

Tom Davidson, Founder and CEO of Everfi

With John Goldstein, head of the Sustainable Finance Group

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John Goldstein: Hi everybody. I'm John Goldstein. And I head the Sustainable Finance group here at Goldman Sachs. And I am delighted to bring you today's Tech Talk with Tom Davidson, CEO and Founder of EVERFI.

I'm excited for today. I was just in the United Kingdom for the Global Climate Summit last week. So, it put me in a Dickensian mood. So, we're going to do a little bit of a ghost of Christmas present, you know, what is EVERFI today? Ground you in, really, what we're talking about and what a remarkable business it is. Ghost of Christmas past. And then ghost of Christmas future, what's yet to come.

But just quick, first of all, just want to welcome Tom. Thanks so much for joining us. So excited for today's conversation. Not least because you're someone I've known and admired your business for about a decade, what you've accomplished. Thanks so much for joining.

Tom Davidson: It's great to be here with you. You know, this camera makes my hair look a little whiter than it was when we first met. That, and doing impact work. So, it's great to be here with you.

John Goldstein: Exactly. Look, that's one of the things we're going to talk about today. I will say, I think it's not unfair to say both of us have been doing impact work since before it was cool. Before that name was even applied. And we've seen a lot about that. We've seen a lot about education technology. We've seen a lot about what the private sector can and can't do when it puts its mind to it. So, really excited for this.

And look, where I really want to start is ground in what a remarkable business this is. So,

look, at our firm, when we think about sustainable financing, we talk about climate transition and inclusive growth. These two pillars. And climate transition, often more is more. And that's good. And let's find ways to lower costs and scale.

Inclusive growth is hard because at the end of the day there's a holy trinity of trying to accomplish three things at once. Of how do we make things more accessible? How do we make them more affordable? And how do we make them impactful? And do that in a way that is profitable and scalable. And EVERFI is a remarkable case of doing that. And I think some people thought it couldn't be done.

So, Tom, I think just to ground the conversation, let's just talk about EVERFI. What is it? What do you do? And then rapid fire, let's go through those questions. When you think about scale and access, how many people do you reach? When you think about affordability, what does it cost? And when we think about impact, why do we care? What's the impact?

Tom Davidson: Yeah. Well, all great questions. Questions we should all be asking of our work day to day on this. So, just to ground ourselves in EVERFI. EVERFI, the easiest way to think about it is we have built a learning and operating system that's fully technology based that is trying to build the missing learning layer in education.

The missing learning layer are all the things that anyone on this call is going to know, even today, that they should have learned, they need to learn. And it's crazy that we don't teach it in schools and community-based organizations, colleges, and in the workplace. So, these are things like financial literacy. So, how do you build up your credit? Something as basic as how does compounding interest work? What's a mortgage? How does that get structured? This is something we should be teaching every student in America, let alone the new wave of next generation payments and crypto and decentralized finance.

Think about healthcare literacy. All of us when we're lucky enough to get our first job get thrown into everything from withholding taxes to trying to understand what Medicaid part B is and how your health plan works. What's an HSA? What are these areas?

So, again, something we tend to learn by mistake. We get thrown into the deep end of the pool. Every kid should learn this when they're in 10th grade, 11th grade, 12th grade, in college.

You think about the growing crisis in the country around mental health for kids, particularly as it relates to their relationship with devices and the time and addiction the algorithmic pressure that's put on kids. And helping kids using--

John Goldstein: In many ways the pandemic didn't do us any favors.

Tom Davidson: Yeah, it didn't do us any favors. So, these are things. And when you get into the world of sustainability and climate, think about how the fact that none of us have even a basic understanding when we're coming up how energy literacy works. Forget the environmental, carbon, net zero, everything we've talked about this week in Scotland and beyond. But just think about the basics and the fundamentals.

So, when you don't have a shared experience, a shared knowledge, a shared learning layer around these issues it, number one, leaves everybody behind. A lot of people behind. Number two is it creates inequity in the system just by function of the schools who have can afford it and the schools that don't can't afford it. And so, the basic fundamental idea of EVERFI was to attack those ideas.

John Goldstein: Well, and I think you make a critical point which is on the one hand we know this is vital. Right? It's vital for individuals. For families. And frankly for our society, right? These are absolutely critical things. But you also hit a point which is it's not that the educational funding coffers are overflowing, and particularly for stuff that

stay outside the common core. And so, it all seems like a great idea. But how do you make it affordable to those schools that don't have a lot of money lying around? What does this cost schools?

Tom Davidson: Yeah. So, it costs the schools zero. It costs teachers zero. And it costs students zero. And that was really the main, when you thought about the big rocks in the jar that we had to solve for early on, this all came from a very weird experience that I had coming out of college. I had this crazy idea to run for the state legislature when I was in college. I knocked on 38,000 some odd doors and somehow found a pocket of voters who would vote me in. And was lucky enough to serve in the state legislature for a number of terms in the great State of Maine. Amazing place.

But I spent a lot of time on education technology. I was lucky enough to work, Angus King, who's now our US Senator was governor at the time. And we worked very hard to get the nation's first one to one laptop initiative statewide. We wired the first schools and libraries together in the country. This was the mid '90s, so it was very early in the game around this stuff. We created the first teacher professional development fund that allowed them to get trained up on using technology and software.

So, I've always focused a lot on these issues of education and equity and making sure this wasn't just one more thing, whether you call it the digital divide or any kind of divide, where some students get it and some students don't.

This experience at EVERFI, which I started 13 years ago, really was born out of that experience, which was the realization that there wasn't going to be money to pay for this. That I also just from a business model perspective, starting this as a company versus as a non-profit or something, starting as a company that could be the intel inside of powering these big movements around financial literacy, sexual assault prevention, mental health basics for kids, compassion and beyond, was that you needed to find another way to pay for it.

And so, we came up with this idea for a very unique business model, which is really a three-legged stool. EVERFI builds what I think are really sophisticated, interesting courses. Think about a course, like a 20-hour course on how every part of personal finance works. That course goes into a school district in the Mississippi Delta, and that is all paid for by BBVA Compass or the NFL or it's paid for by a family foundation or a family office.

So, we now have about 2,000 of the biggest companies in the world who license our software for communities that they care about. And it's a fascinating group because it ranges from Amazon, LinkedIn, Facebook, Google. Goldman Sachs and UBS and Morgan Stanley and Truist. And it's every major sports league in the world, Premier League, NFL, NHL, Major League Baseball. And it's also leading retailers like Walmart and Kroger and others who pick very specific communities that their employees want to see them dedicated to. And we brought these critical topic areas to those schools at no cost.

And they sign up for multi year subscriptions. And this is kind of the interesting thing. When I first got this going and we were tiny, you know, we started the business in the back of an RV, and it was just three of us. And it's a true story. This is not one of those, like, let me go back and tell a story. We were dead broke. This had come from a really personal experience that I had had with my parents going through-- we went through pretty difficult financial issues growing up. And I wanted to be able to put some wood behind some arrows going after financial education, student loan management, things like that. So, got in a car and just drove across Alabama and Mississippi and Native American reservations and beyond.

And now we sit today, you know, we've got 27,000 schools, principally in high poverty areas in the country who are up on our system. And millions and millions-- you know, we built the two largest courses in the world now. But because it's private labeled, we wanted our partners, wanted our communities to get all the credit. So, you never see us.

So, we're kind of the Intel chip inside of the computer. We do a lot of work. And Apple gets the glory. And that's the way we want it. That's the way we want it.

John Goldstein: Look, I think this is one of the things that, for me, was so remarkable which is the tension of how do you impactfully and scalably serve communities that don't have a lot of resources? You know, this broke the tension, right? So, instead of having it be this dug of war, scarce resources, something that's important, you saw a market failure, which was a market opportunity. Right? Which is lots of people wanted to support these goals, but every one of those groups you talk about, for them to try to create the right curriculum, find the right curriculum, find the most impactful way, [UNINTEL] want dollars to improve outcomes for low-income kids, if every organization, all the financial institutions, all the corporates, all the philanthropies need to rediscover that on their own, that's not going to be a very effective way to move the needle.

And so, there's all this potential. And effectively organizing that into a real market where the scale of you in the middle as that Intel inside, I mean, it's such an interesting sort of epiphany. Was there [UNINTEL]? What gave you that clarity of, there's actually plenty of money, it's just not organized and focused for the greatest impact?

Tom Davidson: Yeah. You had to challenge two kind of core things which were, the first one was interesting, was education is complicated, but it's not creative. Like, there's a difference. It's complicated but it's certainly not creative.

It's complicated because it's highly localized. And I always try to convince people it's always going to be highly localized. Always. It's going to be funded locally. Decisions are going to be made locally. And so, you've got to really just bear hug that and understand that that's the case.

It required us to put a lot of people on the ground in certain places, even though we were a technology company, to help kind of lift teachers and train teachers and help them

along the way on this.

And I think the second piece was you needed to challenge some basic assumptions. That was, number one, it wouldn't be welcome. You know? That it would be hard to get into and get seat time. That was number one. That was actually not a true challenge for us.

And number two was you had to break through a little bit of inertia of people being worried that this, that the private sector, would whipsaw back and forth, whiplash back and forth, that you couldn't count on the private sector. And this is what's interesting. I always tell people, I'm like, "Have you ever met a governor? Have you ever been through an election?" Because what happens is these school districts, when you talk to superintendents, they can't count on anything. So, you get a new governor, you get the flavor of the month. You get a new president; you get Race to the Top or No Child Left Behind or whatever it might be. And they're all wonderful. They're all whatever side of the aisle you're on. They're all committed in some way to helping kids. But they're not endearing, really.

And so, you get a new mayor. They get a new thing. They're gone in a couple of years. You get a new superintendent. They change out every two years in most districts. So, you get a lot of restarts. And so, what I would go into people's and I would say, "I'm contractually binding someone for the next five years to fund this. Contractually. Like, they're signing on a dotted line to fund it. You don't have to pay anything. You just have to accept it and integrate it into the curriculum." But that was tough.

John Goldstein: [UNINTEL] high-quality thing that you need for free. That's the ask.

Tom Davidson: And free isn't always good. You know? Free, you've got to have somebody own it internally. Sometimes free becomes an orphan very fast internally because there's no one who's actually signed on the dotted line to procure something. And so, those are all things over 13 years we've had to work through.

We're certainly not perfect. We think this is a 30-year journey for us that we've got to take to get-- pour concrete into this thing and let it settle.

John Goldstein: Well, one thing there I want to tease out that has been certainly one of my most frequently asked questions, and something that has emerged clearly, is this question of the intersection of business model and impact. And I want to get to for five years, right, which is it's interesting as you've talked through it is it solves an adoption problem. It drives some of the impact over time. And to your point, people can invest in it being owned. It's going to be there. They can integrate it. People can get trained on it. And I see the value from an impact perspective in terms of adoption and impact.

But what's interesting, for us, one of the key things to think about in terms of business that can drive impact is what's the relationship between the financial drivers and the impact drivers? Why is this a good business or a good investment? And why is this having an impact? And are those in sync? Or are they not?

And I think what's fascinating, I've used EVERFI as an example, and I think I was telling you when walking through some of these growth beams, I've just put some of your generic metrics in terms of customer acquisition costs, lifetime value. And they're metrics that a software as a service business would envy. They're great. But for me, what's interesting is that five-year recurring revenue, as it matches your impact and your financial thesis, that those seem totally in sync.

Tom Davidson: Yeah. What I tell people all the time, including social entrepreneurs, and this is always something that's a little controversial so I actually like talking about it, is when you're an impact entrepreneur, a social entrepreneur, a social impact entrepreneur, we tend to walk in and apologize, start apologizing the minute we walk in the room.

And so, what we do is we walk in, and someone says, "Well, what's your margin on this?" You know, whatever. And you think about the guy who just sold his dog delivery grooming business for \$3 billion when you think about it. And by the way, I celebrate all that stuff. And the dating apps and all these things that make the world go round.

And I'm like, I'm trying to stop sexual violence on college campuses. I'm trying to stop 400 years of intergenerational poverty cycles around payday lending and various things. And so, I actually think when people step in the room, and I'm not talking about us, really trying to do anything that's big and hard and important, that you shouldn't start-- because what we do is we walk in as entrepreneurs in this world and we start saying, "Oh John, and just so you know, we're giving 10 percent of our profits away to non-profits. We're going to give one pair of something for every one we sell." And we start apologizing. We really start apologizing day one for trying to build big businesses.

And so, whenever anyone would ask me, and this is when anyone would say, "Are you trying to make a lot of money doing this?" I'd be like, "No, no, no. We're trying to make a crap ton of money doing this because what we want is what we need. It's not what we want. We need these cycles of innovation to feed themselves again and again and again."

EVERFI will have about 50 to 60 million dollars of just innovation, like technology platform innovation every year that goes into just trying to make the experience better for kids. And so, nobody could do that without this type of scale and the reinvestment of this stuff into the system.

So, as it relates to your question, I tell people all the time, like, I truly wake up thinking about a kid at a desk in Mississippi. That's what I think about. But I know that I will be successful if I create a software business that is the best it can be, and not held to any other standards but literally, like, Salesforce, Workday. The best of the best.

So, for me, I went and got all of the best software investors. And I got Jeff Bezos. I got

Eric Schmidt. I got Evan Williams from Twitter. I got the best people who'd built the best networks. Jeff Weiner, the CEO of LinkedIn came on our board. I wanted the toughest people around who were like, "I'm not going to give you an inch. Like, impact is not an excuse for anything that you're doing on the software side."

And what I tell people, I'm like, if you just want to do the impact piece, then you really should just go be a non-profit. And it's amazing. Like, it's amazing. Go be a non-profit and I will donate and cheer you and everything else. But if you want to build a company, you've got to build a company and you've got to focus on building a high-growth company if that's what your decision is on this thing.

And so, the impact side, it's always a balance. And anyone who tells you, "Oh, we just wake up and focus on the impact," it's just not possible. The impact is what we do. It's literally everything that we do. Every day leads to the impact in that seat somewhere in Mississippi. And the duck under the water stuff is the software. Is the customer success. Getting yelled at by your customers. Having the forest fires that we all have to deal with when we're running companies.

John Goldstein: And look, I think it's so important as we look at the sweep of the growth of impact and sustainable finance and this idea of what the private sector can do, and you and I both launched our businesses, I launched Imprint Capital in '07. I think you were right around the same time. Of course, we probably got a lot of head scratching of, "During the financial crisis you launched--?" Yeah.

Tom Davidson: Yeah. A financial literacy company selling to banks. Yeah, that was fun.

John Goldstein: In field. Impact investing, the term hadn't been created when Imprint started. EdTech was perceived as a wasteland that was unbelievably a hard slog. We've seen this evolution. And I wanted kind of an N point and a journey point, right? The

N point of find that flywheel where there's not this trade-off. Where at the end of the day building a great business that organizes that market of dollars and impact at scale, that's the success that beget success because that means better curriculum. I mean, 50 to 60 million dollars in R & D, I mean, that's the equivalent of overnight you creating a billion dollar plus foundation every year and putting new money in. Right? Not just putting money in, that can get in people's hands quickly and scale, right? So, that aligning those flywheels unapologetically.

And realizing, by the way, that doesn't happen in every business. You had to work hard to create and figure that flywheel out. Not every business has that. Some things are better as non-profits. Some are better as for profits. But I think that point about unapologetically finding where those financial drivers aligned with impact in the beginning, I mean, that's part of our own journey here, right, which is, you know, I went from my little company to working within our asset management division. Seeing sustainable assets grow. But at a firm-wide level, the idea that, actually, yes, it's important. Yes, these are societally critical issues. But these are massive secular growth themes in the real economy. Right? And that that's, frankly, what businesses, what the financial sector can sink their teeth into. But it wasn't always that way. Right?

Think about the evolution. And I think there's a parallel evolution between EdTech and impact. From the early days, just think about how much has changed? What have been markers for you as you've seen [UNINTEL], and probably people have looked at you kind of funny, to where it all makes sense and you're the belle of the ball? I think it wasn't always that way. Walk me through a little bit of that journey.

Tom Davidson: Yeah. Well, when we got started, the business model was very, very weird to almost anybody who heard it. And it was kind of like imaginative and interesting in theory. But it hadn't had a chance to really breathe all that much.

I think for us, if you go back to a conversation like this that I had 13 years ago, it sounds

basically the same. It's that at the time, you know, it was around financial wellness, but really any of these issues. It's taken us 400 years to create a system in this country that almost so perfectly disadvantages kids who are growing up in high poverty areas. I mean, it's been a compounding symphony that has just pressed down on kids. And it really is true.

We carved out a very early, I don't want to call it a niche, it was like a patch of land that we cared about, which were, really, frankly, small towns in Alabama, the Black Belt, Mississippi delta, these are places that have 14, 15, \$16,000 of annual income in some of these towns per capita. So, these were places where you had cycles, economic cycles that just for 400 years had just pounded these family.

And so, for us, that kind of effort was going to take billions and billions and billions of dollars to just counterbalance that over time. And it was going to take a long time. It wasn't going to happen overnight. So, we needed the private sector. Like we need Goldman Sachs there. We needed families of Goldman Sachs there. We need the NFL there. We need Facebook there. We need these players deploying capital against building these learning layers in places that it didn't exist.

So, we knew that at the beginning. But I think the journey, it took us time. What's been interesting about it is, you know, the arc of what our customers wanted to do. The biggest thing that changed was about four or five years ago, probably starting with the conversation around stakeholder capitalism. The conversation around businesses and their role in this stuff. And then you meet that with, obviously, the pandemic and obviously the issues of racial and social justice that have been brought to the fore, finally, in a way that I think captured some people's attention, probably not enough, to say the very least. These were issues that changed-- they did change things.

And I think every organization in the world said, "We're in the impact game now. Whether we want to be or not, we're in the impact game now. Number two is our employees are

the ones who are taking us there. And if our employees aren't taking us there, our customers are taking us there." And so, what changed was for us, in our business, was it went from being kind of smaller, geography things where someone would come and say, "I want to do Louisville, Kentucky and Jefferson County. And I want to do Hazard down in coal country. I want to do these areas," to "I need to do a scaled, national initiative using your software to get 4 million kids certified in financial education or in mental health or healthcare literacy." You name it. Prescription drug and opioid safety. Like, "We want to go after these areas, and we want to make it our cornerstone initiative at HCA or at Walmart or one of these places." That's what changed. And that has lit a total bonfire underneath our business at this point.

John Goldstein: Well, a couple things are so interesting for me. I think you, in a way I love, blow up a lot of the sort of false dichotomies people often have, right? Am I high touched, place based, and local? Or am I broad and scalable? And what I hear from you from going door to door for that political run to working in the delta down in the Black Belt, it started very local, very place based. But the way to actually impactfully scale these [UNINTEL] folks was to figure out how to scale it up. It wasn't an either/or. It wasn't do I take my eye off the local community and bet it all or do I go big? It's the way I serve those communities is by going big.

And I'm sure you see this, back to the kind of-- a lot of social entrepreneurs often feel torn between those two as opposed to seeing how do I cut the Gordian knot and move forward.

Tom Davidson: Yeah. And I think to be fair to entrepreneurs who try and pick these fights, and it's pretty awesome-- like, I'm a champion. I want to cry when I see all of it. Man, literally, I'm almost in tears now thinking about ten companies that I've seen recently. I really just cheer all these folks on. And I worry. I do believe that social entrepreneurs or the like carry a little more weight because the stakes really are a little different. Like, all of us studied the problems we're going after. I spent the better part

of last year just studying sexual human trafficking for little kids. And you know, it was like the most heartbreaking thing. And we knew, by the time we got to the end of it, we knew it wasn't going to be a business. It was too hard to build a learning layer right now for us to understand a way that it could be successful, the way that we could integrate it into schools, the way the research could actually play out at scale and stuff like that. And that, to say the least, is an incredible bummer. It's devastating because you sit there and you're like, how do we not do this? How do we not try this? How do we not? You know? But you're a business. And so, you're sitting there. You've got to pick your fights, right?

And so, like that is, I think some entrepreneurs who start in this game, carry a little added weight on stuff because they're, like, you know, if you're studying climate, you're seeing firsthand. If you're studying human trafficking, you're reading stories that literally shatter your heart. And so, you read about these things and then you're like, how do we not do this? And then, you know, you can only do so much as a business.

Those are the things where I spend a lot of time thinking about what issues. Like, we built the first African American history course of any scale nine years ago. Nine years ago. A course called 306. And I will tell you something funny, that was, like, the most celebrated course. Everyone loved that course. It was so interesting. And now I'm, by name, being attacked on various conservative outlets for critical race theory and things. It's so interesting how-- and by the way, I love being attacked on that stuff because I think that's [UNINTEL].

John Goldstein: You don't seem like one to shy away.

Tom Davidson: Oh, sorry, I was about to drop an F bomb on here. But yeah, I love it.

So, the politician in me kind of loves the fights. Just it's not every fight's not good for-- not that I care reputationally about anything, really, on this stuff. It's that whether it can be a sustainable business that doesn't get one and done-d in school districts, you have

to pull it out, you know, the next day because you can't find funding for it. And that's often what we run into at EVERFI and making those decisions.

John Goldstein: It's interesting for me. In my new, a little sign of how the times have evolved, is I sit working with CEOs, boards, CIOs, leaders of large organizations. I still always find time to talk to those impact entrepreneurs because I think that's where I came from. They're so energizing. But look, I say it's a labor of love. It's a lot of work and you'd better love it because it's not something you can put down at the end of the day in a way that, I think certainly I'm sure for you, drives my family slightly crazy of, "Can you just maybe take a minute?" And when the problems you're working on are urgent and you have access to tools that have leverage and scale, taking time off is not always the easiest thing. And I think for all the folks dealing with those issues, adding the fact that these matter and that people really care, it adds both a joy, but it does add that other burden. And I think there is such a great community of folks kind of giving a little bit of support. The other thing I like to say is it's a one-way door. Once you've had a chance to work on a business where what you do matters, you're having an impact, it's hard to go back.

And your point about employees. I talked to the CFO of a big company recently. And she said, "I have three major ESG issues for my business: my people, my people, and my people." Right? And I think what's happened is a lot of things that we knew were important have become real drivers of economics in the world. Right? It's not that customers kind of like it, it's customers make choices based on that. It's not that employees like it, it's they make choices based on it. And I've seen statistics up to 80 percent of people will switch. It's how people's money is managed. It sort of echoes up and down.

And this is the shift. I mean, this is part of where what I do today comes from, is this idea that these things have always been imperatives. But now these things have quietly crept up in a way that people didn't always pick up on as quickly. They've become drivers in the

real economy. And I think that shift of impact over the last ten to kind of 15 years, I think, has been a pretty central one.

The other thing that I have call out that love that you said is a lot of the issues around racial inequity, none of them are new. It's just they're a little better documented and a little more visible in a way that hasn't been [UNINTEL].

Tom Davidson: None of them are new. Yeah. And this is a point where really at the end of the day to me it's, like, courage is the underlying thing on a lot of this stuff. And do you have the courage to question? Do you have the courage to study? Do you have the courage to learn? And do you have the courage to listen? And so, I think that is-- these learning layers are interesting to me because at the end of the day they are kind of courageous at some point, whether it's mental health or sexual violence prevention, these things. They're courage. And they're really tough. Like, they're not dinner table conversations. They should be dinner table conversations, but they're not. So, they've become very uncomfortable very quickly. Money.

John Goldstein: I think relative to that, look, these are things as a society, as we try to do almost anything, right, having people who can have tough conversations, who can be introspective, who learn things to help navigate all these issues is so important. Right?

Tom Davidson: And the thing is, I was going to say, what's so exciting about this moment for folks who are listening, who care about these issues, who are funding these issues or in the fight on these issues is what you're going to see in the next, I think, five years is going to be really interesting.

I wrote an article on Fortune. I think my mom read it. Maybe my wife. But I wrote this article kind of talking about this idea of impact as a service and that technology was going to, finally, come in the way it has come in to every other space and reimagine this.

And it's going to happen in ESG and impact. It's already happening. And you're going to see this incredible grouping of companies that range from, like, Benevity and Blackbaud who are doing donation management stuff and they're the pipes to the movement of dollars and employee matching, to the upscaling initiatives at like a Flatiron School or a Guild or these others who are reimagining the workforce, diversifying the workforce. Companies like EVERFI that are trying to build an internal and external learning layer on unconscious bias or harassment or the external on, like, building these initiatives in schools and community-based organizations. And all the players on carbon and climate and sustainability. So, you're going to see technology. You're going to see a new space get created in the next five years.

What's really cool is it's pretty nascent from a private company perspective. I mean, you've maybe seen, like, ten companies that truly are scaling at a significant 100 plus million of recurring revenue and are growing. But you're about to see a fire lit over there. It's going to be really fun.

John Goldstein: When I look, I mean, it's been fascinating for me of having been a little old B corp back as Imprint Capital to taking public benefit corps public. We did the first direct listing of a public benefit corp. Just where this has come from the periphery to the core has been remarkable, I think number one.

Number two, people understanding all the keys on the keyboard, right? I think from back when, you know, working with some of the largest foundations in the country who were working on education, education, education. How do we do this? And having them realize, actually, there's a lot they can learn from entrepreneurs, right? It's not saying markets can solve all their problems. But as you try to sense and understand the systems before you change them, that learning return.

I think this is one of the big things I keep seeing is for some people as they think about investing capital, whether they're an institution or an individual, investing in a way that

advances things they care about is good. But also, for folks that think of themselves as philanthropists, that learning return, it helps you understand the front lines of the economics of the challenges you're trying to solve with great entrepreneurs. And it doesn't mean directly all your money to entrepreneurs. But it's going to make you a much smarter philanthropist, right, this idea of the learning return that comes out of it where, you know, I talked to a philanthropist that was going to go and grant fund some things that you and other people could do at scale in a much more impactful way. Right? And I think sometimes by being silent, people miss out on those opportunities.

I think the other thing I'd just flag is to the tailwinds along the way, kind of last past question before we get to the future, EdTech also, long time, think about impact, right? This was not a cool area. It was not a hot area. Felt like people put a lot of money in over a long time and not much happened.

And you talked about Race to the Top. Race to the Top. [UNINTEL] list of money for things. I think about the wireless generation exit. These steps along the way where penetration of technology, appreciation of the model, I think that's kind of come a long way too to where we're in such a different place than we were back when.

Tom Davidson: Yeah. It is. It's really exciting. I mean, I came up with a group of, I don't know, ten of us. Like, Udemy. 2U. These are great plural site. And it's been so much fun to watch, really, most of these companies, General Assembly and others, like, find their footing and do extraordinary work.

And I think what's different about now is the type of talent that's coming in. Back in the day, with all due respect to people like myself, we were all like former politicians. Like, I have no business running a technology company whatsoever. We were a politician, or we were a teacher. We were a Teach For America person.

And now you're seeing there are still a lot of us, for sure, but you're seeing the type of

talent that comes from around the organization or people who've done really sophisticated technology stuff at one of the big Silicon Valley companies deciding to take their next swing at something like EdTech. And so, you're seeing companies now.

I think what hasn't changed is there's still this calcification in the education system that exists. It's probably going to exist for a long time.

John Goldstein: I have to say, education and healthcare are two systems that are remarkably resilient.

Tom Davidson: They're incredibly resilient. Yeah. They're incredibly resilient. They are. And so, I think that's always a bit of a wakeup call. And it is one of the challenges in EdTech when people go with, like, a freemium model without something to follow it. I think they tend to hit a wall that they've got to get over pretty quickly around finding the buyer and understanding that.

John Goldstein: Yeah. And look, I think obviously COVID sort of was a moment for EdTech, right, for getting everything wired. New adoption. And frankly, for a lot of the skills you work on, right? You talk about mental health, you know, social/emotional learning, all of those elements. They've always been important. But in some ways, we had a stress test for how can we respond to that. I guess, yeah, what changed, and I'm sure, you know, the kind of impact you could have in that moment?

Tom Davidson: Yeah. So, really two things. One that's just very interesting and a total fact. And the other that's an indelible change. Which is that this was an incredible conditioning for the market to get ready to absorb technology kind of at large in schools. It went from being this issue that your IT person or something was figuring out to basically every teacher in the country, whether they liked it or not, had to figure their way around this stuff and figure out how to go either harvest the parts of all these various pieces and incorporate it into something meaningful. Or companies would be

there to help them do that. That's not going back. That's never going to be the same. And it's great. It's going to be to the service of kids.

We've got to make sure that it's equitably distributed. And that's kind of my key thing. Is just make sure that Darien [PH] and Greenwich and [UNINTEL] aren't the only ones that just get all this stuff and have side foundations and things. And I celebrate all of that. Like, I'm all for it. I just want to make sure that if you're a student in Birmingham or Selma or one of these places, in a Native American reservation, that you're not just SOL on this. That's number one.

And then I think number two is, listen, the relationship with devices and these things, when kids are being prescribed more and more homework, and the intersectionality of their time on their devices and the algorithmic assault at the end of the day that's particularly going after young girls, I think, is something that it's a simmering thing. And I probably have, you know, let's just say I have 50 close friends that have kids my age. I think 40 plus of them are having major issues with, in particular, their daughters and devices. Maybe 50. Maybe 49 out of 50. And I'm talking major.

And so, we've got to get our arms around this because right now there's no history. There's no [UNINTEL] really. This is truly the first generation of kids that have ever truly had this. And by the way, this generation, my kids right now, 14, 12, ten, eight. They're the first generation where homework and social have smashed together. And so, they're going in their rooms and getting on these things. And they're being on. And they're on them for four or five hours. And this isn't a shot at Facebook or Google. I work with all of these companies. This isn't a shot at them. It's too easy to just take a shot. I mean, everybody's taking a shot at them.

John Goldstein: They've only worsened [UNINTEL]. Right? [UNINTEL].

Tom Davidson: Yeah. But these kids don't have a chance against this version of this

right now. And so, what we have to do is, like, I think the message to parents, we're spending a lot of time researching this, is you've got to be, for whatever your comfort level to go on offense around device management and time, 5x it. You know? This is the guinea pig generation. These kids are total guinea pigs on something that's never existed in the world before. Ever. No one has ever gone to bed at night with the entire information of the world algorithmically motoring in their pocket or under their pillow. It's the first generation that's ever had that.

And so, we're going to learn the consequences of that, good and bad, for what it means for kids. But I don't want to sound too depressed. The opportunities out of that are bananas. Like, they're extraordinary. We just need to make sure that we're not too overweighted on--

John Goldstein: Well, what I was going to say, I wanted to get to the kind of optimism of the future. Which is, I think, look, you've grounded us in some sobriety of what we're dealing with, which you, fortunately, are in a position to move the needle on. But looking forward, like, what's exciting?

Tom Davidson: Oh my God, I'm like out of my chair, I mean, just literally, like out of my chair excited about what's coming. So, the couple of things that are really interesting to me are the importance of connecting mentors to-- using asynchronous technology to basically connect mentors to kids who wouldn't normally have access to them. I think that's like a massive opportunity and so that's number one.

Number two is, you know, this individual piece of being able to kind of curate learning and speed and serve up different pitches, and the promise of individualized learning, I still think we're a number of years away from it, but gosh, there's really, really neat things going on. The concept of us walking into a classroom and there are 40 kids who you just perceive all got out of bed that day with the same wiring in the same issues and the same meal and the same everything, just not a true thing. And so, I think technology is allowing

us to just call that what it is, which is it's not true. And so, we can begin to teach and reinforce and flip classrooms and do all kinds of things around homework and curation there. That's so exciting.

I think the other thing is, for me, the tying together of kids learning about-- I can't tell you how important it is for kids to learn about financial education and healthcare literacy. Like, those two things. And I think what I'm excited about is really the next phase of EVERFI is what's coming behind that, is building actual financial infrastructure underneath families and kids. And so, you create savings vehicles and things right behind the learning itself, so it becomes actionable. And you create a generation that's actually creating wealth from a really early age.

So, like, you now have the ability to do that with the disruption. I mean, you all, like--

John Goldstein: Yeah, I was going to say. We're not unfamiliar with what you want to do.

Tom Davidson: Yeah, I mean, it's incredible what is possible there. So, listen, the problems are real. We all know that they are. It's important to understand the problems. But I am so excited about what's possible using technology in this impact as a service idea for software to drive a lot of this and create opportunities for people in a way you just couldn't have ever before.

John Goldstein: Look, I am, I think, as excited about what you've done, where you are, the example, and what you can inspire people, and what's next. And I think I love blowing up these false dichotomies. Do you focus on low-income communities and [UNINTEL] resources of larger ones? Let's cut the Gordian knot. Let's find a way to get free, over time impact to those communities. Do you have an impact, or do you scale a business? Well, let's find ways that those are in sync. Right? Let's find ways to sort of-- if there's a tension that doesn't feel constructive, let's just get rid of it and come up with a better

model and a better tool.

And I'm just so pleased you were able to join us and share this with us because I think there's so much in there. The growth of impact. The growth of EdTech. What a great business looks like. All of those different things. And really appreciate it.

Tom Davidson: Thank you so much. And if anybody ever wants to get in touch or wants us to come to their communities, or any of your clients or others want access for their kids or grandkids, just email me at tom@everfi.com and we'll get them logins and stuff to financial literacy or anything else. We'd love that.

John Goldstein: Your inbox is forewarned.

Tom Davidson: It's all good. I'm going to make David Solomon pay for it all. Nah, I'm just kidding. All right.

John Goldstein: Thank you so much. And audience, thanks for joining us. Hopefully you found this, some fraction of it, as interesting and exciting as I did. Thanks for joining us. And until next time, cheers all.

Tom Davidson: Thanks, John.

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