

LATIN AMERICAN PRIVATE CAPITAL & ESG DEAL CASE



DATE OF INVESTMENT **June 2021**

INVESTMENT SIZE **Undisclosed**

PARTICIPATION STAKE **36.08%**



COMPANY NAME

Gran Cursos Online

www.grancursosonline.com.br/

INDUSTRY/SECTOR Education Services, Edtech

LOCATION Brazil

DESCRIPTION

Gran Cursos is an education platform offering courses for the public civil examination exams, undergraduate classes, coding and other verticals. With an unlimited monthly subscription plan, Gran provides video classes, digital and audiobooks, student monitoring and other learning tools for an accessible price, optimizing students learning and engagement. Its proprietary technological tool is designed to support a diverse student base, democratizing access to quality education regardless of individual background.

INVESTOR PROFILE

BTG Pactual (BPAC11) is the largest investment bank in Latin America. Its Private Capital division is responsible for Private Equity, Infrastructure, Impact Investments and Venture Capital strategies, with investments in diverse sectors, such as telecommunications, health, energy, education, logistics and technology, among others.

FUND NAME

BTG Pactual Investimentos de Impacto

FUND SIZE USD130m

TOTAL AUM BRL35b (~USD7.2b)

Following its investment by BTG Pactual in June 2021, Gran Cursos has been focused on expanding its student base and course offerings while structuring internally for sustainable growth. The company has impacted over 620k students of which 55% are from underrepresented communities and 60% are women. For nearly 48% of its students, Gran has offered a unique test prep opportunity because their city does not provide the infrastructure for in-person classes.

OPPORTUNITY

The public sector in Brazil employs approximately 11.3 million people, accounting for ~12.4% of all workers in the country. When compared to similar positions in the private sector, average wages for public workers are 67% higher for federal civil servants and 30% higher for state civil servants, even after controlling for education, age and experience.¹ In order to gain access to this long term financial and career stability, citizens must take a competitive civil service examination, which varies depending on the requirements and positions available at each public entity. Despite offering economic mobility, the cost and availability of education needed to obtain a competitive score have historically limited lower-income individuals interested in these positions.

Gran Cursos was founded in 2013 as an affordable subscription-based platform to democratize access to education in Brazil. The company was initially founded with lesson plans geared towards civil service examinations but has since expanded its course offerings. Through Gran's website, students can access a wide range of video classes, digital and audiobooks, personalized monitoring and other learning tools at an accessible price. The platform utilizes innovative proprietary technology and content to support the student journey, creating individualized tracks based on their interests and boosting their approval chances. By the end of 2020, Gran Cursos had established itself as a market leader in the test prep segment and began looking for institutional capital to accelerate its growth into other verticals.

EXECUTION

In June 2021, BTG Pactual acquired a minority stake in Gran Cursos. The investment thesis centered around providing the company with the capital and expertise needed to accelerate its growth patch, supported by the company's strong unit economics and profitability, through the development of its proprietary content library, diversified course offerings, marketing and restructuring for growth in recognition of its high impact potential.

¹ World Bank, 2017.

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Since BTG Pactual's investment, Gran Cursos increased their student base from 290k to more than 700k by 2023, with 27.2% of all new civil service positions occupied by Gran students in 2022, reflecting the highest share on the market.

Even though test prep courses remain a core component of Gran's business, the company doubled the share of revenue from other course offerings from almost zero revenue at the beginning of the investment to 10% by the end of June 2023. Through BTG's support, Gran Cursos expanded offerings across professional association exams, health residencies, postgraduate certificates, coding lessons and other higher education courses. The acquisition of UniBagozzi accelerated the company's entry into the higher education market through an experienced and certified university partner, leading to the launch of Gran University in 2023. In addition, the company also closed a minority investment into SoulCode Academy, an edtech company specialized in coding bootcamps for professional placements, resulting in the launch of a new joint tech-focused education program called Assinatura Tech ("Tech Subscription").

Given the growth in student acquisition, BTG has assisted the company with operational changes to support its scalability, including defining a new revenue recognition regime, prioritizing the adoption of a more robust Enterprise Resource Planning (ERP) system and encouraging investment into human capital for key initiatives. These initiatives have allowed Gran Cursos to automate its sales process in accordance with its first independent audit by PwC, while also conducting a hiring expansion which has structured new ESG/Impact and M&A divisions.

ESG IN FOCUS

As the most accessed education website in Brazil, Gran Cursos has served more than 620k students in more than 1,200 cities across Brazil with 29k course offerings. The alumni base consists of 59% of women, 57% of underrepresented communities and 41% of students with income lower than one minimum Brazilian wage. Nearly 57% of students are from cities with limited availability of in-person classes.

In terms of education outcomes and inclusivity, 60% of former students stated they had a 200% salary increase after spending two years with Gran Cursos and 39% relied on Gran to be competitive within the job market. On the civil exams segment, one in four of all Brazilian candidates approved studied through Gran's platform, while one in five new lawyers used it to study for the Brazilian bar exam. Since BTG's initial investment, the percentage of women using Gran's platform has grown by 13% through a discounted subscription plan for women. In addition, Gran Cursos has the largest audiobook library in Brazil, with more than 86k hours of available content to visually impaired students, reaching over 6.5m Brazilians with visual impairments.

To further develop its workplace initiatives, Gran Cursos conducted an internal diversity census and partnered with Inklua, a specialized consultant in hiring people with disabilities to increase this number by 210% in the first year. More than a third of Gran Cursos' employees are women and as part of Brazil's UN Global Compact Women Lead 2023, it aims to have women in 50% of leadership positions by 2030. In addition, the company launched Gran Academy to offer training and courses for professional development among its employees.

