



Two
can



together



Education technology was a sub-sector which the Tech & Telecom team had been working on for some time following an earlier investment in Promethean, a UK-based provider of interactive learning products. This top-down approach led the team to husband and wife team Nancy Knowlton and David Martin in Calgary.

Enterprise value at entry Enterprise value at exit

€675m €1.1bn



Classroom technology

Value added by Apax Partners Exit route: IPO
 Strengthened management team
 Expanded business internationally
 Expanded product range

students
work
simultaneously



Smart Technologies continued

76



Far left Touch screen technology has become second nature to many of the current generation of school students.

Right Technology has become an integral part of the modern classroom. SMART is a key developer of these learning systems.



Identify

Getting SMART

In August 2007, funds advised by Apax Partners completed the CAD\$ 977m acquisition of SMART Technologies, the Canadian developer and supplier of interactive display systems, with its founder managers, David Martin and Nancy Knowlton.

The husband and wife team, who had launched the business 20 years previously, underlined their ongoing commitment to the business by reinvesting a significant portion of the sale's proceeds as part of the investment and they remained responsible for the running of the Calgary-based firm.

Part of the daily lives of teachers and students alike

For the investment adviser, SMART Technologies represented an especially attractive target: it is a clear leader in the global market for interactive display products, such as interactive whiteboards (IWBs), voting devices, pen displays and other classroom management and web conferencing software.

SMART's IWBs in particular have become an integral part of the lives of millions of students and teachers globally, helping to improve the effectiveness and efficiency of teaching and making the learning experience a stronger one. The group's screens are so deeply entrenched in the market that the term 'SMART board' has become the generic name for IWBs irrespective of their origin. With a 50% global segment share, the group's screens are present in over 1 million classrooms and meeting rooms globally. In the UK alone, SMART IWBs have been installed in around 50% of the country's 700,000 classrooms.

In other regions the company's penetration is not so deep, underlining the scope of SMART's growth potential. In the US, SMART IWBs are used in around 35% of the country's four million classrooms, while global penetration stands at about 5% (of 40 million classrooms).

The other key factor behind the investment adviser's decision to back SMART Technologies was the firm's best-in-class financial track record. Prior to the investment by Apax Funds, SMART had been profitable for ten consecutive years, and in the three years to 2007, the business had seen revenue growth of 32%, with annual EBITDA margins of 22–24%.

Classrooms and
meeting rooms served

1m+

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Support

Making the best better

Over the course of Apax Funds' tenure as an investor, the investment adviser has worked with management to expand the company geographically as well as into new product areas such as touch-screen technology. To this end, in 2010, the company completed the acquisition of NextWindow, a touch-screen technology provider. It has also helped to expand the market by identifying and expanding new markets such as business and government users.

Since the Fund's investment, the company has also significantly enhanced the management team, recruiting a number of new hires to help the business as it achieves global scale, including a new CFO, and vice presidents of Marketing, Operations, Alliances and Legal.

Realise

Multiple exit options

From the outset, the options for Apax Funds to realise their investment in SMART had been varied: the company's strong presence in the Education sector would have made it an attractive target to many strategic buyers (think educational publishers, software or hardware businesses), while its global presence and compelling growth story made SMART the perfect candidate for an IPO.

In the event, a public listing was seen as the best route to enable the company to pursue its global growth strategy; in late 2009 the company mandated a number of investment banks to lead it through that process.

On 14 July 2010, the company's stock was priced in the middle of its filing range at \$17 per share. The company's shares began trading jointly on the NASDAQ Global Select Market and Toronto Stock Exchange on 15 July.

At the time of the IPO, Apax Funds sold a portion of their holdings, while retaining a fully diluted shareholding of just under 30% in the business.

Having steered SMART to its position on the public markets, CEO Nancy Knowlton and Chairman David Martin remain in place at the helm of the business.

Following recent market fluctuations, Apax Funds retain a significant stake in the business and are confident in its future long-term growth potential.