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Investment Opportunities for a Search Fund in the Spanish Education Sector: Blended Approach and Company Evaluation

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RESUMEN

Este trabajo examina el potencial de las Sociedades de Búsqueda como estrategia de inversión dentro del sector educativo español. El estudio destaca el impacto transformador de los avances tecnológicos y la pandemia de Covid-19 en la educación, con el objetivo de entender cómo las Sociedades de Búsqueda pueden capitalizar estos cambios en el sector. El estudio comienza con una visión global de la industria educativa antes de centrarse en España, donde analiza las tendencias actúales, los impactos de la pandemia, el panorama económico y la implementación de modelos de educación híbridos. Ofrece un análisis detallado de la creciente presencia de las Sociedades de Búsqueda en España, detallando sus criterios de inversión y los sectores específicos donde este modelo ha mostrado interés, particularmente en la tecnología educativa (Ed-tech). El estudio concluye con un análisis de una oportunidad de inversión en una empresa de este sector, evaluada según los criterios de las Sociedades de Búsqueda, ilustrando cómo la innovación educativa puede ser una gran oportunidad de inversión.

Palabras Clave: Sociedades de Búsqueda, Tecnológica Educativa, Avances Tecnológicos, Educación en España.

ABSTRACT

This thesis examines the potential of Search Funds as an investment strategy within Spain's educational sector. The study underscores the transformative impact of technological advancements and the Covid-19 pandemic on education, aiming to understand how Search Funds can capitalize on these developments. The study begins with a global overview of the Education Industry before focusing on Spain, where it analyses current trends, impacts of the pandemic, economic landscape and the adoption of blended education models. It offers a comprehensive review of Search Funds' growing presence in Spain, explaining their investment criteria and the specific sectors where this model of investment has shown interest, particularly Ed-tech. The study concludes with an investment opportunity analysis of a company within this sector, evaluated against Search Funds' criteria, illustrating how educational innovation can intersect with investment opportunities.

Key words: Search Funds, Ed-tech, Technological Advancements, Education in Spain.

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CHAPTER 1: Introduction

1.1.- Purpose

The purpose of this study is to examine the role of Search Funds as a distinctive and effective investment strategy within Spain's educational sector, highlighting its potential when driving for profitability and innovation. Over the past decade, Spain has experienced a notable increase in both the number of Search Funds and the volume of capital they have invested. The data presented will demonstrate a marked interest from these investors in technology, with a particular emphasis on the Ed-tech sector.

Given the transformative forces such as evolving workforce dynamics, technological advancements, and the impact of Covid-19 on education, this thesis aims to explore how Search Funds can capitalize these changes and pursue profitable investment opportunities while generating significant impact. The investigation begins with a global perspective on the current state of the education sector before focusing more narrowly on Spain, examining aspects such as current trends, the pandemic's effects, the economic landscape and the adoption of a blended education model.

This thesis will detail how Search Funds are strategically poised to capitalize on these changes. It will then delve into the expansion of Search Funds in Spain, their investment criteria, and their focus on specific industries, with a special focus on Ed-tech. The purpose is to provide an exhaustive overview of the potential of Search Funds, especially when aiming to drive educational innovation. This sector is undergoing rapid changes, making it critical to explore the trends that could shape the future of education.

Following this analysis, an investment opportunity will be presented. The company in question will be thoroughly examined and evaluated based on the information carefully studied regarding the current situation in the sector and the specific investment criteria of Search Funds.

1.2.- Objective of the Study

This study seeks to dissect the potential of Search Funds within the Spain's educational landscape, particularly in light of recent technological advancements and the Covid-19 pandemic. The study aims to:

1. Examine the role of Search Funds as a unique and effective investment strategy within Spain's educational sector, highlighting its ability to drive profitability and innovation.
2. Explore how Search Funds are positioned to leverage transformative changes, including shifts in workforce dynamics, technological progress and educational modifications prompted by the Covid-19 pandemic.
3. Offer a thorough analysis of the potential for Search Funds in driving educational innovation.
4. Present an investment opportunity by conducting a detailed examination and evaluation of a company within the Ed-tech sector.

1.3.- Methodology

For the exploration of investment opportunities for a Search Fund in Spain's educational sector, the method adopted was an analytical-synthetic approach. This study begins with the analytical phase, in which the thesis meticulously deconstructs the educational sector. This includes a detailed analysis of both the global and Spanish educational sector. It extends to a precise investigation of the investment patterns of Search Funds, analyzing their investment criteria and targeted industries, with a particular focus on Ed-tech.

Following the analytical exploration, the methodology transitions into the synthetic phase. This involves combining detailed observations from both the industry and investment trends to understand the factors that influence investment opportunities for a Search Fund in the Ed-tech sector. The analysis then extends to synthesizing the financial and market evaluations of a selected Ed-tech company, incorporating forecasts and projections.

The research methodology concludes with a phase focused on strategic decision-making, integrating the insights gathered previously to formulate a recommendation regarding the investment potential of the company. This stage integrates detailed examinations of the sector and specific investment trends with a comprehensive consolidation of these factors in relation to the strategic goals and requirements of Search Funds. This way, the thesis explores the intricacies of both the Spanish educational sector and Search Funds criteria, unveiling the investment prospects within the Ed-tech domain.

CHAPTER 2: Education Industry & Search Funds Context

2.1.- Education Highlights

In a world where change is the only constant element, the future of education is a turning point, profoundly influenced by transformative forces such as automation, technological advancement and even workforce dynamics. Insights from a McKinsey report that studies the future of learning indicate the complex interactions that exist between these variables and the global education ecosystem. As automation increases the education sector must shift to adapt its capabilities to the new demand, being able to incorporate in this way all the desired changes needed in today's evolving world and society. This report emphasizes the importance of integrating technological components in education, due to the accelerated transformation caused by Covid19 (Dorn et al., 2021).

Before the pandemic the education sector had never undergone such drastic changes in a short span of time. However, in the last few years the dynamics of this sector have faced a rapidly evolving landscape that are shaping the future of education (Durakbasa et al., 2018). Nowadays institutions are adapting their teaching systems trying to integrate a model that combines a mix of cognitive, social, emotional, and technological competencies.

The adoption of technology in education is portrayed as essential, yet calls for a cautious approach, especially in granting students independence in their learning journey. The current aim of the new education models is to balance personalized learning and digital skills integration, particularly in early education stages, advocating for a blended approach that comprises traditional and innovative models. (Chassignol et al, 2018)

Nevertheless, an issue that is arising is that these technological approaches integrated only in certain institutions are reinforcing disparities in the education sector. While education currently relies on digital platforms and technological resources, those students from lower-income families or communities seem to be falling behind. A recent article published by The Harvard Political Review addressed exactly this topic, underlying how during the Covid19 pandemic these new approaches to education widened the gap and highlighted how much this sector is evolving and will drastically change (Bruce, 2020).

Therefore, delving deeper into the current changes that the educational sector is undergoing, this analysis will examine how the introduction of innovative practices and technological advancements is revolutionizing the industry. Despite facing numerous challenges, this integration presents a unique opportunity that if addressed correctly can be extremely profitable. At the heart of this transformation is the intersection of technological and traditional educational practices. Through investigating this fusion, a new model of education can be found which clearly represents how the future will look like.

2.2.- Search Funds Highlights

Based on an insightful report by IESE Business School, which offers comprehensive insights into the mechanisms and characteristics of Search Funds, it's clear that this model represents a distinctive entrepreneurial strategy. Individuals, typically with expertise and backgrounds in business management or investment, establish a fund with the aim of acquiring, managing, and growing a company. This model is characterized by a unique structure, which involves a search phase and an acquisition phrase (Kolarova et al., 2022).

During the search phase, the entrepreneur with financial backing from investors, identifies a promising company to buy. This step involves an extensive analysis of the market, a company evaluation and negotiations which demand a lot of time and resources. The entrepreneur's aim is to find a privately-owned business that offers significant growth potential and also aligns with the entrepreneur's knowledge.

Once a target is selected, the search fund enters the acquisition phase, where additional investment is secured to facilitate the purchase. The entrepreneurs then step into leadership positions, typically as CEOs, aiming to drive the company towards significant growth and enhanced operations. This approach of the search fund model enables investors to be directly involved in the company's development, which is what differentiates it from other types of investment strategies.

A crucial element of this model is the partnership that it offers between the search fund entrepreneurs and its investors. Entrepreneurs have the ability to lead and develop a business, while in turn investors have the opportunity to contribute to a curated selection of companies with potential for substantial results.

In essence, a Search Fund is a model that combines entrepreneurial drive with strategic financing, aimed at identifying, acquiring and cultivating business with hidden potential. Its success relies on the combination of driven entrepreneurs and supportive investors, working towards the common goal of creating value through the growth of the business (Kolarova et al., 2022).

Adjusting the focus towards the education sector, the Search Fund model can be a highly effective strategy. In this scenario, entrepreneurs might target educational institutions or Ed-tech companies that are poised for innovation and growth but require strategic leadership and funding to achieve this.

Once a suitable target is identified, the possibilities are endless. Entrepreneurs may focus on enhancing the implementation of new technologies, expanding access to education or developing innovative programs.

CHAPTER 3: External Market Analysis

3.1.- Education Industry Overview

3.1.1.- Education on a Global Level

The global education sector is currently undergoing a transformative era marked especially by a significant shift towards digital and e-learning platforms (Abad-Segura et al.,2020). This is driven by the necessity to adapt educational models to the advancements in technology which are currently shaping a new scope of skills demanded in the global job market. All these factors are emphasizing the need for more adaptive and flexible learning methodologies, which lead to lifelong learning and continuous skill enhancement rather than mere memorization.

As a report produced by McKinsey underlines, there is an urgent need for the global education sector to address the evolving landscape of skill requirements. It emphasizes how education keeps shaping every aspect of the world, especially the skills demanded in the workforce (Dorn et al., 2021). Therefore, it is crucial to redefine early ages of education in a way that allows an early integration of such modifications to adapt this critical demand to the skills provided.

These types of changes include not only digital literacy, but also critical thinking, problem-solving, and adaptability. The report highlights a holistic approach to education, moving beyond traditional learning methods that often lead to mere memorization (Dorn et al., 2021). A solution to this problem has been identified through the integration of platforms that enhance educational learning and help students gain further knowledge regarding the topics studied. This approach transforms their learning experience from simple absorption to a more engaging experience that deepens understanding and knowledge acquisition.

Additionally, to keep evaluating the education sector on a global level it's crucial to consider the insights from the PISA [1]report, an international initiative by the OECD[2]. The program's aim is to equip participating nations with a framework to develop, review and adjust their educational policies with the goal of providing the best possible education for all their students.

The PISA assessment published in 2022 provided an in-depth analysis of the state of global education after the pandemic. After conducting a study across 81 countries, it is very clear that Singapore is the country that excels among the ratings. The reason behind the position of this top performer is attributable especially to factors related to the introduction of technology as a fundamental tool for learning. Moreover, the report stresses the significant impact that the variable socio-economic factors have on students' performance, advocating for an increase in educational equity.

Building on the insights from the 2022 PISA assessment and the notable success of Singapore in integrating technology into education. The UNESCO report on "Generative AI and the Future of Education" envisions a future where the integration of those educational innovations will completely reshape the educational landscape. The report highlights how education can achieve a whole new potential by adding technological elements that can shape the content provided depending on the capabilities of the students. This way, if AI is properly integrated into education systems it can offer significant benefits and provide customized content for students (Chassignol et al, 2018).

[1] The Program for International Student Assessment (PISA) is an international assessment that measures 15-year-old students' reading, mathematics, and science literacy.
2 The Organisation for Economic Co-operation and Development (OECD) is an international organisation that works to build better policies for better lives.

The UNESCO report explores the dual implications of AI's introduction, highlighting its potential to enhance educational experience while also presenting challenges to traditional roles. However, the most crucial aspect is the ethical implementation of AI in education. Such an approach can ensure that future generations make responsible use of AI tools, thereby transforming the educational landscape and equipping students for a digitally innovative future.

3.1.2.- Education in Spain

The Spanish education system aligns with global trends, constantly adapting to the changes brought by technology especially after the pandemic. It is currently focused on enhanced inclusivity while integrating the digital skills required in the 21st century (Manzano-Sánchez et al., 2021). The aim is to ensure that all students, regardless of their background, have access to a comprehensive education that emphasizes the most important areas of learning. By enabling students to engage in such practices, they obtain the tools necessary for success in a growth-oriented and rapidly evolving world.

The Spanish education system accommodates educational levels from early childhood to higher and adult education. However, according to the Ministerio de Educación the system requires compulsory education from ages 6 to 16, encompassing primary and secondary education. From there, families and students are allowed to decide if the individual will pursue other options of upper secondary education and after university studies.

The focus of the thesis is on the years of compulsory education, encompassing primary education and secondary education, comprised of six and four years, respectively. The first six years are centered around foundational subjects such as mathematics, language and literature, and natural and social science. The subsequent four years cover more advanced topics and offer students with a wide variety of electives to have the ability to choose areas of specialization based on their interests.

Nevertheless, the Spanish education system faces challenges similar to those encountered worldwide, such as an equal access for students from diverse socio-economic backgrounds, while also dealing with additional challenges due to various types of regulations. The purpose of the education law is to ensure educational quality in Spain which is done by introducing significant reforms (Puelles Benítez, 1996). However, the sector has also been significantly impacted by the frequent changes in government and educational authorities. The system has

undergone many transformations through the years that often mirror the ideologies and educational philosophies of those altering governments, leading to inconsistency in educational policies. (Cuñat Rold & Cuñat Giménez, 2022). Further information in Annex 1.

Looking at recent data provided by the Ministerio de Educación y Formación Profesional it can be seen how in the year 2022-2023, a large portion of the budget was directed towards enhancing educational quality and accessibility. The investment section clearly reflects a commitment from the government to improve infrastructures and resources as the data illustrates a continuous increase in educational funding. Moreover, part of the finances were also directed towards supporting students financially, increasing the number of scholarships and grants. As it can be seen in the report, between the years of 2011 and 2022 this sector has increased by 29.15% the number of scholarships offered to students. This commitment underscores Spain's dedication towards the creation of a more inclusive and high-quality educational system.

Nevertheless, taking a closer approach to the future of education, the presence of Ed-tech companies becomes evident. Complementing this growing necessity with the new models of investment, it is clear that the intersection between Search Funds and the Edtech industry in Spain can be highly beneficial.

The Search Fund model has gained traction in Spain, partly due the promotion by the IESE Business School. This model is appealing because it offers investors a direct influence in the company and a direct pathway to operational reforms, highly increasing the impact that they have in the companies they invest in (Kolarova et al., 2022). Unlike Private Equity funds, Search Funds typically target medium-sized companies. This is why, the synergy between Search Funds and the Edtech industry can be crucial, as the number of Edtech companies in Spain keeps increasing and is projected to grow by 5.65% between the years 2024 to 2028 (Statista, 2023).

The synergy between Search Funds and Edtech companies is driven by a combination of technological advancements and growing market needs. The rapid digital transformation of Spain's educational sector has created an appealing scenario for both Edtech companies and Search Funds in pursuit of substantial growth. The shared ambition of both, aiming to create long-term value through innovation and growth, sets the perfect scenario. Additionally, the

growing demand for educational technologies underscores a highly beneficial market opportunity.

3.1.3.- Economic Landscape

The education sector in Spain has undergone a significant transformation in recent years. It has gained relevance in both the public and private sectors, where it has become one of the main focuses of investment for the State and households. According to the newspaper Expansión and a report published on the general State budgets in 2022, the spending dedicated to education in Spain in 2022 increased by 2.66% compared to 2021. The amount dedicated to education in 2022 was 5,023 thousand euros, representing 1.09% of the total Spanish budget, while in the previous year, the expenditure was 4,893 thousand euros, corresponding to 1.07%. This allocation of the budget reflects a consistent upward trend.

Moreover, this marks a substantial transformation from five years ago when the education budget was 2,524 thousand euros reaching just 0.71% of the total budget for the year 2017, highlighting a significant rise in investments over the medium term.

Concurrently, Spanish households have played a significant part in fostering educational growth. According to the data provided by the National Accounts, updated by the INE [3]in 2019, expenditures reached figures of 11,267 million euros in 2019, which represents 0.94% of the Spanish GDP.

The significant increase in financial support for Spain's education system has been crucial for the digital revolution. Funding now requires numerous additional costs as a new model of education is incorporated, leaving behind conventional education spending. Currently, costs prioritize online digital platforms and ICT competencies among teachers. This is the only way to help students be ready for the competencies required in the 21st century.

The cumulative effect of increased investment is evident in the Spanish education system, as reflected in its positive performance. One of such changes can be seen in the notable reduction in the early school dropout rate, it has decreased by 1.2 points with respect to 2019 and 12.1 points over the past 10 years.

[3] Instituto Nacional de Estadistica (INE): Spanish public body tasked with the creation, supervision, and coordination of national statistics.

Moreover, according to the statistics provided by the INE in 2023, there has been an increase in enrollment, especially when analyzing gender-specific patterns, which offers very relevant insights into educational dynamics. Notably, for ages 16 and 17, female enrollment rates are consistently higher than those for males, indicating lower cases of dropout rates among females. Lastly, at the theoretical age for higher education (18), the gender gap is striking, as the enrollment rate for females in the 2020-2021 academic year exceeds that of males by 13.4 percentage points.

Therefore, the educational landscape in Spain has experienced a significant shift over the past few years, which is evident through increased investments. The budget allocation has consistently risen, and this financial support has resulted in many positive outcomes. The overall performance of the Spanish education system has shown enhancement not only in quantitative spending but also in qualitative improvements that define the evolving landscape of Spanish education.

3.2.- Effects of the Pandemic in the Education Market

3.2.1.- Background and situation before the Pandemic

The scope of this topic can be extremely broad; however, the OECD created a very useful report called “Education at Glance”. This covered, country by country, how the pandemic affected the educational systems, giving useful insights into how they previously worked and why they had been disrupted by the Covid-19. It highlights critical aspects of the various alterations that such a period of time had on the previously established models.

Prior to the disruption caused globally by the Covid-19 pandemic, Spain’s educational system was organized mainly in traditional classroom settings. The most common educational model was a face-to-face approach which enabled direct interaction between the educators and learners (Nazarenko, 2015). The system provided a consistent educational framework through all the different autonomous communities, since national authorities determine the content of the educational programs. However, with the introduction of platforms, that slightly changed, as the new technological approach allows higher adaptability to local needs and innovations.

Moreover, another very important point is the assessment of students’ performance, which has drastically changed through the pandemic. Previously, it was entirely reliant on standardized testing. This approach had some benefits and also disadvantages, it allowed for detailed and

measurable outcomes. However, it also prompted debates regarding grading percentages and the lack of consideration towards the constant evaluation and hard work (Ilie & Frăsineanu, 2019).

Additionally, another issue that commonly arose was the difference in educational opportunities. Private schools offered systems of education that were completely different from those in public schools, and this continued to amplify systemic inequalities. However, thanks to the pandemic all educational institutions integrated a similar model of education in which the main approach was technology, and this new model is definitely here to stay.

Despite not integrating all the new technologies that other European countries were adding to their education systems, they were tested just the same. Students continued to participate in international benchmarks such as PISA, without considering all the variations in the education system. According to the OECD, this consistently led to negative results and positioning outcomes.

3.2.2.- Impact of the Pandemic

The Covid-19 pandemic has had profound implications for education, it has affected both the learning outcomes of students and their well-being. A critical factor was the widespread closure of schools, which caused the disruption of traditional learning environments and the need for alternative approaches. The extended periods of distant learning have emphasized the importance of finding a well-balanced approach. Research conducted by McKinsey states that daily schedules for hybrid learning have been proven to be more effective compared to lengthier intervals, such as weekly or monthly schedules (Dorn et al., 2021). Striking this type of balance is crucial to achieving consistent engagement and educational progress among students.

Moreover, the pandemic has also helped professionals recognize the need for a holistic type of education. It emphasized how essential it is to incorporate a more socio-emotional type of learning that is adjusted to each student and their circumstances (OECD, 2020). Beyond academic development, matters such as the physical and mental health needs of students have become more imperative than in the past. Thanks to all this, institutions are implementing models of education that provide a more comprehensive and supportive environment.

As previously mentioned, the Pisa report is the Program for International Student Assessment by the OECD. Its goal is to help countries enhance their education models by providing

comparable data, the assessment does not evaluate the student, but the method. The result revealed in 2022 found that technology has shaped education and learning for the better, especially thanks to personalization. The programs that have been integrated interpret the results obtained for each student and by analyzing how they study, they make the learning experience more granular and personalized. It is also considered more engaging, therefore simulations that would be seen as difficult are done in virtual laboratories through more dynamic methods (Navarro-Martinez & Peña-Acuña, 2022). When comparing Spain's performance to other OECD countries, it becomes evident that the scores obtained align with the OECD average. This suggests that even though the performance aligns with the global education systems, there is still room for improvement to exceed the median performance level.

Even though these innovations are pointing towards a new educational pathway, it is essential to remember that reading skills remain indispensable and they should always keep being integrated. The previous study also found that three out of ten students did not feel confident completing their schoolwork independently, however what these platforms provide is a guided type of independent education for those activities.

Moreover, teachers can see and evaluate how their students are doing more effectively, since they receive feedback from the platforms, and can then integrate it into their lessons. Even though students must assume accountability for their own personal growth, it is self-evident that some students will require more support than others. That is why technology can be a tool that supports that learning process.

Lastly, as stated by a report produced by the OECD during the pandemic, teachers perceived lower responsibility values and attitudes not only from their students, but also from their families. There was a highlighted need for measures that would help assess the levels of independent work. Once these platforms were added, such measures became accessible as students began coordinating more with teachers. This improved organization and coordination with both families and children and increased the levels of personal and social responsibility, which was reflected in higher levels of committed attitudes.

CHAPTER 4: Investment Trends in Education

4.1.- Current Trends (Spain & Global)

In recent years, the technological revolution has impacted all sectors, forcing readjustment. As a result, the education system has experienced various transformations and undergone drastic changes (Qureshi et al., 2021). The incorporation of technology has introduced a new educational landscape characterized by connectivism (Abad-Segura et al, 2020). This approach emphasizes the need for a blend of traditional and virtual learning within a digital social environment, promoting the integration of both methodologies. Nevertheless, this shift requires educators to adapt their skills as qualities such as technological proficiency and the English language are becoming essential in today's world (Educaweb, 2020).

The Spanish education reform, LOMLOE, focuses on improving the quality of education and underscores a move towards a more participatory learning process. This should be done by addressing the shifts in student behavior and learning needs. Students today differ significantly from those of a generation ago and this is due to the profound impact of globalization and new technologies on their learning, attention and approach to tasks.

This reform emphasizes the importance of Information and Communication Technologies, multilingualism, and vocational training modernization, aiming to align current models of education with labor market demands and a global interconnectivity.

Personalized learning is a complicated challenge that both students and professors must confront. However, one of the easiest ways to meet the demands of non-cognitive competencies is through the intensive use of technology. This support system can act as reinforcement and provide assistance in cases of underperformance, while also enabling motivated students to access additional resources beyond the classroom. All of this highlights the necessity of ICT in achieving educational quality (Durakbasa et al, 2018).

Additionally, due to the technological boom, emerging trends are continually emphasizing the need for new workforce skills, as well as teacher well-being, and adequate training programs. As society progresses, digital platforms will continue to play a crucial role in shaping the future of education, and adaptation to such necessities is crucial (Qureshi et al, 2021). Teachers are required to keep exploring these innovations and adjusting their educational model by integrating such platforms to stay aligned with the education systems of other countries. On the other hand, students will also need to develop new skills and literacies to be better equipped

for this form of learning, which will help them thrive and properly maximize the benefits of navigating independent virtual environments.

A major challenge that educators are facing is the alterations in students' attention spans. Data prior to the pandemic revealed a notable decline in the attention spans of younger generations, a trend that commenced around the year 2000 and has been aggravated by the worsened integration of technology into daily life. (Mark, 2023).

Simultaneously, a report by EDUCAUSE highlighted that the continuous use of technology is harmfully affecting students' capacity to maintain focus throughout traditional learning sessions, such as lectures. This phenomenon has prompted educational professionals to reconsider and adapt the traditional methodologies of learning. This is why the introduction of technological platforms has been crucial. These tools incorporate a type of education that presents them with excellent visuals and dialogues, along with dynamic activities that can hold their attention. These shifts represent a crucial change in teaching strategies, nevertheless, this approach allows educators to effectively capture and maintain students' focus.

Lastly, integrating Artificial Intelligence in education is emerging as a key trend. This tool is revolutionizing the way teaching works and reshaping all types of assignments. According to UNESCO's 2023 report, what has caused this disruption is its ability to personalize the content to the extent requested. However, studies are showing that if AI is properly integrated into education systems it can offer significant benefits and provide customized content for students (Chassignol et al, 2018). If used properly, this tool can provide a more engaged learning experience and address students' unique learning styles. Nonetheless, the implementation of AI must be approached with caution ensuring that students learn how to employ it properly. Sharma et al. (2019) emphasized how AI, through adaptive learning and intelligent tutoring systems, can significantly enhance the quality of education. This underscores the importance of careful integration of AI and how it can improve the overall learning experience.

Furthermore, the pandemic highlighted the importance of addressing student's social and emotional needs. Challenges that arose during the pandemic are still present, and schools need to ensure that they contribute to ease those personal troubles. A study conducted by González-Sanguino et al. (2020) indicates that students showed less ability to control the situation during the pandemic, as the younger population has fewer personal resources to help them deal with a crisis, therefore the implications that this implied are still present for many of them.

4.2.- Blending in Education; The Dual Approach

Blended education is also known as hybrid instruction, this combines face-to-face instruction with the incorporation of online tools that allow the students to accomplish higher levels of productivity through their assignments (Bonk & Graham, 2005). Face-to-face instructions provide students with the advantages of guided education, one of the most crucial benefits is that this enhances a culture of corrections and explanations right on the spot (Lankbeck et al, 2000). On the other hand, as Whitehead explained a more technological approach of education can potentially empower and broaden its scope, enabling students to learn at any chosen location just by having access to these technological tools and an internet connection (Whitehead, 2002).

Recent studies have confirmed the efficacy of blended learning for skill acquisition, highlighting the benefits of a model that accommodates to student needs and equips them with the necessary skills for their future (Qureshi et al., 2021). Moreover, it is essential to underscore the advantages of combining self -directed online learning autonomy with the support provided by in-person instruction (Singh, 2003). Researchers stress that the emphasis should not be on the superiority of one model over the other, but on how educators can effectively integrate both approaches to enhance the student experience and achieve a higher quality of education.

Table 1. *Advantages and Disadvantages of the Different Models of Education*

Aspect	Traditional Model of Education	Technological Innovations and E-learning
Learning Approach	Direct, face-to-face instructions	Digital platforms and online resources
Advantages	Facilitates personal engagement between teachers and students. Offers a well-organized educational framework with a fixed schedule and real-time feedback. Encourages discipline and the development of a routine.	Offers tools that adapt to individual learning styles and paces. Learning opportunities that are accessible anytime and anywhere Grants access to a vast number of digital resources and interactive tools enhancing personalized learning. Incorporates AI into education.

	Provides opportunities for social development and interaction amongst peers.	Aligns education with the evolving demands of the labor market.
Disadvantages	Heavily relies on mechanical memorization, limiting understanding. Uniform model of teaching which may not address individual needs. Minimal use of technology. Often neglects the importance of group work and collaborative projects.	Risks aggravating educational and skill inequalities, favoring students who have access to these tools. May lead to an over reliance on technology and a decrease in critical thinking skills. The constant use of technology can contribute to reduced attention spans.

Source: Own Elaboration, based on information obtained from the reports; Handbook of blended learning: Global perspectives, local designs (Bonk & Graham, 2005), Artificial intelligence trends in education: A narrative overview (Chassignol et al.,2018) and Digital technologies in education 4.0: Does it enhance the effectiveness of learning? (Qureshi et al., 2021)

It is evident that both traditional and technological education models possess distinctive strengths and weaknesses. However, in today's fast-paced world, adaptability and integration are crucial, making it essential to blend both approaches (Verawadina et al., 2020). The essence of blended education lies in the ability to effectively combine these methods, thereby offering a way to harness the advantages of each.

New Ed-tech companies play a crucial role in facilitating the adoption of such models. They support the maintenance of traditional classroom settings by offering a face-to-face approach, while also integrating technological platforms, primarily for homework. This integration enables educators to monitor student learning and maintain control at all times. When at home, if students require additional support or alternative tools to understand the content, these platforms can provide the necessary resources.

This approach is revolutionary as it maintains all the positive aspects of the educational system while strengthening its weaker points. With these tools, students who process information faster can access additional activities, or if desired, start seeing further topics enabling them to advance at their own speed. Meanwhile those who learn more slowly have access to extra resources to reinforce their learning. Another critical advantage is that these tools prioritize

understanding over memorization, addressing one of the biggest weaknesses of the traditional education method.

Lastly, additional aspects to consider include the benefits provided by these platforms which facilitate a flexible, freely and extensive approach to learning, accessible whenever and wherever (Verawadina et al, 2020). This model distinguishes by its ability to offer higher levels of freedom that enable learners to adapt their education journey to their personal schedule. The option of remote learning allows students to choose their preferred study locations. On a smaller scale, this choice might involve selecting a library or other places where their productivity levels increase. On a larger scale, it could mean participating in study abroad programs and international experiences that enrich their learning on multiple levels (Krismadinata et al, 2020).

4.3.- Search Funds Investment Criteria

In recent years, Spain has experienced the emergence and expansion of Search Funds, an innovative model that has captured global attention due to its ability to transform small and medium-sized companies. This model, which originated in the United States, has not only taken root in Spain but also thrived, thanks to its capacity to adapt to changing market dynamics. The introduction of this model has marked a significant milestone in Spain's investment landscape (Kolarova et al., 2022).

A comprehensive report by the IESE Business School on the International Presence of Search Funds in 2022 offers an extensive examination of this model. The report provides information about the different investment criteria employed globally and their influence by country and industry, all this information will be presented below.

The first Search Fund in Spain appeared in the last decade. Since then, the Spanish market has seen an upward trend in the creation of Search Funds, consequently leading to higher rates of company acquisitions. This emphasizes the model's ability to adapt to new market opportunities and capitalize on them. Its growing presence highlights its effectiveness.

The investment criteria of a Search Fund can vary according to the entrepreneur and the investors. These criteria, while flexible, tend to focus on specific characteristics that indicate growth potential.

- High Quality Revenue: There is a strong interest in companies with stable and recurring revenue. This highlights the need for a solid financial structure.
- EBITDA Margins and Industry Growth: Companies with high EBITDA margins and substantial growth prospects, it is essential that the industry in which the company operates is expected to experience growth and that the company is well-positioned among its competitors.

This table, provided by the IESE report, illustrates the extent to which those benchmarks are flexible and how every acquisition is a completely different type of operation. As follows it can be observed a more quantitative foundation of such investment criteria.

Table 2: *Search Funds Investment Criteria (Minimum, Median, Maximum)*

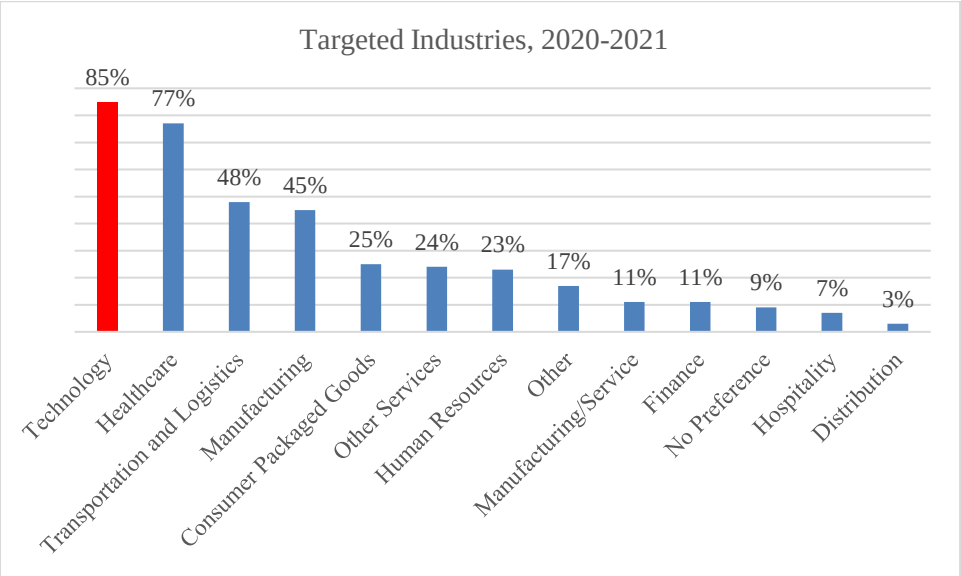
Additional Statistics for All Search Fund Acquisitions	**Minimum**	**Median**	**Maximum**
Company Revenues at Purchase	$1.0 M	$7.9 M	$31.6 M
Company EBITDA at Purchase	$0.0 M	$2.0 M	$11.6 M
Company EBITDA at Margin at Purchase	0%	23%	68%
Purchase Price/EBITDA	NM	5.8x	25.0x
Purchase Price/Revenue	0.2x	1.4x	6.9x
EBITDA Growth Rate at Purchase	-80%	10%	94%
Revenue Growth Rate at Purchase	-50%	10%	53%
Company Employees at Purchase	12	58	1,200

Source: Own elaboration, based on information provided by IESE Business School in the report: International Search Funds-2022 (Kolarova et al., 2022)

4.4.- Targeted Industries by Search Funds

Search Funds are a unique investment vehicle that targets medium-sized companies, and this model has shown a notable pattern in its investment preferences. The following illustrations, provided by the IESE Business School, outline these preferences, highlighting the sectors that have attracted considerable investors interest throughout 2020-2021.

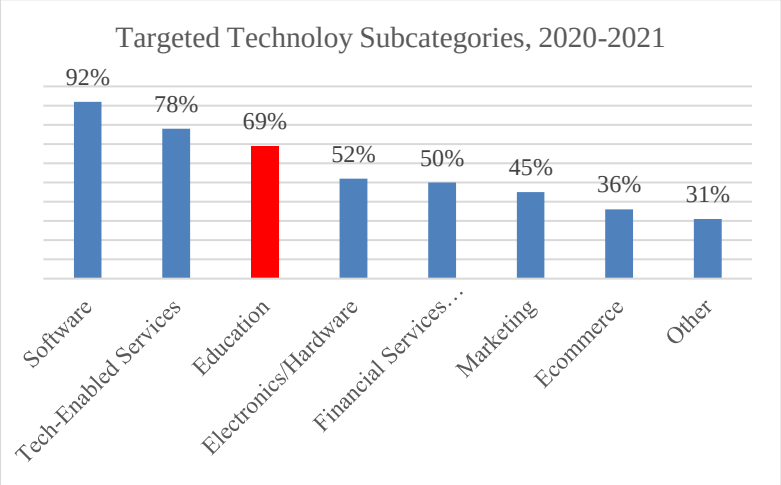
Figure 1. *Targeted Industries 2020-2021 by Search Funds*



Source: Own Elaboration, based on information provided by IESE Business School in the report: International Search Funds-2022 (Kolarova et al., 2022)

This exhibit facilitates an analysis through which it is easy to understand the types of opportunities that these funds target and where they concentrate their expertise and strategic efforts. Figure 1 represents a broader industry landscape, with technology (85%) leading significantly. This inclination towards the tech sector underscores the Search Funds' strategy of targeting sectors that demonstrate rapid growth and possess strong potential for future innovation.

Figure 2. *Targeted Technology Subcategories 2020-2021 by Search Funds*



Source: Own Elaboration based on information provided by IESE Business School in the report: International Search Funds-2022 (Kolarova et al., 2022)

Taking a closer approach, Figure 2 delves into the focus within the technology industry, revealing an even more important trend for this research. The education subcategory is noted at 69% standing out significantly, which highlights the current interest of investors in the Ed-tech industry. The pandemic has served as an accelerating factor for these types of innovations, establishing Ed-tech companies as essential globally. This report demonstrates how entrepreneurs are aware of this investment opportunity and are prepared to approach it.

When blending both perspectives, it is clear that Search Funds are strategically focusing their expertise towards a form of investment that supports technological advancements and has a societal impact. The Ed-tech sector represents the convergence of these objectives, offering Search Funds the opportunity to secure financial gains while transforming the education landscape.

CHAPTER 5: Company of Choice

5.1.- Introduction to Milton Education

The target selected is Milton Education, a global company that has specialized in the development of an intelligent educational method aimed at students of various ages, but especially those in primary and secondary education. This company was founded in 2015 and is located in Madrid, Spain. Nevertheless, it has headquarters in the United States, Europe and Latin America.

5.1.1.- Overall Analysis and Methodology of the Company

Milton Education's primary strategy is centered on developing and implementing a highly personalized learning approach. This innovative method of education is tailored to meet the individual learning levels of students, offering a unique learning approach that enables students to advance at their own pace, yet provides the necessary tools to support their learning. This dual focus emphasizes both independence and a guided learning approach.

The foundation of Milton's education methodology is a sophisticated online platform, acting as the source for this type of customized learning. The platform is designed to support learning through engaging activities that complement reading, listening and interactive play across a

variety of digital resources. Through the incorporation of these varied learning methods, Milton Education ensures that students can interact with educational material in ways that best suit their learning preferences.

At the center of this tailored education are advanced intelligent algorithms that make this customization possible. These algorithms play a crucial role as they enable the dynamic assessment of the student's performance in real time. The system is continuously adapting based on the results, adjusting the difficulty and the types of activities provided to enhance a better learning experience. This approach guarantees that each student is consistently challenged, as it ensures that the levels they encounter are neither too easy to lead to boredom nor too complicated to lead to frustration. It encourages students to navigate through the platform, advancing through levels and achieving high scores while integrating a video game framework into their learning.

Moreover, Milton Education includes a gamified component that adds excitement and a competitive edge to this learning experience. This enhances motivation and promotes a deeper commitment to the learning journey.

This combination of personalized learning and technological innovation positions Milton Education approach as highly effective. By offering a learning experience that adapts to the unique pace and learning needs of each student, the company can accommodate the diverse learning styles and capabilities of various children. As to all of this, Milton Education is a leader in educational innovation, demonstrating how an appropriate integration of technology into education can transform the industry and enhance educational results.

5.1.2.- Products Offered

Milton Education has developed a broad selection of educational products specifically designed to address such variety of different learning needs:

- Interactive Educational Platforms: This is the leading product of Milton Education's line. This online portal serves as an access point to a diverse range of activities, interactive games, audiobooks and informative videos. The key feature of this platform is its adaptability, offering personalized learning based on real-time feedback and maintaining a challenging yet achievable learning path for students.

- Audiobooks and Videos: Milton Education's multimedia resources are organized by levels of difficulty to cater student needs. These tools are both instructive and entertaining, providing significant advantages for subjects like English as they provide learners with the opportunity to listen to native speakers.

- Resources for Schools: Recognizing the critical role of educational institutions in the learning process, Milton Education has designed packages exclusively for schools. These packages include multiple resources such as up-to-date textbooks and digital libraries filled with interactive materials. These resources are designed to integrate effortlessly into current educational models, enabling teachers to easily incorporate them into their teaching strategies. This also provides training for educators and introduction programs to technology, therefore by ensuring that educators are well-equipped this company not only enriches the educational content but also empowers educators and teaching methodologies.

5.1.3.- Challenges and Opportunities

Milton Education as it operates for the Ed-tech sector, navigates a landscape filled with both challenges and opportunities. Among the challenges, a significant point to highlight is the rapid technological evolution. While these new tools enhance the learning experience, they demand constant adaptation and updates to educational platforms. This also involves ensuring that the content provided is up to date with current academic standards, requiring regular reviews and constant development of new materials that reflect the latest methodologies.

Lastly, another challenge is that it widens the gap in the quality of education based on socio-economic backgrounds. Institutions that incorporate these platforms and approaches can better prepare their students by adapting to their unique learning styles.

On the other hand, it offers numerous benefits that improve the learning experience. This enables students to incorporate innovative learning solutions that transform their educational journey. Additionally, the digital nature of these systems facilitates a global reach, extending education to an international scale. Lastly, as previously mentioned, this approach offers data-driven personalization, allowing students to receive a more tailored learning experience. It supports lifelong learning not merely through mere memorization, but through a focus on understanding and dynamic activities.

5.2.- Key Ratios

Table 3. *Milton Education Key Financial Metrics*

Milton Education	
Gross Margin	69.61%
EBITDA Margin	28.26%
Profit Margin	22.73%
ROE	28.43%
ROA	26.87%

Source: Own Elaboration, Information obtained by eInforma.

Overall, the financial ratios indicate that the company has outstanding profitability and amazing resource management capabilities. The Gross Ratio, in particular, demonstrates that the company effectively controls its production costs and upholds a strong pricing strategy. This margin highlights the company's ability to cover its operating expenses while maintaining profitability. Such a high gross margin suggests that the business not only manages its direct costs efficiently, but also establishes prices that customers are willing to pay.

The EBITDA Margin reinforces this perspective, by emphasizing the company's operational efficiency. A high EBITDA Margin indicates the company's success in converting sales into pre-tax profits, essential for maintaining financial health.

Moreover, the substantial Profit Margin underscores the company's ability to retain a significant portion of its revenues as profit after covering all expenses. This reflects the company's exceptional cost control measures and efficient operations.

Another critical ratio, the Return on Equity (ROE), demonstrates the company's efficiency in generating profit from shareholders' equity, showing that the company has the ability to offer value back to its investors and operates with an effective capital structure. Additionally, the Return on Assets (ROA) stands out as it reflects the company's skill in utilizing its assets to generate profit.

5.3.- Competitors and Position in the Market

The range of competitors for Milton Education is very broad and it varies based on the specific subject targeted. In the domain of English language, numerous competitors maintain significant market positions, among which are Oxford University Press and McMillan. However, despite their strong market presence, they have very different business models and cost structures.

When examining companies with a closer alignment in terms of strategy and corporate structure, Innovamat Education and Tekman Education emerge as direct competitors. Both of these entities have focused on developing curricular content across all school stages, supported by highly interactive and gamified platforms similar to what Milton provides.

Table 4. *Innovamat Education Key Financial Metrics*

Innovamat Education	
Gross Margin	81.76%
EBITDA Margin	11.34%
Profit Margin	4.42%
ROE	18.23%
ROA	6.49%

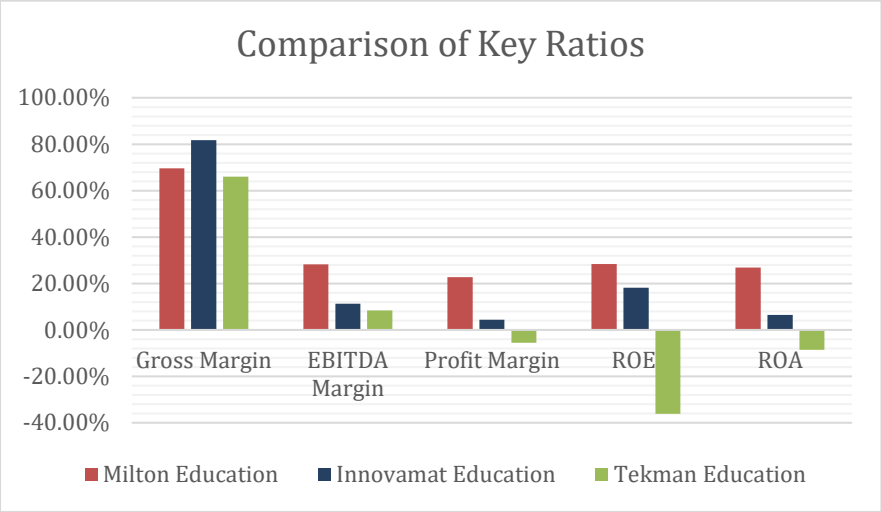
Source: Own Elaboration, Information provided by eInforma

Table 5. *Tekman Education Key Financial Metrics*

Tekman Education	
Gross Margin	66.03%
EBITDA Margin	8.41%
Profit Margin	-5.51%
ROE	-36.21%
ROA	-8.64%

Source: Own Elaboration, Information provided by eInforma

Figure 3. *Comparison of Key Ratios (Milton Education, Innovamat Education, Tekman Education)*



Source: Own Elaboration, information obtained from eInforma

Taking a look at all the different ratios and financial metrics that each company produces, it becomes apparent that Milton Education stands out with a robust financial performance across several key metrics, delivering exceptionally high results.

Innovamat Education, on the other hand, presents a mixed financial picture. It boasts a very high Gross Margin of 81.76%, but it struggles to convert that into net income, as evidenced by its low Profit Margin of 4.42%.

Tekman Education faces financial challenges as well; its Gross Margin is 66.03%, indicating strong performance but still lower than Milton's. Furthermore, the company has a positive EBITDA Margin of 8.41%, yet it has a negative Profit Margin of -5.51%, indicating operational and financial struggles. Lastly, the negative ROE (Return on Equity) of -36.21% and ROA (Return on Assets) of -8.64% are concerning, pointing to issues with profitability and the effectiveness of the company's asset utilization.

After this analysis, it is clear that while Milton Education competes with global publishers in the English language domain, its financial metrics suggest a strong position, especially when compared to its closest competitors in Spain, the market being addressed. Although these companies share very similar approaches and business models to Milton's, they lack financial health and operational efficiency, setting Milton Education apart.

5.4.- Forecast and Projections

Table 6. *Profit and Loss Milton Education (Current Data and Forecasts)*[4]

	Actuals					Estimate					
Profit and Loss (thousands EUR)	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Revenues	446	818	1,286	1,606	2,063	2,613	3,345	4,328	5,665	7,501	10,054
Costs Of Good Sold	161	221	422	458	626	775	993	1,284	1,681	2,226	2,984
Gross Margin	285	597	864	1,148	1,436	1,838	2,352	3,044	3,984	5,275	7,071
Other Operating Expenses	338	366	482	617	882	1,067	1,366	1,768	2,314	3,064	4,107
Personnel Expenses	210	215	299	340	538	632	843	1,134	1,541	2,115	2,935
EBITDA	-19	270	421	565	583	844	1,080	1,398	1,830	2,423	3,247
Depreciation	34	39	39	34	29	29	29	29	29	29	29
EBIT	-53	231	382	531	554	815	1,051	1,369	1,801	2,394	3,218

Source: Own Elaboration, information obtained from eInforma.

Table 7. *Ratios Milton Education (Current Data and Forecast)*

	Actuals					Estimate					
Ratios	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Revenue Growth (%)		83%	57%	25%	28%	27%	28%	29%	31%	32%	34%
COGS as % of sales	36%	27%	33%	29%	30%	30%	30%	30%	30%	30%	30%
Gross Margin (%)	64%	73%	67%	71%	70%	70%	70%	70%	70%	70%	70%
Other Operating Expenses (%)	76%	45%	37%	38%	43%	41%	41%	41%	41%	41%	41%
Personnel Expenses (%)	47%	26%	23%	21%	26%	24%	25%	26%	27%	28%	29%
EBITDA	-4%	33%	33%	35%	28%	32%	32%	32%	32%	32%	32%
Depreciation	8%	5%	3%	2%	1%	1%	1%	1%	1%	1%	1%
EBIT	-12%	28%	30%	33%	27%	31%	31%	32%	32%	32%	32%
Net Profit	-10%	24%	27%	32%	23%	25%	25%	25%	25%	25%	25%

Source: Own Elaboration, information obtained from eInforma.

The tables provide a comprehensive view of Milton's Education financial situation up to 2022, with projections extending into the next four years. Based on the available data, here is the financial analysis:

Historical Performance

Milton Education has demonstrated strong revenue growth from 2018 to 2020, with a remarkable 83% peak prior to the pandemic. However, the growth pace decelerated afterwards.

[4] The Excel sheet used for this analysis is available upon request to the author

Additionally, Gross Margin percentages showed improvement over the years, stabilizing at around 70% in 2021. This indicates increased efficiency in controlling the COGS relative to revenue.

The company also maintained solid control over Operating Expenses in relation to sales. Lastly, the share of personnel expenses in total revenue decreased, dropping from 47% in 2018 to 24% in 2022, indicating a gain in operational leverage.

Forecast (2023-2028)

The projections maintain a consistent revenue growth rate of 5%, starting from an average of the 2021-2022 figures. This conservative estimate, relative to its historical performance, is realistic given potential market shifts. The model for COGS is based on the average from the period of 2019-2022, the numbers from 2018 showed irregularities therefore avoiding this number provided a more uniform projection.

Other Operating Expenses are predicted to remain at a consistent 41% of sales, reflecting confidence in the company's cost management capabilities. Meanwhile, personnel expenses are projected to rise in proportion to revenue.

Financial Analysis

Milton Education has shown strong growth over time, and as indicated by the rising EBITDA and Net Profit Margins, it has demonstrated improved profitability. The forecasts anticipate this trend will continue with well-managed expenses.

Looking forward, the financial forecasts indicate a steady performance. Nonetheless, it is crucial for the company to monitor market shifts and adapt its strategies accordingly. Areas for improvement could include achieving a more diversified revenue source and closely monitoring any operational cost fluctuations, which are areas not thoroughly detailed in the current predictions due to limited information.

5.5.- Evaluation based on Search Funds Investment Criteria

When evaluating this company in terms of the Search Funds criteria provided in Table 2. *Search Funds Investment Criteria (Minimum, Median, Maximum),* it becomes clear that the requirements align perfectly. The company has demonstrated strong past revenue growth, and

forecasts suggest that this will continue. Furthermore, projected EBITDA growth is robust. When looking for profitability and scalability these factors serve as positive indicators.

Table 8. *Milton Education Data compared to Search Funds Investment Criteria*

Milton Education compared to SFs Investment Criteria	**Minimum**	**Median**	**Maximum**	**Milton**
Company Revenues at Purchase	$1.0 M	$7.9 M	$31.6 M	2.0M
Company EBITDA at Purchase	$0.0 M	$2.0 M	$11.6 M	0.8M
Company EBITDA at Margin at Purchase	0%	23%	68%	26%
EBITDA Growth Rate at Purchase	-80%	10%	94%	14%
Revenue Growth Rate at Purchase	-50%	10%	53%	-6%
Company Employees at Purchase	12	58	1,200	20

Source: Own elaboration, based on information obtained by eInforma and information provided by IESE Business School in the report: International Search Funds-2022 (Kolarova et al., 2022)

An in-depth analysis of Table 8 reveals the financial position of Milton Education against the investment benchmarks of Search Funds, which underscores how the company's economic indicators measure up to the strategic investment standards of these funds. The table highlights an alignment of Milton Education financial outcomes with the established criteria, as each metric falls within the established parameters.

Thus, the comparative data suggests that should Milton Education be considered for acquisition by a Search Fund today, the company's financial position would perfectly align with the outlined investment criteria of Search Funds. This alignment not only demonstrates Milton Education's financial viability, but also indicates its suitability as an investment target for a Search Fund.

5.6.- Company Summary

Based on the detailed analysis of Milton Education, it is clear that the company stands out as a key player in the educational technology sector. It has set itself apart by developing a sophisticated educational approach specifically aimed at primary and secondary education

students. This method prioritizes a highly personalized learning experience, supported by smart algorithms that adjust the content based on student performance. Furthermore, this company offers an interactive and tailored educational journey, incorporating gamification techniques to boost student engagement.

Milton offers a variety of educational products, all designed to meet the varied learning preferences and styles. This broad portfolio highlights the company's commitment to providing flexible and adaptable educational solutions.

Financially, Milton Education demonstrates impressive key metrics, including a Gross Margin of 69.61%, an EBITDA margin of 28.26%, a Profit Margin of 22.73%, a ROE of 28.43% and a ROA of 26.87%. These figures reflect the company's ability to effectively control costs and pricing strategies, while also generating significant profit and value for investors. When compared to its competitors, Innovamat Education and Tekman Education, Milton Education stands out significantly by demonstrating stronger financial health and operational efficiency.

The analysis also illuminates the challenges and opportunities within the Ed-tech sector, mainly focusing on the need for constant adaptation to rapidly evolving technological advancements. Despite these challenges, Milton Education's strategic approach and solid financial base positions it well to navigate these obstacles and explore the opportunities to continuously improve the educational model.

Forecasts and future projections indicate a trajectory of strong performance, with a special focus on revenue growth and improved profitability. Moreover, the evaluation based on Search Funds investment criteria confirms that Milton Education meets the benchmarks for potential acquisition, emphasizing its attractiveness as a profitable investment opportunity.

In conclusion, Milton Education represents the perfect example of a successful integration of technology and education, providing a powerful and effective learning experience that adapts to individual student needs. The combination of its strategic position in the market and the solid financial base that the company possess, positions Milton Education as a leader in educational innovation and an attractive opportunity for investors seeking targets in the Ed-tech sector.

CHAPTER 6: Conclusion and Investment Decision

This dissertation conducts a critical examination of the dynamic changes within the Spanish educational sector, particularly influenced by technological advancements and the Covid-19 pandemic, with a specific emphasis on the role of Search Funds as innovative investment mechanisms. Through detailed investigation, the study reveals the considerable potential for Search Funds to foster innovation and profitability within the Ed-tech domain, thereby offering significant insights into the intersection between education, investment and technological advancements.

The study's key findings reveal that, following the pandemic, the Spanish education sector presents abundant opportunities for investment, especially in technology-driven educational solutions. The pandemic has not only accelerated the adoption of digital learning models, but also highlighted the disparities within the existing educational framework, creating opportunities for significant investments and innovative models. The thesis meticulously evaluates the criteria and strategic approaches of Search Funds, demonstrating their potential as forms of investment to transform the educational system.

An essential aspect of this study is the in-depth analysis of Milton Education, an Ed-tech company that illustrates the dissertations core argument: Ed-tech offers a promising landscape for strategic investments. Examining Milton Educations financial health, market position and innovative educational offerings provides evidence of the attractiveness of such investments. This successful narrative underscores the thesis argument that Search Funds can significantly contribute to the sector's growth by targeting companies at the forefront of educational innovation.

Furthermore, the dissertation discusses the broader implications of its finding, suggesting that the investment in Ed-tech can lead to a shift in how educational services are delivered in Spain. It highlights the dual benefit of such investments, fostering educational innovations that address learning disparities but also yield substantial financial returns for investors.

In essence, the thesis goes beyond a simple exploration of Search Funds investment opportunities within the Spanish educational sector. It serves as an instrument to utilize these investment strategies to revolutionize the concept of educational innovation, ensuring that the

sector not only adapts to the challenges of the 21st century, but also excels by providing enhanced educational experiences. Consequently, this research makes a notable contribution to the discussion on the intersection of education, technology and finance, offering a perspective on how strategic investments can shape the future of education in Spain and beyond.

In addition to the insights provided, this thesis also contributes to the objectives of the Sustainable Development Goals, directly correlating with Goal 4, which advocates for inclusive and high-quality education for all. The investigation of investment opportunities by Search Funds in Spain's Ed-tech sector can significantly support this goal. By directing investment towards innovative educational technologies and companies like Milton Education, Search Funds have the ability to reduce educational disparities and facilitate easier access to a higher-quality education. These investments are poised to create more inclusive educational platforms that are accessible to a wider population, promoting customized learning experiences and narrowing the differences across different socio-economic backgrounds. Therefore, while the thesis primarily examines the expansion of the sector and the economic factors, it inherently supports the broader objective of education inclusivity.

APPENDIX

Annex 1. *Spanish Laws through the years and their Impact on Education*

LGE	1970- Franco	Establishes compulsory education until the age of 14. The stages of education are regulated as: Preschool, EGB, BUP and COU
LOECE	1980- UCD	Develops the concept of freedom of education and the organization of public and private centers.
LODE	1985- PSOE	Regime of agreements and participation of the school community. Distinguishes between private, public, and subsidized (concerted) centers.
LOGSE	1990- PSOE	Establishes compulsory education until the age of 16. The stages of education are regulated as: Preschool Education, Primary Education, and ESO (Compulsory Secondary Education). Reforms vocational training and creates adult education programs.
LOPEG	1995 - PSOE	It granted more autonomy to schools; the principal was chosen by the School Council for four years. It strengthened the Inspection.
LOCE	2002- PP	It opened pathways in ESO (Compulsory Secondary Education). It established that all students study Religion or its alternative.
LOE	2006 – PSOE	It maintains the structure of LOGSE, social guarantee programs for students with difficulties. Religion as a subject that does not count towards the grade average and an alternative.
LOMCE	2013-PP	It establishes the culture of evaluation as the backbone of the reform. It establishes pathways and restores Religion as a subject that counts towards the grade.
LOMLOE	2020 - PSOE	It eliminates Spanish as the vehicular language of education. It eliminates the social demand of parents when planning school places. It allows obtaining qualifications with failing grades. Religion does not count towards the grade point average.

Source: Own Elaboration, information provided by BOE, more especifically Ley 14/1970, Ley Orgánica 5/1980, Ley Orgánica 8/1985, Ley Orgánica 1/1990, Ley Orgánica 9/1995, Ley Orgánica 10/2002, Ley Orgánica 2/2006, Ley Orgánica 8/2013, Ley Orgánica 3/2020

CHAT GPT DISCLAIMER

Declaración de Uso de Herramientas de Inteligencia Artificial Generativa en Trabajos Fin de Grado

Por la presente, yo, Blanca Quemada del Pino, estudiante de Administración y Dirección de Empresas Bilingüe, de la Universidad Pontificia Comillas al presentar mi Trabajo Fin de Grado titulado "Investment Opportunities for a Search Fund in the Spanish Education Sector: Blended Approach and Company Evaluation" declaro que he utilizado la herramienta de Inteligencia Artificial Generativa ChatGPT u otras similares de IAG de código sólo en el contexto de las actividades descritas a continuación:

1. **Brainstorming de ideas de investigación:** Utilizado para idear y esbozar posibles áreas de investigación.
2. **Corrector de estilo literario y de lenguaje:** Para mejorar la calidad lingüística y estilística del texto.
3. **Revisor:** Para recibir sugerencias sobre cómo mejorar y perfeccionar el trabajo con diferentes niveles de exigencia.
4. **Traductor:** Para traducir textos de un lenguaje a otro.

Afirmo que toda la información y contenido presentados en este trabajo son producto de mi investigación y esfuerzo individual, excepto donde se ha indicado lo contrario y se han dado los créditos correspondientes (he incluido las referencias adecuadas en el TFG y he explicitado para que se ha usado ChatGPT u otras herramientas similares). Soy consciente de las implicaciones académicas y éticas de presentar un trabajo no original y acepto las consecuencias de cualquier violación a esta declaración.

Fecha: 19 de Marzo de 2024

Firma: Blanca Quemada del Pino

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