

# ONLINE AND ON TRACK

As the world went into lockdown, online learning platform BibliU was completing a deal. Jason Sinclair reports that the crisis has only served to provide further proof of its business case – and broader educational mission

In the pipeline since summer 2019, the Series A funding round for online learning platform BibliU was – like all other investments this spring – hit by the COVID-19 crisis as it moved towards an April completion.

As the closing stages of the \$10m deal transferred into a world of Zoom conference calls and virtual paperwork, the business was suddenly fielding calls for its services from higher education institutions around the world. Long-term changes towards online learning were hastily implemented in the urgent period surrounding lockdown.

“We had 41 university customers in Europe and the US,” says BibliU’s founder and CEO Dave Sherwood. “And then the coronavirus came along and we got 120 new institutions wanting to do a free pilot. The library director of a big university was talking to one of my sales directors recently telling me his £800,000 budget has historically been two thirds print, one third digital, and this year he reckons he’s going to go all digital. These

trends have been happening anyway, but coronavirus has put the burners on.”

Social ventures funder Nesta Impact Investments led the \$10m funding and other investors included direct-investment clients of Stonehage Fleming and Guinness Asset Management. The former’s chief executive, Richard Hill, says: “The higher education market doesn’t always move that quickly, but everyone has recognised that they need to have a remote learning proposition in place. It’ll be interesting to see what the conversion rate is, but it’s certainly an indication of potential. However, we were deep into the deal long before this hit.”

Part of Stonehage Fleming’s rubric in serving its family office and high-net-worth clients is ‘direct investment advisory’, where it helps its entrepreneurial investment clients on accessing private equity deals.

“We’ve put nearly \$400m of client capital to work in 22 deals since 2002. What that means is that we get access to a wide variety of deals, to the tune of several hundred opportunities each year. We edit those down to the ones where we can add value as a firm or where we have particular client interest.”

## SOCIAL BENEFITS

BibliU is a relatively early-stage transaction for Stonehage Fleming, but Hill says: “Each deal suits different individual families or clients – some of our clients prefer early-stage, venture-style risk. And you can’t ignore the environmental, social and governance and impact angles here. Although our investors are financially driven, this is becoming the zeitgeist and more important particularly with our next generation clients. It has become a feature of what we’re looking for. Digitising textbooks does have a big impact on the carbon footprint of the publishing industry, but this also provides better access to more students at lower

**“The UK market is very fragmented, but a proving ground for standards, and lets businesses gain credibility”**

Lisa Barclay,  
investment director, Nesta





Demand for BibliU's digital textbooks has soared since the coronavirus spread across the globe, leading to an increase in online learning

costs – leading to fewer dropouts and better outcomes.”

Impact was on Sherwood's mind when he set the company up: “As a student, textbooks were one of the biggest expenses I had, and with the worst user experience. They're expensive, heavy, out of touch with Spotify and Netflix. And nothing much had been done about improving how we use them as a tool: how they can be personalised, collaborative and interactive. Nesta can help us put together more analytics on this, which will help grow the business.”

BibliU works with institutions including Oxford University and Imperial College and major academic publishers such as Pearson and McGraw Hill.

Nesta has 10 edtech investments across schools and further education, says its investment director Lisa Barclay: “This is a large market where we saw that BibliU had achieved a lot in a short time and been capital efficient – in the UK and with some proof of traction in the US. There's still a lot to play for in the UK market.”

Barclay, who has joined BibliU's board post-investment, says: “Although BibliU is in 40 universities, that's mainly in course-by-course contracts where department heads have taken them on. That gives plenty of upsell and cross-sell opportunities within those universities to expand into other courses. Growth in the US is also part of the strategy. The UK market is very fragmented, but a proving ground for standards, and lets businesses gain credibility. The Middle East and Asia, as well as the US, will enable BibliU to gain traction.”

Having spun out of Oxford University, with early and continuing investment from Oxford Sciences Innovation, BibliU now has 32 employees in the UK and the US. It plans to expand headcount to 50 and, as Sherwood says “be in every UK university, increase reach in the US and develop the product”. ●

### COMPLETION UNDER THE CLOUD OF COVID-19



**Dave Sherwood, BibliU**

“It's an interesting one, because when the deal began we were only a few weeks away from lockdown. We did the term sheet in October and the transaction had already taken longer than it should have. It didn't seem to be an impending threat to the business, but I knew the financial environment was becoming more worried and conservative. I sense-checked the key investors like Nesta and Guinness and everyone made it clear to me that they didn't plan to change their position.

“We did have a couple of angels pull out at the last minute, which was a bit of a pain and made things more complicated, even though it wasn't for a huge amount of cash in the big picture.”



**Richard Hill, Stonehage Fleming**

“Unlike a lot of deals, which will have been put on hold, this is one where we were confident we could proceed straight away.

“The deal itself was also more proof that you can do things remotely. We did need ‘wet’ signatures on some documents, but what we did with our clients was sign them up with power of attorney, so we were in position to fully act on their behalf once the deal was at the completion stage.

“Then it was just a matter of confirming with our clients by email that they were happy to continue and complete. It was different, but not massively disruptive.”

### TEEN SPIRIT

Dave Sherwood became an entrepreneur at an early age. As a 19-year-old in his native Australia, he set up a charity to provide free maths tuition to underserved rural children. “That got me into entrepreneurship, building and managing a project,” he says. On leaving Perth in 2014 to take up a Rhodes Scholarship to study at Oxford University, Sherwood developed his idea for a free platform for textbooks while travelling on the Trans-Siberian Express, and he set up the

company in his first week in Oxford. BibliU began in the university's start-up incubator with investment from Oxford's innovation fund and the VC fund Oxford Sciences Innovation. A \$4.2m seed round in 2018 was followed by the \$10m Series A round led by Nesta, and including Stonehage Fleming private clients, that completed in April 2020.

# \$10m

Value of BibliU's Series A funding round, that completed this year