

Brentwood Associates Completes Sale of Parchment

Instructure acquires the market-leading credential exchange network for \$835 million



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/EINPresswire.com/ -- Brentwood

Associates ("Brentwood"), a leading

growth-oriented private equity firm, has closed the sale of PCS Holdings, LLC ("Parchment") to Instructure Holdings, Inc. (Instructure) (NYSE: INST). The all-cash transaction values Parchment at \$835 million, or approximately 23 times Parchment's 2023 Adjusted EBITDA.

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Parchment operates the largest and most comprehensive network for the exchange of academic and professional credentials. Parchment's mission is to help turn credentials into opportunities, and the company's platform helps achieve that mission by reducing friction involved with student mobility in an increasingly decentralized education system. The Parchment platform has helped millions of learners and over 15,000 academic institutions and companies exchange more than 165 million transcripts, diplomas, certificates, badges and other credentials over two decades.

“We entered the post-secondary transcript market in 2018 through our initial acquisition of Credentials Solutions, with a thesis that we could build the largest network to exchange academic and professional credentials for academic institutions and learners worldwide by consolidating the market, investing heavily in product innovation and driving customer excellence,” commented Craig Milius, Partner at Brentwood. “In 2020, in partnership with ed tech visionary Matthew Pittinsky, Ph.D., CEO of Parchment, Brentwood combined the businesses and accelerated that shared vision to create a unified platform that integrates the issuing and receiving of credentials, backed by a customer service model that puts the learner as its core,” Milius added.

As CEO, Pittinsky led the integration of Parchment and Credentials Solutions and set the strategic

vision and growth strategy of the combined company. Commenting on the transaction, Pittinsky said, "It has been an incredible journey with Brentwood and the talented Parchment team we call 'Parchies'. I am very proud of the success we have achieved in transforming Parchment into the clear market leader in credential management. Brentwood has been a great partner by providing both capital and significant resources that have helped drive innovation and accelerate profitable growth. We are excited about Parchment's next chapter as part of the Instructure platform."

Following the combination, Brentwood supported management to drive a platform consolidation, full customer migration and complete four additional acquisitions. These operational initiatives moved the company from a single product to a multi-product model, extended market reach from a significant higher ed focus to include K-12, and from a domestic focus to a leading global exchange. Craig Milius further commented, "Matthew has been a great partner, and this outcome is a result of his vision and the entire Parchment team's dedication to the company's mission of supporting lifelong learners. We are grateful to have had the opportunity to contribute to Parchment's success, and we look forward to seeing the company extend its Award and Pathways solutions in the years to come."

Steve Moore, Partner at Brentwood, added, "Parchment is a strong example of Brentwood's focus on partnering with and growing category-defining businesses. We were able to execute an operational playbook with significant complexity that translated into substantial scale, significant profitability and expanded product breadth. During our hold period, revenue quintupled, compounding at greater than 30% per year, and EBITDA increased more than seven-fold. These metrics reflect the combination of a strong partnership and excellent execution by Matthew and the Parchment team."

Macquarie Capital acted as lead financial advisor, Robert W. Baird & Co. also acted as financial advisor, and Latham & Watkins LLP acted as legal advisor to Parchment in connection with the transaction.

ABOUT BRENTWOOD ASSOCIATES

Brentwood Associates is a Los Angeles-based private equity investment firm with a 30+ year history of investing in middle-market growth-oriented consumer and technology-enabled business services companies. Since 1984, Brentwood's dedicated private equity team has invested in over 50 portfolio companies with an aggregate transaction value of over \$7 billion. With significant experience in both investing and brand building, Brentwood is a value-added partner for entrepreneurs and senior management teams building world-class companies. For more information about Brentwood, please visit www.brentwood.com.

ABOUT PARCHMENT

Parchment believes credentials matter in the lifelong journey of a learner. Offering the most comprehensive academic credential management platform and network, Parchment helps learners, academic institutions and employers request, verify and share transcripts, diplomas,

and other credentials in simple and secure ways. The Parchment platform has helped millions of learners, over 13,000 districts, university registrar offices, institutions in five additional countries outside of the U.S. through Digitary by Parchment, state education agencies, and receivers (including university admissions offices, background check companies, employers, college application services, Online Program Managers, and certification and licensing boards) exchange transcripts, diplomas, certificates, comprehensive learner records and other credentials globally.

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