

Growth Driver: Edward S. Marflak, Schoolwires



▶ Leader Perspective: Edward S. Marflak, Founder & CEO



Raised in a family of educators, Edward S. Marflak's vision is all about transforming communication in K-12 education, for all parties.

That vision inspired him to lead the charge to develop a suite of online products and services now being used by thousands of schools, and millions of students, parents, teachers and

administrators across North America.

"We firmly believe the Internet is one of the next great equalizers of education. We are using it today to help students and schools to achieve more. In the process, we are blessed and gratified to be building one of America's fastest-growing and most respected education technology companies."

Schoolwires products and services transform the way that teachers, administrators and families, communicate, collaborate and come together around school and student success. According to the company, it is "no exaggeration" to state its solutions help build stronger school communities, more effective schools and greater student success.

Even, perhaps especially, in the current difficult economic climate, building effective school communications is seen as critical by those responsible for performance and safety. Districts rely on Schoolwires to gain the greatest impact from finite resources as they work to connect their

communities and meet emerging regulatory mandates.

"From the conference room, to the classroom to the living room, the need to manage budgets and most importantly drive academic success is intensifying the pressure on America's schools and their administrators. The K-12 market is entering a period of change; technology can now play a pivotal role in improving education, and Schoolwires is determined to remain at the forefront of that improvement through its commitment to customer focus: listening to our customers and designing our products and services around them."

Kennet invested \$10 million into Schoolwires in December 2008. The capital will be used to support the company's high growth rate through continued investment in sales staff and marketing. The company is embarking on an aggressive build-out of its Centricity website and community management platform. As part of that, it plans to significantly scale its software team.

Asked about his reasons for choosing Kennet as an equity partner, Ed cited the quality of leadership, the firm's reputation for clear communication and ethical business practice as well as a strong alignment of interests between the two organizations.

"With an impressive track record of investing in strategically-positioned companies experiencing significant growth, Kennet is a perfect fit for Schoolwires. It is managed by an extremely insightful leadership team whose positive energy and expertise will be a major benefit as we accelerate expansion and deliver powerful market innovations."

About Schoolwires

Schoolwires Inc. (www.schoolwires.com) is headquartered in Pennsylvania, USA.

Schoolwires provides strategic online communication, community-management and productivity solutions to the K-12 education market. The company's core product is Centricity™, which brings together robust and flexible website management, community management and web 2.0/social network capabilities in a single, user-centric solution. Schoolwires also delivers Synergy™, a digital file sharing solution, Assist™, a service request solution, and Share, an exclusive online client community and support center.

In 2007 and again in 2008, Schoolwires' growth achievements were recognized by Inc. Magazine, which currently ranks Schoolwires as the 328th fastest-growing private company in the nation and the third fastest-growing company within the education industry within its coveted Inc. 500 list.

Schoolwires' on-demand solutions are deployed at nearly 4,000 schools serving an estimated four million students, parents, teachers and administrators throughout North America.

▶ Investor Perspective: Eric Filipek, Principal

Education software is a highly fragmented market with many small point-product vendors, and that's even more the case for the K-12 sub-segment in which Schoolwires technology fits. We believe that the adoption of Schoolwires communications and learning technology is reaching the rapid adoption phase and the company is well positioned among its peers. Schoolwires has escalated to the top of a very short list of players that have the scale and investment backing to achieve long-term success.

It is fairly unusual to find a subscription business with the size and growth rate of Schoolwires, which is also capital-efficient. The company is very focused on the productivity of its sales organization, an operational characteristic that is of top importance to Kennet. As a result, the business has been able to scale without unprofitable hiring in sales. It is also rare to find a business with Schoolwires' profile that already has a complete and top quality management team.

At the heart of all bootstrapped businesses is the founder, many of whom are 'Jack-of-all-trades' at some point in their company's history. However the best ones recruit direct reports that share their passion while successfully taking responsibility for critical operational functions. To the credit of Ed and his team, they have done a great job of this.

Schoolwires' mission is all about improvement in education. While driving this vision, Ed has also led the charge at creating a business that grades itself against a detailed set of metrics. He has built

a highly capable team that has learned this market from the higher-education segment which is considered to be several years ahead of K-12 in several important respects.

The company is based in State College, PA, not the typical hot-spot of Silicon Valley investors. The appeal here is that the tight-knit culture of this mid-west business fits perfectly with the nature of the K-12 decision-makers.

We are optimistic about the timing of this investment with President Obama's plans for education. Of particular importance is the Internet, and ensuring that all students can access and leverage its resources.

From Kennet's perspective, while succeeding financially is a key objective, playing a direct role in improving the education system in the US is a big piece of the story.



About Kennet

Kennet invests in entrepreneurial technology businesses to help them take the next big jump in growth.



We're an experienced growth equity investor with a long track record of building global market leaders and achieving high-value exits.

Since 1997 we have invested in over 40 companies in Europe and the US.

As a growth equity investor, Kennet focuses on companies that have proven commercial success and are now ready for the next phase of growth.

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The companies we invest in often do not need money to survive.

They have options. But the right investment from the right partner can help them keep ahead of their markets, expand internationally, ramp up their sales forces and lead to greater value for shareholders.

Visit us at www.kennet.com to learn more.

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