Education & Training Market Trends

The Education and Training sector has witnessed significant change in recent years as learning providers continue to adapt their business models to deal with changes in learner delivery preferences post pandemic, corporates strive to deal with increasing skill gaps in their workforce and the market embraces greater use of technology in delivering learner outcomes.

Against this backdrop we outline below key trends in the sector and discuss how training providers can benefit and prosper, by demonstrating agility in responding to these opportunities.

1 Upskilling

- Corporates are finding recruitment strategies inadequate in servicing their skill needs and are engaging with alternative talent pools to satisfy these e.g. apprenticeships, “retired” workers
- There is also an increasing need to hire new skills to deal with the rapidly advancing adoption of digital, data-based and AI roles
- Training providers who can provide learners / clients with the required skills and qualifications will secure an enhanced market profile, generate “sticky” reoccurring income and increased attractiveness
- **More than 22 million UK workers do not feel that they are equipped with sufficient skills to unlock new career opportunities** (AIHR, Dec 2023)

2 E-Learning

- The aftermath of the pandemic has seen an evolution from predominantly online delivery to hybrid models combining the best of virtual and in-person delivery
- Corporates remain keen to combine the flexibility, efficiencies and cost-savings from online models with the benefits of interacting with a cohort from physical / in-person courses
- Learning providers need to incorporate flexibility in their models to embed themselves more fully in clients’ models and align with the differing requirements of client and learner groups
- **60% increase in information retention via E-Learning** (Oxford Learning College, 2023)

3 AI

- The rapidly accelerating use of AI and how this impacts on the learner experience is one of the most pressing challenges for the Education & Training Sector
- Many providers are still evaluating how AI can best be deployed to enhance the user experience through generating data-driven decisions and learner pathways and delivering adaptive learning
- Learning providers that can rapidly pivot to embrace the benefits of AI into their learning models will be the key beneficiaries in the next phase of growth
- **20% increase in employee engagement in organisations utilising AI powered learning** (MDA Training, June 2023)

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Delivery

- Providers are adapting their models to accommodate new generations of learners who want to undertake their training in different ways and using different methods / media
- There has been a trend towards shorter learning formats and making use of virtual tutors and video content which can provide flexibility and increase learner engagement
- Online and shorter courses / modules provide increased flexibility for learners seeking to complete their training to fit around busy lifestyles
- Providers who can offer a more personalised training experience will create a more positive learner experience and demonstrate an ability to cater for an ever-increasingly diversified workforce
- **77% of L&D professionals think personalised learning is vital to learner engagement** (eLearning Industry)

ROI Analysis

- With increasing pressures on training budgets and competition over financial resources, demonstrating clear ROI is becoming increasingly important
- Corporates are looking for providers to increase learner engagement, leading to reduced drop-out rates and improved pass-rates and to drive efficiencies through the process to reduce time committed to training, minimising any productivity impact
- The key is for learning providers' LMS systems to have the capability to track, monitor and report improvements in learners' competencies to provide visibility on progress and demonstrate ROI
- **Low confidence in ROI is the 4th most common reason training requests are rejected** (City & Guilds, 2023)

Gambit is an independent corporate finance advisory firm specialising in advising private and public companies on mid-market transactions in the UK and overseas. With offices in London and Cardiff, Gambit is widely recognised as a market leader in the provision of corporate finance advice to the Education & Training sector, having built up detailed industry knowledge and an enviable track record in deal origination and execution.

Gambit's dedicated Education & Training team has deep relationships with investors, vendors and acquirers and we understand the key issues and trends that drive M&A activity in the sector and how our clients' businesses are affected.

If you would like to arrange a call to discuss the current M&A market and opportunities facing the Education & Training sector in 2024 and how these relate to your business, please contact a member of our team.

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