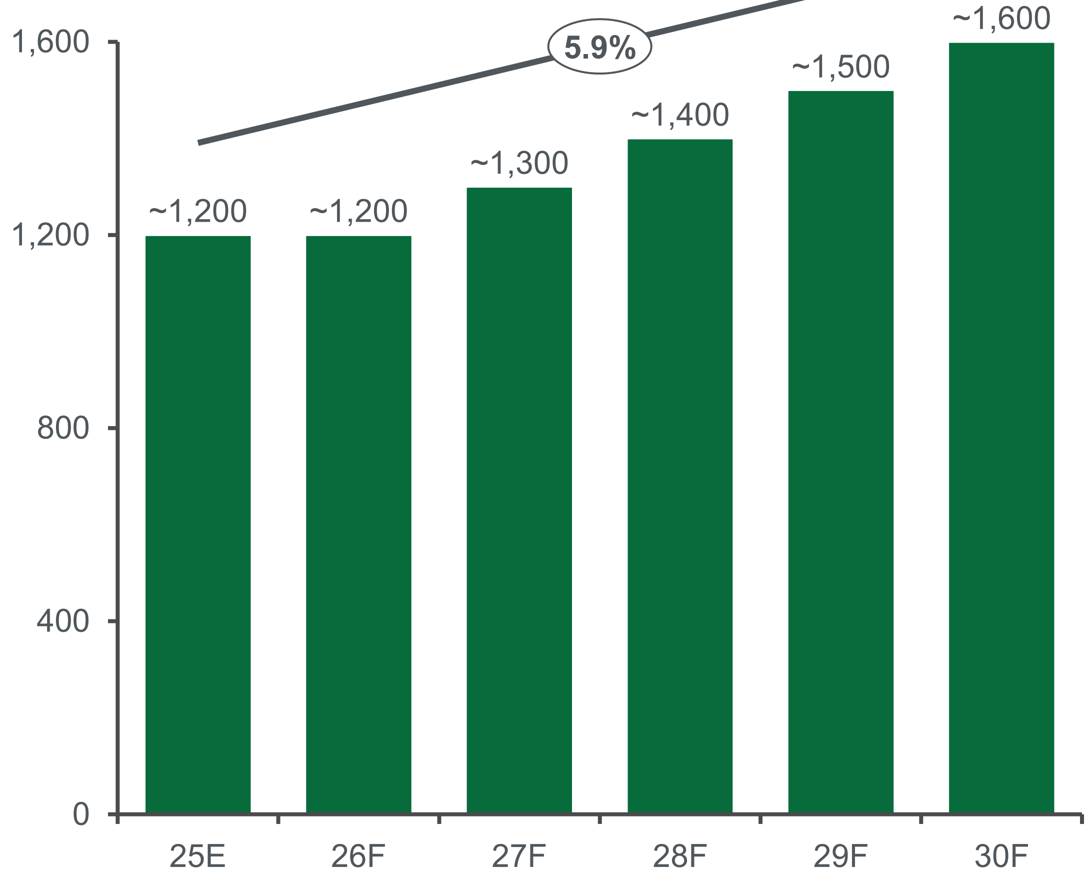
U.S. trade school enrollment is projected to grow at ~6% CAGR through 2030F, supported by expanded federal aid eligibility that reduces out-of-pocket costs and stabilizes demand and cash flows

Projected fall enrollment in U.S. trade schools
USD (thousands)



Regulatory tailwinds

529 expansion to include vocational trades

Expanded 529 plan eligibility increases tax-free withdrawal to $20,000 per student and **broadens qualified education expenses** beyond traditional college to include **vocational/trade programs and registered apprenticeships**

Pell Grant expansion

New Pell Grant eligibility extends nonrepayable aid to short-duration (8-15 weeks) vocational programs at accredited providers such as community colleges and trade schools; structurally supports enrollment momentum; underpins projected ~6% CAGR through 2030F

Federal aid

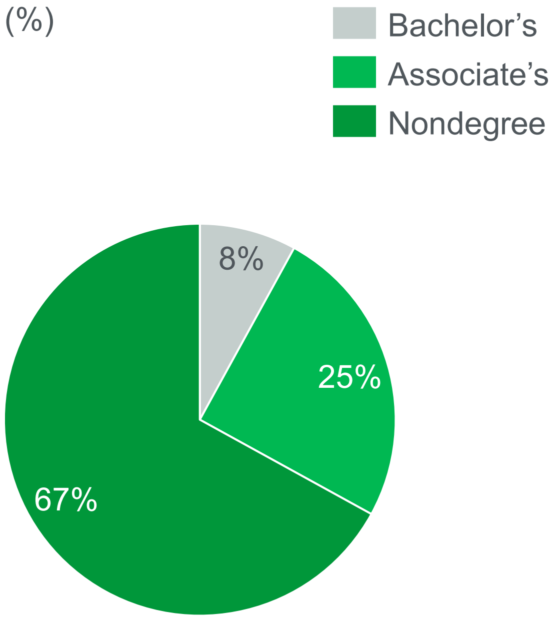
Broader federal aid eligibility increases enrollment predictability and speeds tuition collections; supports disciplined capacity expansion and employer-aligned programs while reducing volatility risk

Source: Validated Insights; L.E.K. research and analysis

The majority of trade school enrollment is in nondegree programs; while the landscape is fragmented, the largest 15 private trade schools account for ~18% of enrollment

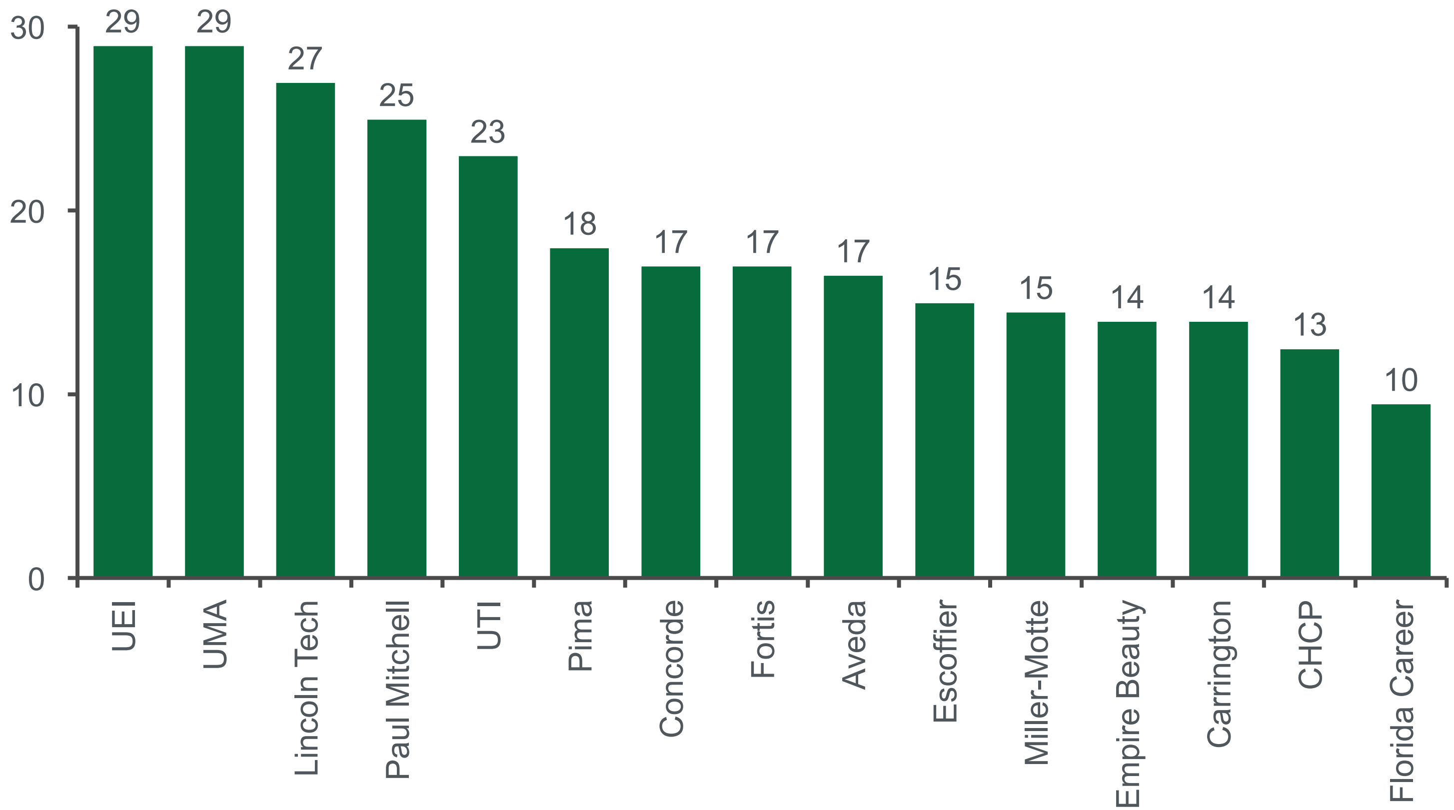
NONEXHAUSTIVE

Trade schools by program level (2024)
Percentage (%)



~70% of trade school enrollments are in nondegree programs

Top 15 largest private trade schools (2023 enrollment)
Thousands of enrolled students



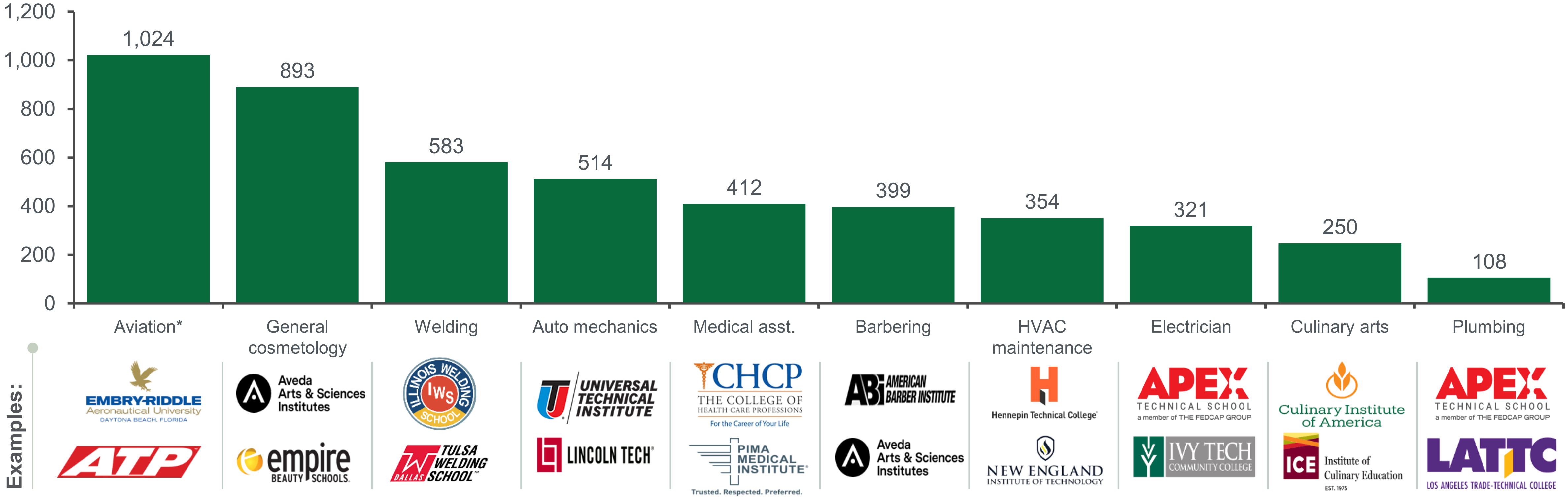
Source: College Resource Network; Data USA; Validated Insights; L.E.K. research and analysis

The trade school landscape is spread across a range of trades, with aviation and cosmetology leading program availability

Key 2026 trends | **Trade school momentum**

NONEXHAUSTIVE

Number of trade schools by trade type (2023)
Number of schools



*Includes flight training schools and aviation maintenance technician schools
Source: College Resource Network; Data USA; Validated Insights; L.E.K. research and analysis

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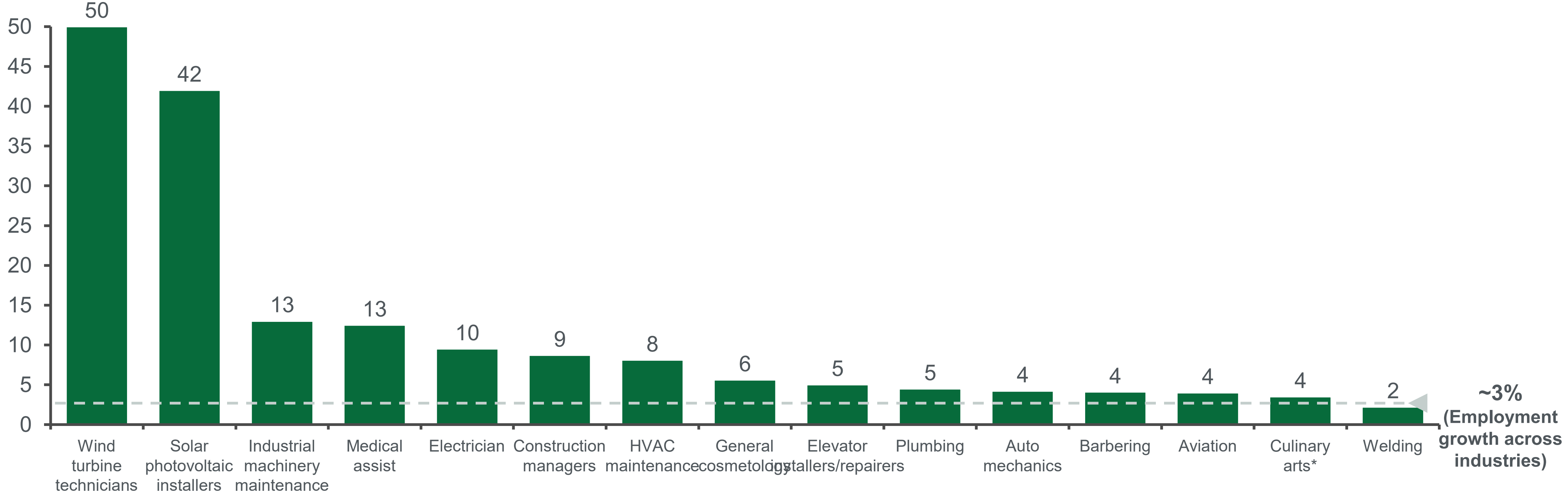
Most of these trades are expected to see above-average employment growth, with select healthcare and technical professions growing the fastest

Key 2026 trends | Trade school momentum

Projected job growth by trade (2024A-2034F)
Percentage (%)



	Wind turbine technicians	Solar photovoltaic installers	Industrial machinery maintenance	Medical assist	Electrician	Construction managers	HVAC maintenance	General cosmetology	Elevator installers/repairers	Plumbing	Auto mechanics	Barbering	Aviation	Culinary arts*	Welding
Total workforce count	~13K	~29K	~539K	~1.5M	~811K	~818K	~550K	~425K	~575K	~24K	~504K	~805K	~76K	~139K	~457K

Note: *Food preparation and serving related occupations and includes chefs, supervisors and related food service roles
Source: Bureau of Labor Statistics; Philadelphia Technician Training Institute; L.E.K. research and analysis

A number of underlying trends are driving the outsized growth of key trade sectors

Key 2026 trends | **Trade school momentum**

Energy transition and power infrastructure

- **Wind turbine technicians (~50% growth over next 10 years) are the fastest-growing trade**, driven by utility-scale wind expansion and **rising electricity demand from AI integration, EV adoption and new data centers**
- **Electricians (~10% growth) benefit from grid modernization and power infrastructure build-out**, reinforcing sustained installation and maintenance demand across generation and transmission projects

Aging population drives healthcare job growth

- **Medical assistants (~15% growth)** expand as care delivery shifts toward outpatient and in-home settings, **increasing demand for clinical support roles across ambulatory and community-based sites**
- **Healthcare and social assistance roles are projected to have large and fast job growth (~8%)**; growth in this sector is expected to be primarily **driven by both the aging population and the growing prevalence of chronic conditions such as heart disease, cancer and diabetes**

Infrastructure, machinery and automation

- **This sector is a critical enabler of automation-led productivity investment**, supporting **manufacturing reshoring, warehouse automation, and increased capital intensity** across food and beverage, automotive, logistics, and advanced manufacturing end markets
- Sustained employment **growth of ~12%-15% through 2032F** driven by **rising equipment complexity, higher uptime requirements, and an aging installed base** that increases preventative maintenance and repair intensity, reinforcing the trade's durable, cross-cycle demand profile

Source: Philadelphia Technician Training Institute; L.E.K. research and analysis

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Investment in the trade school market can extend beyond traditional schools to include nondegree, industry-aligned providers addressing licensing, upskilling and employer-driven needs

Licensing and CE

- **Mandatory continuing education:** Many trades requiring ongoing CE for license renewal, ensuring professionals stay current with evolving codes and safety practices
- **State-approved online courses**: Online providers offering self-paced courses aligned with industry standards (e.g., NEC code updates) and approved by regulators, simplifying compliance by providing flexibility

Upskilling via simulation

- **Immersive, risk-free training:** 3D and VR simulation-based training to build hands-on skills without physical labs; often paired with assessments
- **Faster upskilling:** Skilled labor shortages requiring faster onboarding, cost constraints of physical training, and employer focus on safety driving the demand

Employer-driven training

- **Tailored compliance training:** Training programs designed and funded by employers to meet safety, reliability and standards compliance (e.g., NFPA 70E/OSHA-aligned practices); delivered on-site and/or virtual
- **Internal upskilling**: New skills demand emerging due to infrastructure investments, electrification and EVs

Note: *Continuing Education
Source: Philadelphia Technician Training Institute; L.E.K. research and analysis

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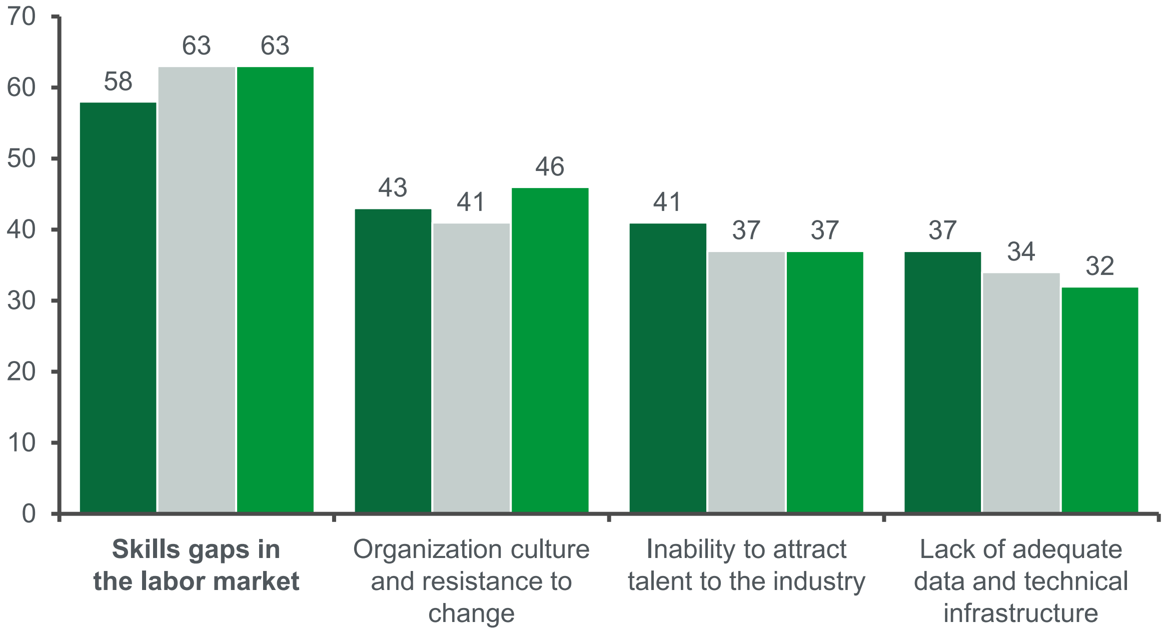
  - AI-enabled impacts on education

North American employers perceive skills gaps as the top barrier to organizational transformation, and they are looking to upskilling/reskilling to bridge the gaps

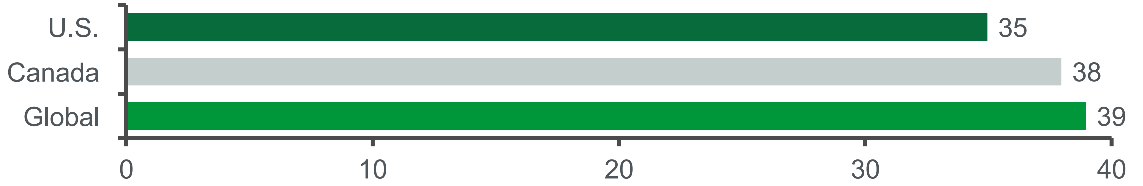
North American organizations consider skills gaps as the No. 1 obstacle to organizational transformation

Top barriers to organizational transformation (2024)
Percentage of organizations



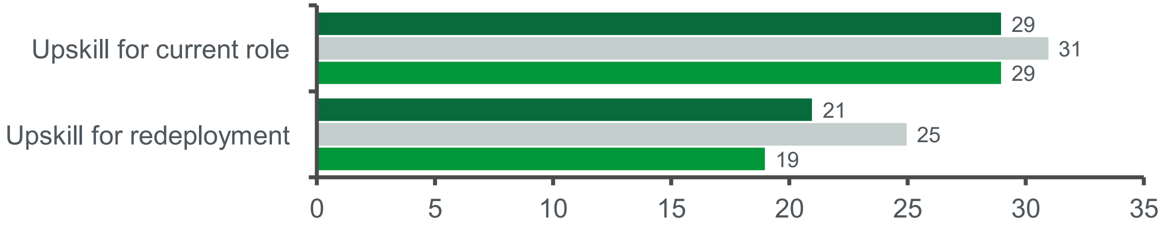
Employers expect that 35%-38% of North American workers' core skills will be disrupted by 2030:

Share of workers' skills expected to change by 2030 (2024)
Percentage of workers' skills



… and they are turning to upskilling/reskilling to address this gap

Share of workers expected to be upskilled by employers by 2030 (2024)
Percentage of workers*



Legend: U.S. Canada Global

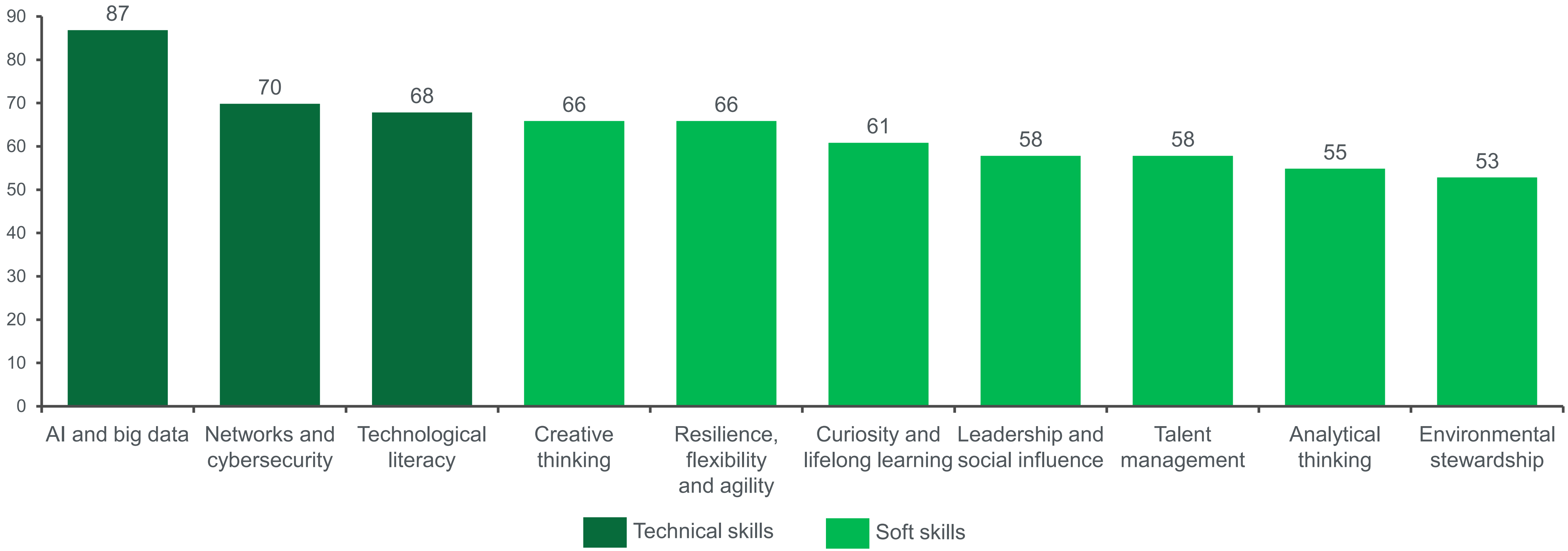
*Refers to the percentage out of a representative group of 100 workers who are expected to be upskilled by 2030, calculated based on averages of the training requirements reported by employers
Source: World Economic Forum Future of Jobs Report 2025; L.E.K. research and analysis

Technical skills related to AI, big data and cybersecurity are in increasing demand, followed by a range of soft skills to help individuals lead and adapt in a rapidly changing environment

Key 2026 trends | Upskilling and credentialling

Top 10 skills increasing in importance by 2030 (2025)

Net increase (Percentage of respondents selecting increasing - percentage selecting decreasing)



Source: World Economic Forum Future of Jobs Report 2025; L.E.K. research and analysis

Despite great need, the professional training sector (upskilling, reskilling and new skilling) faces numerous challenges, resulting in many financially unsustainable companies within the sector

NONEXHAUSTIVE

	Limited measurement of outcomes	Low retention/ completion rates	High cost of delivery/ acquisition	Rapidly changing skills landscape
Key challenges	Traditional methods often fail to adequately measure outcomes such as knowledge check, job placement and practical skill application, leading to incomplete learning experiences	Traditional methods often lead to low retention/completion rates due to time constraints, low engagement, ineffective teaching methodologies and competing responsibilities, undermining learning effectiveness	Conventional methods can incur substantial expenses, posing a significant financial risk for individuals and organizations and challenging providers' financial sustainability	Rapid industry and technology changes challenge providers to keep content relevant, causing gaps with market needs or demanding significant investment to stay current

Due to these challenges, not all companies in the professional training sector are financially viable

Source: L.E.K. research and analysis

However, L.E.K.'s Education practice has identified consistencies in the business models of those that have succeeded and have demonstrated scale and financial viability

Key 2026 trends > Upskilling and credentialling

NONEXHAUSTIVE

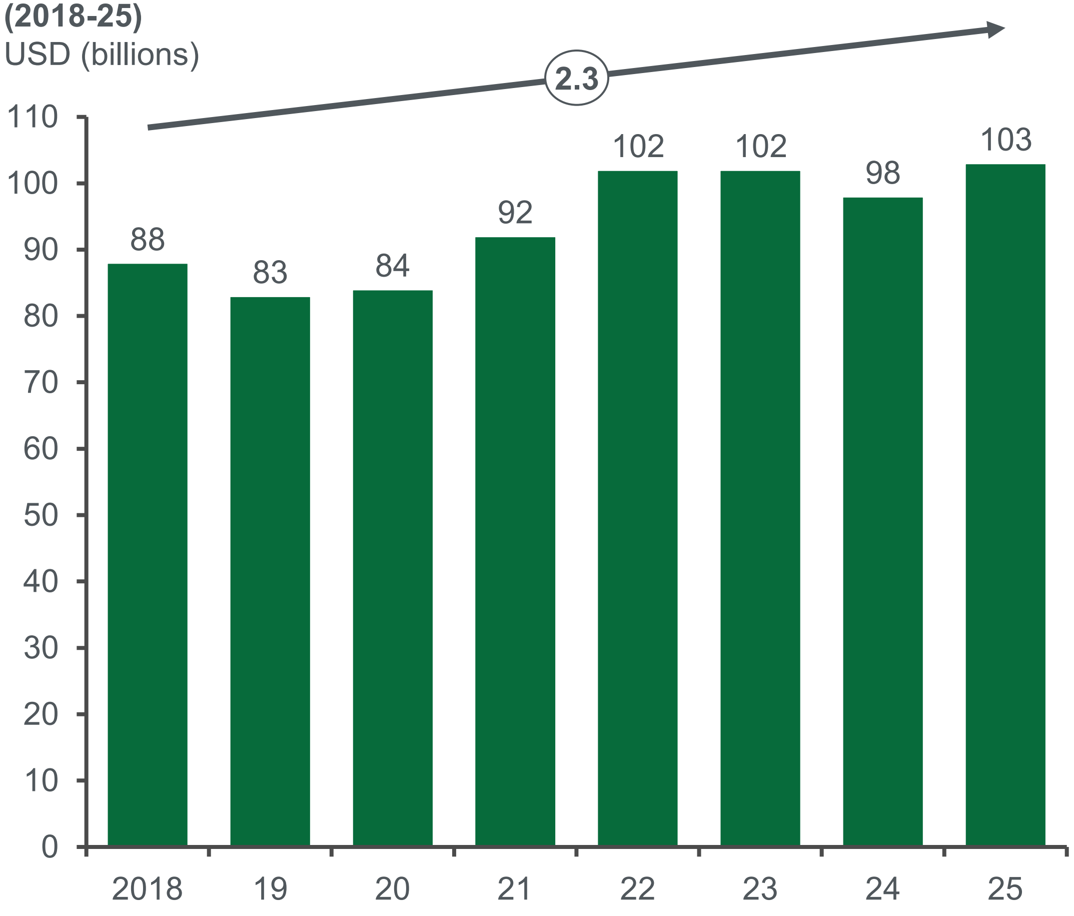
Typically B2C ← Business model → Typically B2B

1	2	3	4	5
Outcome-guaranteed programs	**Government-sponsored economic development-oriented programs**	**Gold standard certifications**	**Industry mandatory certifications and CE**	**Corporate-sponsored training providers**
Providers focusing on industries with guaranteed outcomes	Unskilled adult training programs	Industry-agnostic certification providers such as PMI	Accounting, financial and insurance	Leadership and soft skills training providers
Student pay and guaranteed placement programs*	Apprenticeships/apprenticeship services	Technology companies	Hospitality and healthcare	Compliance and technical training providers
Source-train-hire model	Specialist government programs		Worker safety and vocational skills	Profiled on the following pages

Note: B2C=business to consumer; B2B=business to business
Source: L.E.K. research and analysis

Within B2B corporate training, L&D budgets saw growth last year, with compliance training remaining the largest portion of spend while management training and AI training are top growth areas

U.S. Corporate Training Expenditures (2018-25)
USD (billions)



Largest training budget areas – type of training

- Mandatory compliance training (~13%)
- Management/supervisory training (~13%)
- IT/systems training (~11%)

Areas for increased spend next year – type of training

- Management/supervisory training (~30%)
- AI training (~25%)
- Interpersonal skills (~22%)

Technical skills | Soft skills | Compliance

Source: trainingmag.com; L.E.K. research and analysis

The B2B professional learning landscape includes a range of players across soft skills, technical and regulatory/compliance training

Key 2026 trends | **Upskilling and credentialling**

ILLUSTRATIVE – NOT EXHAUSTIVE

Soft skills	Technical skills	Compliance/regulatory
Crucial Learning	Product School	LRN Inspiring Principled Performance
LifeLabs Learning	skillsoft	cornerstone
SKILLCYCLE	Educate 360 Professional Training Partners	ACAMS
BetterUp	Wall Street Prep	Colibri
CEO WARRIOR	PetroSkills	NAVEX GLOBAL
in LEARNING	CBT nuggets	CERI=I
BetterManager	CERTUS	360 TRAINING
RAIN Group	engage2learn	ascend LEARNING
KORN FERRY	Prosci	RegEd
	Axcel LEARNING	KNOWFULLY LEARNING GROUP
	hsi	LEXIPOL
	K12 Coalition	traliant

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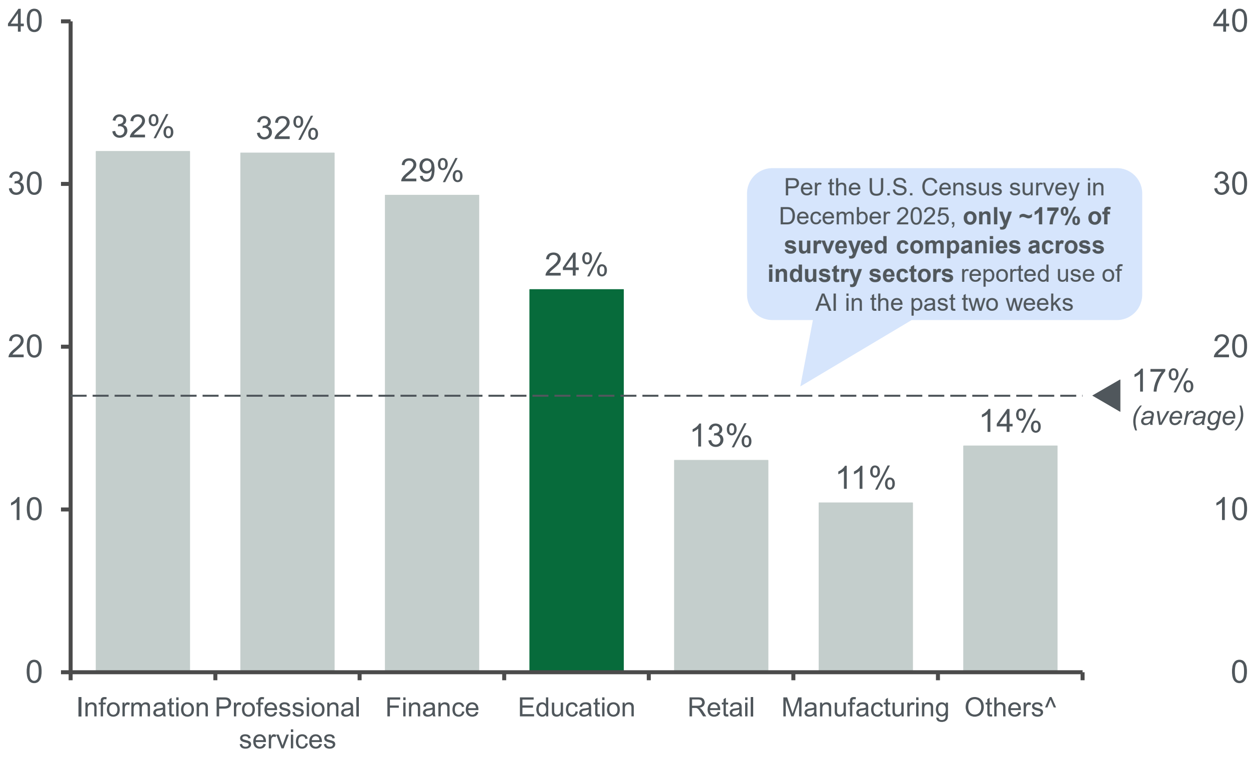
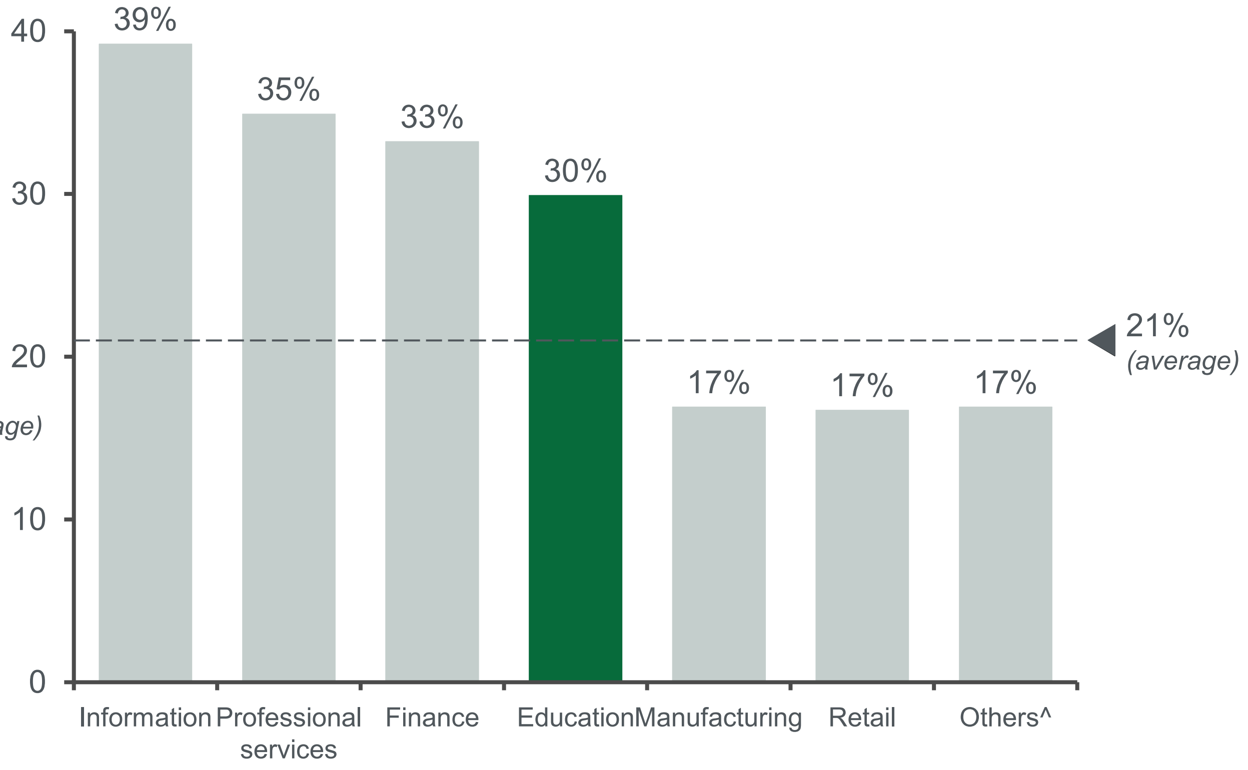
Recent AI utilization in the education sector has exceeded other industries, and momentum is expected to continue over the next six months

Company utilization of AI in last 2 weeks, by industry* (December 2025)
% of surveyed companies



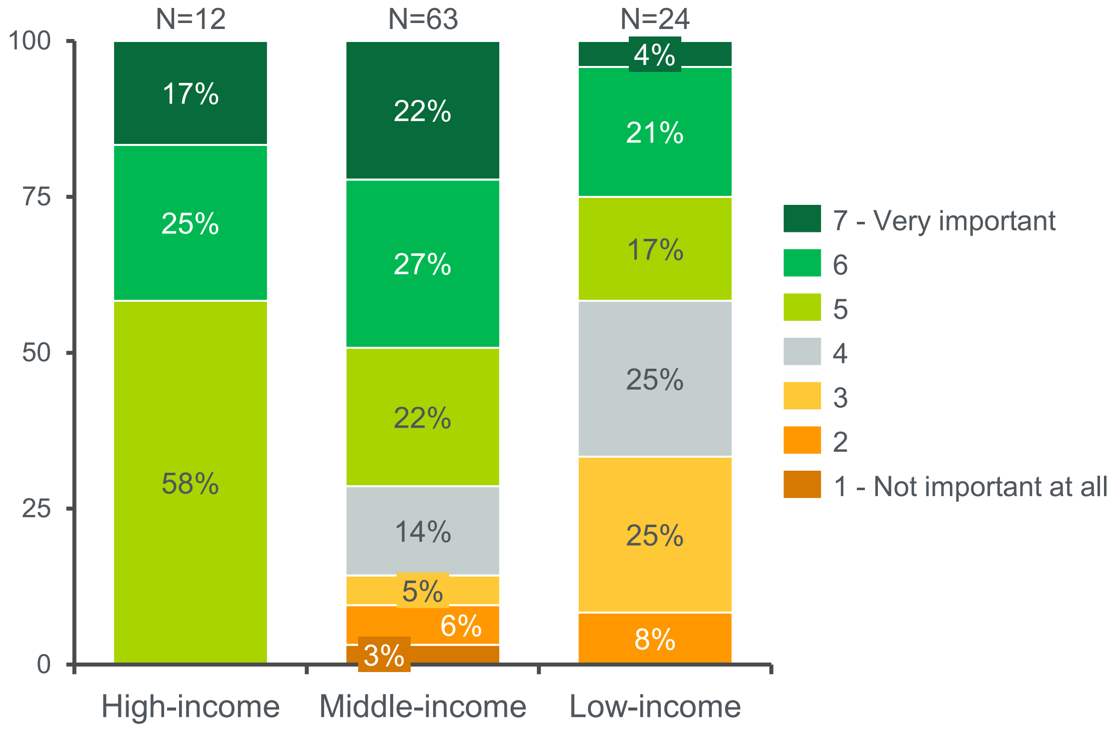
Estimated company utilization of AI in the next 6 months, by industry* (December 2025)
Percentage of surveyed companies



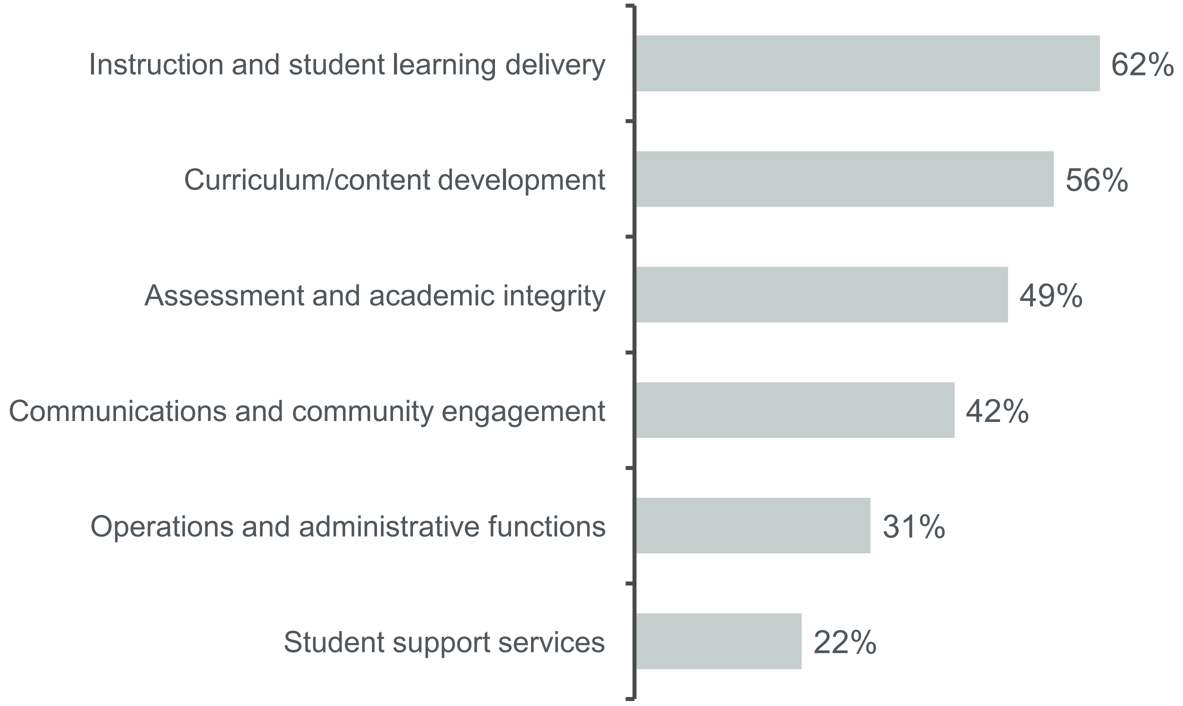
*Data pulled from latest U.S. Census Bureau survey on 12/14/25. ^Others includes agriculture, mining, utilities, construction, wholesale trade, transportation, waste management, healthcare, entertainment, accommodation and food, public administration, and other services
Source: U.S. Census Bureau; L.E.K. research and analysis

Within K-12, AI adoption is emerging as a strategic focus, led by more affluent districts, with early pilots centered on instructional delivery and curriculum development

Perceived importance of AI implementation, by district affluence level (AY 2025-26)
Percentage of respondents selecting (N=99)



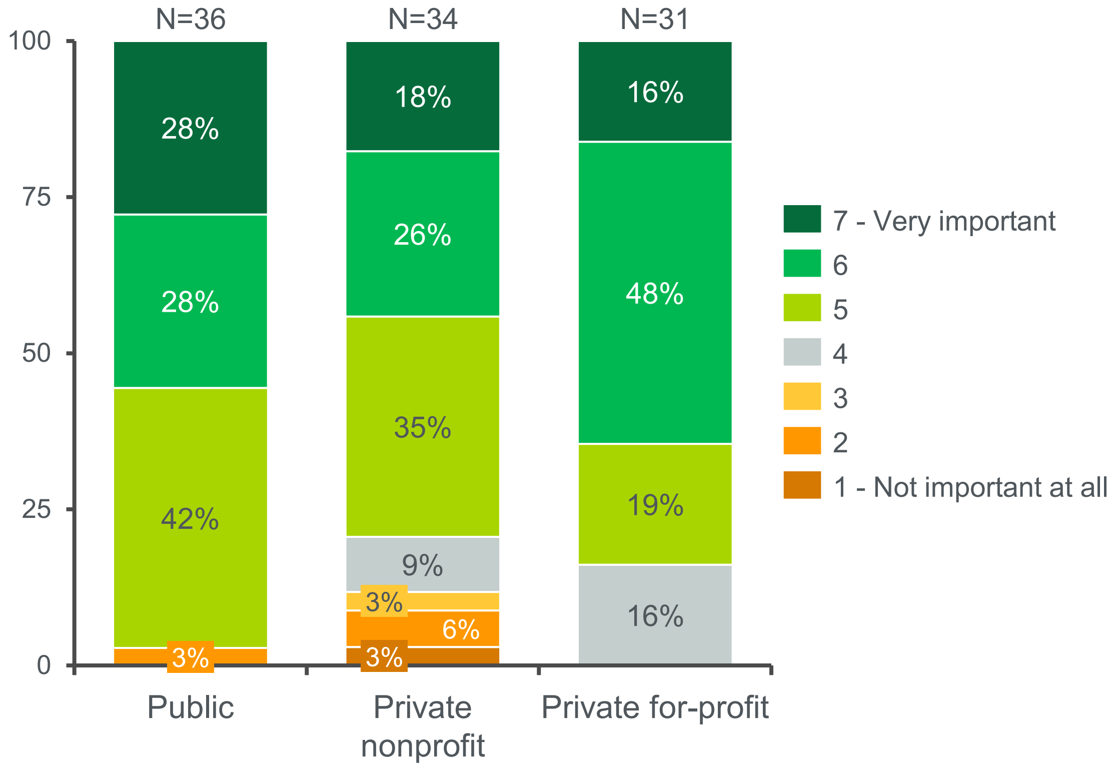
Areas where K-12 school districts are exploring or implementing AI (AY 2025-26)
Percentage of respondents selecting each as a top three area (N=99)



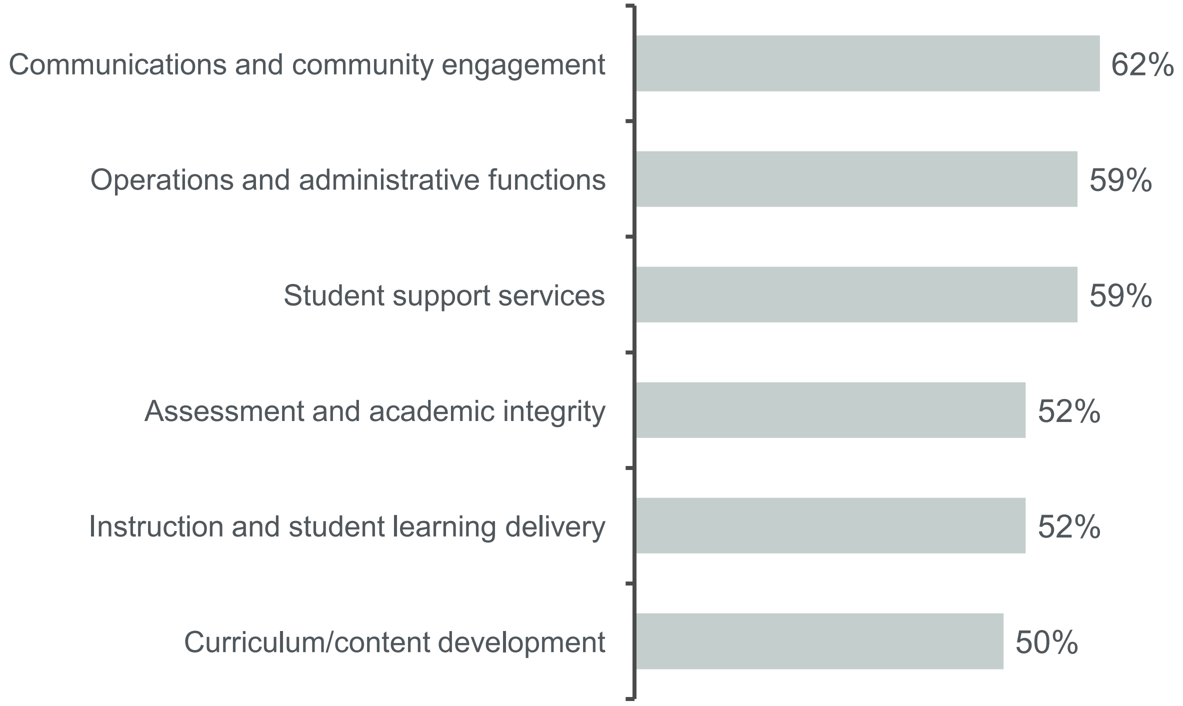
Survey: Q27. Thinking about this academic year (2025-26), how important does your school district, university or college consider implementing AI (artificial intelligence) across instructional and operational capability sets to be? Please indicate the level of importance on a scale of 1 to 7: where '1 - not at all important' to '7 - very important'. Please select one; Q28. Thinking about this academic school year (2025-26), which area(s) is your school district, university or college currently exploring, or planning to implement, AI (artificial intelligence) in, if any? Please select all that apply
Source: L.E.K. survey and analysis

Within higher education, AI adoption is somewhat more advanced, with early implementations centered on communications, administrative operations and student support

Perceived importance of AI implementation, by institution type (AY 2025-26)
% of respondents selecting (N=101)



Areas where higher education institutions are exploring or implementing AI (AY 2025-26)
Percentage of respondents selecting each as a top 3 area (N=101)



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Source: L.E.K. survey and analysis

AI-based technologies have emerged across a range of educational use cases

Key 2026 trends | AI-enabled learning

1 Adaptive diagnostics for personalized learning pathways

dreambox LEARNING; McGraw Hill ALEKS

- AI algorithms continuously update learner models to re-route skill-by-skill practices in real time
- This enables test prep and tutoring by focusing on high-impact gaps to shorten practice time

2 Teacher co-pilots for content generation and differentiation

MagicSchool; BRISK TEACHING

- AI is moving upstream into content creation and day-to-day teacher workflows
- This trend accelerates content supply and can materially reduce prep time, particularly for teachers managing mixed-ability classrooms

3 GenAI tutors and study companions

KHANMIGO by Khan Academy; coursera

- LLM tutors are increasingly positioned as coaches and are being embedded into trusted learning brands
- For tutoring and test prep, this is enabling more constant support than historically required human tutor time

4 AI-enabled language fluency for conversation practice

duolingo; ELSA

- Language learning is shifting from speech recognition training to AI generative role-playing dialogue
- This is a strength of AI as progress can be measured continuously, and AI can provide more corrective feedback

5 Grading/assessment automation and rubric-aligned feedback

gradescope; turnitin

- Institutions are adopting AI to speed grading and improve feedback consistency, particularly for structured work and large classes
- Newer enhancements approach focus on process visibility and guided AI use

6 Accessibility and inclusive learning through multimodal AI supports

Amira LEARNING; NUANCE

- AI's inclusivity use case is expanding from speech-to-text into full accessibility stacks supporting multimodal coaching and text simplification
- This has the most impact in early literacy and settings with scarce 1:1 support

Source: L.E.K. research and analysis

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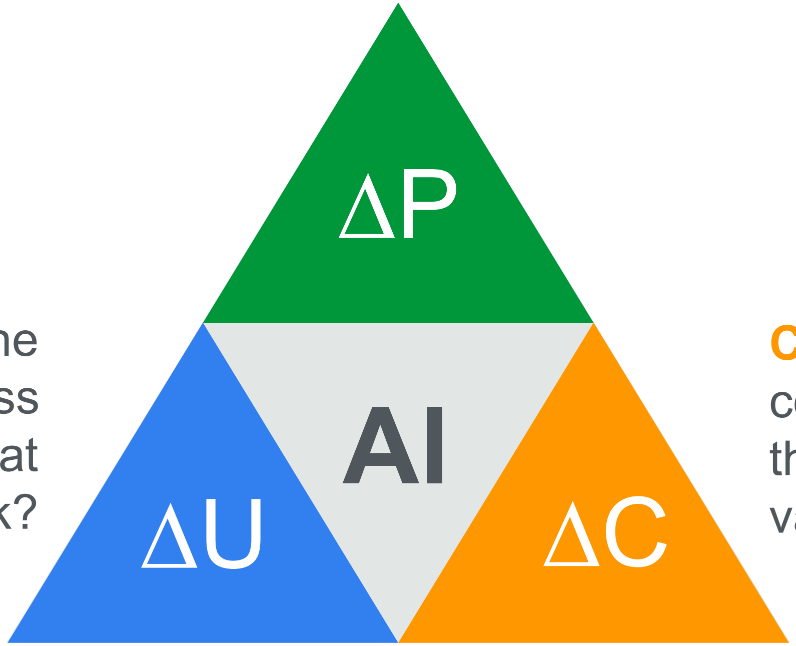
L.E.K. has developed an AI value creation framework to help clients evaluate potential opportunities and corresponding impact of different AI applications and implementations

L.E.K.'s AI value creation framework

Performance: How can AI increase efficiency, productivity and speed?



Unique opportunities: Given the unique assets, capabilities, access and permissions of a company, what new opportunities can AI unlock?

Competition: How can AI provide competitive advantage both within the education sector and across the value chain?

This framework helps identify various opportunities to leverage AI across different value levers within the education sector

AI opportunities in the education sector, by value lever

ΔP Performance
Power up efficiency, effectiveness and performance

ΔC Competition
Create an advantage within the market or across the value chain

ΔU Unique opportunities
Unlock new opportunities with unique assets, capabilities, access or permissions

	ΔP Performance				ΔC Competition			ΔU Unique opportunities		
Focus areas	**Enrollment and admissions**	**Academic operations**	**Faculty & staff development**	**Student engagement & success**	**Tuition & pricing optimization**	**Marketing & recruitment**	**Student retention & advancement**	**Immersive & experiential learning**	**Modular, life-long credentialing**	**Networked ecosystems & partnerships**
Opportunities	Predictive enrollment forecasting	Intelligent scheduling for campus usage optimization	Personalized professional development pathways	Early-warning systems to flag at-risk students	Dynamic tuition/pricing models	Optimized A/B testing for recruitment campaigns	Churn-prediction models for students	AR/VR simulation labs	Dynamic micro-credentials for match workforce demands	AI-powered courseware marketplace
	AI-driven applicant scoring and segmentation	Adaptive learning for personalized instruction	Predictive analytics for staff retention	Real-time learning analytics to inform interventions	Predictive analytics for scholarship and financial aid	AI-driven lead scoring for prospective students	Personalized academic/social engagement journeys	AI-driven virtual coaching	AI-enabled career pathfinding for alumni	Joint venture platforms
	Automated outreach to prospective students	Digital simulation labs	Automated performance feedback	AI-powered support chatbots for 24/7 Q&A	Competitive price benchmarking	Virtual agents for inquiries and campus visit scheduling	Behavior-based “recognition” programs	Global classroom collaborations	Stackable online/offline programs	Analysis of crowdsourced insights
	Data-informed scholarship allocation	AI-assisted grading	AI-driven recruitment (matching and hiring)	Automated nudging campaigns	Bundling strategies to differentiate offerings	Marketing campaign performance analytics	Segment-specific interventions	Embedded data-driven feedback loops	“Always-current” transcripts inferred from extracurriculars and on-the-job experiences	Strategic data monetization using AI/ML to produce insights

Source: L.E.K. research and analysis

Connect with us

Jitin Sethi
Managing Director,
Education Practice

J.Sethi@lek.com

Laura Brookhiser
Managing Director,
Education Practice

L.Brookhiser@lek.com