

Presence Learning focuses on expansion, not exit, CEO says; could attract interest, industry source says

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Presence Learning, the venture capital-backed online speech therapy provider, is interested in expanding into new areas and has not focused on an exit strategy, said Clay Whitehead, co-founder and co-CEO.

Formerly known as Presence TeleCare, the company, based in San Francisco, California, changed its name last August. It provides live online speech therapy to K-12 students with video conferencing and an interactive curriculum. The company provides 5,000 sessions per month, using 150 therapists in 18 states. He said the company is generating revenue and growing and has raised at least USD 5m in capital in two rounds since its inception in 2009.

Its venture capital backers are New Schools Venture Fund and Catamount Ventures. The Northern California company's law firm is Cooley, where it works with Sam Coates. It has no financial advisor.

Whitehead said the company is "happy with our existing partners." When asked about a timeline for an exit, he said "we don't really talk or think about things like that."

A private equity investor, who said the company won an award at a recent education conference in Arizona, said while Presence is very small, "we like the business." School districts are required by law to offer speech therapy but in some districts speech pathologists are hard to come by. He also said speech is one of the more frequent special education services provided by schools. He suggested that in addition to private equity, lots of strategics could be attracted to Presence, including listed Cambium Learning and K12 as well as Plato Education and Nobel Learning Communities. "There's a whole community that could be interested in that," he said.

The company is US focused and sees a lot of potential to expand to other areas besides speech, but Whitehead declined to be more specific.

"We're squarely focused on working with our school partners and growing in areas where we're at a have a presence geographically and in terms of speech." He said the company is working on expanding the number of states in which it operates. "We started in California and have grown on the West Coast, Midwest and East Coast," he said.

Presence is addressing the shortage of trained speech therapists; high spending and poor outcomes for students, Whitehead said. He said he grew up with learning disabilities and the company's co-founder, Jack Lynch, has a close family member on the autism spectrum. The two met in Stanford Business School.

Whitehead said 13% of US students, a total of 3m to 4m per year, receive special education, but they account for 20% of instructional spending, or USD 50bn each year. What's more, these students have twice the dropout rate of the general population despite the higher spending.

By Marlene Givant Star