

Center for Strategic and International Studies

TRANSCRIPT  
**The Reopening**

**EVERFI CEO Tom Davidson on the  
Future of Education Technology**

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Andrew Schwartz: You're listening to The Reopening. The podcast that asks, "How will America work through the COVID-19 pandemic? How will we innovate, and how will it change our global economy?" Each week we invite top business leaders to share their insights on the road to economic revival here at home, and around the world.

Scott Miller: In this episode our guest is Tom Davidson, founder and CEO of the education technology platform Everfi. Tom describes Everfi's unique approach to online curriculum for K-12, university, and business settings. We discuss how the company delivers life skill trainings for those who most need it, as well as the way they leverage unique partnerships with professional sports leagues. Through Everfi, Tom creatively engages corporate leaders in the mission of social change through education.

Andrew Schwartz: I'm Andrew Schwartz.

Scott Miller: And I'm Scott Miller.

Andrew Schwartz: And this is The Reopening.

Andrew Schwartz: Scott, we have a real treat with us today. We have my great friend, Tom Davidson, who also is one of the leading, leading education entrepreneurs in the world. He runs a company called Everfi which he cofounded with his partner. Tom I wanted to ask you, we wanted to talk about online education, the future of education, public-private partnerships and all the cool stuff you're involved in. But first, I want you to tell us in a nutshell, what is Everfi? What's it all about? And what are you guys up to these days?

Tom Davidson: Well, thanks so much. Just a total pleasure to be here. Yeah, so Everfi started about 12 years ago. And it really came out - I have a weird background, I'm not sure it's the perfect background for a tech CEO. But I had been a member of the House of Representatives for Maine. I ran right out of college. And, learned a ton about really two areas. One was how to connect schools and kids, particularly kids in high poverty areas to the internet. We were one of the first states that wired all the schools and libraries together. We created the first one-to-one laptop initiatives in the state. At the same time, it was pretty clear that the way schools were funded was just totally out of whack. And it wound up creating a great divide in terms of access to the latest and greatest things that, if you come from a community of means and are born into the right zip code you're doing pretty well. And if you're not, you tend to be a little less so well. And so what Everfi was set up to do was to build out what I think are these really fascinating learning programs. Think of like a five-hour, ten-hour, and sometimes 15 hour courses that teach kids about really critical life skills that are often left outside of the school day. So these are things like financial education, student loan readiness, how to fill out a FAFSA form for student aid, managing food insecurity, learning about sexual violence prevention, or bullying prevention, or how to treat each other compassionately. So these are things you don't often see as you probably won't ever build like a chemistry course as much as I could use that in my life. We think a lot of people are good at building out the Common Core, you

know, core curriculum areas, but it's these what I call these like "exoskeletal" things that are often left out of the school day. But we wind up learning a lot from mistake, mistake after mistake after mistake of banging up your credit, not understanding what a mortgage is, not understanding payroll taxes, or how to file your taxes, and we just think those are things that can be taught.

Scott Miller: How do you make these things simple? Because you know, I have had to have these occasional conversations. Young friend of the family asked me about investing, asked me about stocks, and I said, my first question to him was, do you have any credit cards you're carrying a balance on? And he said, well, yes. And I said, you have a 20 percent guaranteed return if you pay off those credit cards. He'd never thought about that, because it's complicated. So how do you simplify this?

Tom Davidson: Yeah so, it's a great question because it's important that you do. And it's important – you know really the opportunity with Everfi was that most of the time it's folks like us who walk in and stand in front of the classroom and speak for an hour and a half to kids about compounding interest or savings and you watch their heads slowly hit the desk as they pass out from boredom. And so you definitely need to remember that these areas, which are often like – they should be dinner table conversations. But one, they're not easy to talk about. Two, they tend not to be easy intergenerational conversations between you know, families or advisors or big brothers or big sisters or anything. And the third thing is you got to meet kids where they live. You can't have kids on Tik Tok and using Snapchat and other, you know whatever the latest app-du-jour is and then go and give them a PowerPoint on a slide projector. And so we knew that we needed to use things like social gaming, nudges, messaging tools. We needed to allow teachers to really easily integrate that into the K-12 school day, in the case of our K-12 business. And I think one of the great things we did early on, whether we meant to or not, we wound up having something like 170 teachers that work for us full time. They develop product, they develop content, they train the teachers, do the professional development. And that allowed you know – so many times, geniuses like me sit in fancy offices in San Francisco or Tribeca or wherever it might be and we're like, "let me tell you what's going to work in the Mississippi Delta or Bastrop, Louisiana" and it winds up hitting a brick wall in those communities. And so you've got to number one, kind of lean into the technology that is the technology of the day and not get too wed to any one delivery mechanism. What's a funny story, I'll tell you Scott, like a year ago, we were sitting around having these conversations. We run all the backend education programs for, significant programs for the NFL, NHL, Major League Baseball, the Premier League, and others. We started to Zoom in, using Zoom, athletes and others to just drop into classrooms. It was the most revolutionary thing. And we sat around in these conference rooms saying, I wonder if we could ever get kids to be on a Zoom. And here we are, you know, nine months later, where that's all we do. So you've got to recognize that the market and circumstance will often drive the delivery tools that students will respond to, and you've got to be flexible with that as well.

Andrew Schwartz: How do you leverage the NFL? How do you leverage the Premier League? How does that factor into your business model?

Scott Miller: So Andrew, it really is this special sauce of Everfi. I do think we could spend 92 hours with me telling you what we don't do well and we don't have time for that.

Andrew Schwartz: Well we could spend 92 hours with me, you, and Scott talking about the NFL in general. So we won't get into that.

Scott Miller: That's a different podcast.

Tom Davidson: Yeah, exactly. So it was a core – it was the underlying cornerstone of our business was number one: we did not want to have to go from a standing start to build Everfi as a household name and try and convince people that we were you know the be all, end all or had all the credibility in the world to do these things because we didn't. We didn't have any of it. What we felt was really important was to become the intel inside of hundreds, and now thousands, you know, 3,100 large companies across the world. To put them in the business of financial literacy. To put them in the business of teaching compassion or sexual violence prevention, whatever these kind of big, hairy, intractable problems might be. So for us, what we wanted to do was instead of having Everfi be at the front, team with the private sector for two reasons. One was they have in many cases 100-year-old connection and brand and they were recognized and in most cases trusted across the board. Number two was that we knew that there was never – we're a business. So we're not a nonprofit. We're trying to – and depending on what month you catch us we're not a non-profit. But our goal is to build a very large, sustaining, and enduring business. And so what we wanted to do was create this as a real enterprise software company and sell this as a service to the largest companies in the world who could then deploy into the communities that they had employees and that they cared about and that they had connections with. So what we do is, like with the NFL, we built a really powerful character and education program. With the NHL we built a program that utilizes hockey to teach really specific data science and upscaling skills for the jobs of the future. We teamed with Jeff Weiner, the CEO of LinkedIn, to build out a program on compassion and bullying and on and on and on. And for us what it does is this. This is a really important part of this. The education sector has two things, in my opinion, that are challenging for families. One is it is highly, highly localized. So in Mississippi, you're going to have hundreds and hundreds of school districts all making their own curriculum decisions, their own funding decisions. That doesn't allow you to ever do anything. Like people talk about Department of Education all the time. Doesn't allow you to do a national, really anything. And number two, whatever does come nationally or from a governor, those things are so fleeting. I mean, that was one of the things I learned as a state legislator was the whipsaw and kind of yo-yo of budgets. One minute it's No Child Left Behind, the next minute it's Race to the Top, the next minute it's Common Core, the next minute it's whatever the President decides he or she is going to make a priority. And so what we wanted Everfi to do was to power the

private sector to get into the business of solving these problems, paying 100 percent of the cost of it. So it's free to schools and they could spend their money on something else. And three, that it was enduring; that these are multi-year commitments and people weren't getting yo-yoed. So often the superintendent's come to us and said, "hey is this going to be gone in a year? We've got a lot of people who do drive-bys on this stuff and they're here for a year and then they're off to something else." So those were the key private sector parts of this.

Andrew Schwartz: So you just launched basically a day ago, you know we're talking today on Thursday, Athletes First and Everfi unite to launch nationwide interactive African American history education program. What does that do?

Tom Davidson: So I love it – I just got chills when you brought it up because I get chills every time I think about this. So I my entire focus in college was African American history, it was my major. And I thought it was really, really hurtful to the country that we did not have a good and consistent course that celebrated the diaspora of you know, the hero contributions of the African American community over the last 400 years. So really before, it's interesting Andrew, we launched this course, seven years ago. And it's called 306, which is interesting. There's a collective that it started at an address at 306 in Harlem where the great artists and sculptors and others came together during the Renaissance and then 306 was the room where Martin Luther King – we stayed at the Lorraine Motel – he was killed in front of. And so that name just really hit me of the pain and promise of the movement. And so 306 is our course. We built it with Clay Carson, who's the official biographer of the King family for many years and runs a department at Stanford. And it's a wonderful African American history course that we have now teamed with UBS and the NFL and Athletes First and others to bring to communities across the country. I think it's really important. Most schools don't have this. And we think the kids who go through it, the data shows are substantially more empathetic and compassionate to each other's journeys regardless of where they come from and who they are. And so yeah, it was a big announcement yesterday. Athletes First represents hundreds of athletes, including some of the great Oklahoma Sooners where I come from.

Scott Miller: Yeah, that's amazing.

Andrew Schwartz: And can corporations and organizations get access to this too?

Tom Davidson: Yes. Yeah, so we made a big push during Covid. In particular to kind of open up that platform. So our message is always if a school reaches out to us, they get it for free. And we'll figure out a way to get it paid for by someone else on the back end. We've never charged a school and we never will. And we think companies should offer this as an employee benefit; their employees and their kids, which is what UBS and others are doing, which is pretty cool.

Scott Miller: Tom could you talk about the platforms? You mentioned the school. We talked K-12 and you're offering a scale and you're offering continuity, which are great benefits and have a long-term payout. But Everfi also has a

corporate side. You do business, you do nonprofits. What's the overlap and what are the differences?

Tom Davidson: Yeah so there's three core businesses. As we talked about, the K-12 piece. The college piece is one, I'll just touch on that really quickly. We have about 1,500 universities that use that software, train students principally in four different areas: sexual violence prevention before they arrive on campus, alcohol responsibility, their mental health, and diversity and inclusion. So that gets bought by universities, gets implemented, and I love that business. The enterprise business, the company business, that's a newer business for us, but it is scaled dramatically and that is really focusing on internal, like culture, internal. We just think that all comes together. We call it our community engagement operating system. It's kind of a mouthful, but this is kind of, what are you doing externally and what are you doing internally? And you got to do both. The corporate side is focused on diversity, inclusion, unconscious bias. It's focused on harassment. It's focused on creating safe work environment for folks. And our goal at Everfi it's going to pull that all together. So company can look in one place and see what they're doing in the communities they operate in as well as within their four walls.

Scott Miller: That's remarkable. You know, one of the things that I noticed on your blog, Everfi blog, was a forecast for 2021. And that kind of ties into your programming. There's some items I'd like you to comment on because you're saying that compliance complexities continue to go up. Expectations for better practices and better results continue to escalate. Focus on employee well-being is a core mission in a lot of HR departments, yet remote work is going to stay at high levels. How do you balance the stresses of remote work and with the distance from corporate cultures, the distance from management and take advantage of the trends?

Tom Davidson: Yeah, it's a great question. It is the question anybody who is running a company right now is very worried about. And I think I am on a group of 50 CEOs that get together on a call, we may have 30 of us at any given time. We do it once every 10 days or two weeks. And I think we're all worried about the fact that those of us who have had in-office cultures for the most part, Everfi's almost been half remote employees all along. So we did have a bit of a head start on this. But I think you worry a lot about the fragility of the culture that you've built over time. How important that in-person water cooler interaction is. And obviously we're all thinking about how we come out the other end of this. I will tell you, I feel our company's significantly stronger coming out the other end of Covid. And when it happens, I think largely because it has been so uniquely individually tough on almost each member for a variety of reasons. A couple years ago you did start to see employees focus on their internal culture and what is happening there in a way that it never happened before. I think HR, even HR would tell you payroll and compliance. And it's now become a very different animal. It certainly is payroll and compliance, but it's also, can people bring themselves to work every day? What kind of environment I'm showing up into? That's never going back, like it's never gone back. The expectations, and we're seeing that in our work, the expectations of what employees, particularly

younger employees who are entering the workplace are driving that, and they have a very different expectation of what the company is expected to do, who the company is expected to be, this whole concept of stakeholder capitalism and these things. Like they're real things, you know, they're very real things and we just see a big opportunity there for our software and like our content stuff to be a part of that conversation.

Andrew Schwartz: Are you thinking about things like physical space differently?

Tom Davidson: Yeah, I mean we certainly are. I think it's funny, one of the things about doing this at almost age 50 is that you've seen a few movies of various waves of technology companies and stuff. So I warn our company against getting too bought into one thematic, right, like San Francisco's dead. San Francisco's alive. New York is dead. Commercial space is dead. We're never going back to the office. Like it's very easy particularly at the beginning of Covid, everyone had their absolute line in the sand. "We're never going back to the office every again." But what I will tell you is this. I don't think anybody feels like their physical usage and physical space is going to look and operate the way it did before this. I just think like anything else, you're going to see more people opting to use the space as far more, and this is way we're thinking about it, for more of a convening space than a plop in a seat and put yourself in front of a screen for nine hours or whatever it might be. So we're thinking about that configuration. I look at it beyond the safety. We're not back in the office yet, so like beyond the configuration world. It's just like how will we use this in the future? How will we – Everfi's a really big travel company, like we believe in being on the ground and on a Native American reservation or in the heart of the places we operate. I think we're rethinking whether it's necessary to do all the time. So those are the considerations right now.

Andrew Schwartz: What's the thing you think of when you think of the other side of education and you know, you've obviously been a pioneer in this space, online education. Has online education and education changed forever because of Covid?

Tom Davidson: Great question. I think it absolutely has. I think we've got some debt that we've got to take care of. I don't know – I had this conversation with my dad last night, you know, the fact that access to healthcare and certain things; so much of these things, safety for kids happen inside school houses and school buildings across the country is something that people need to recognize that they're far more than just content delivery buildings. They're life buildings. I tell – people often just find this crazy but it should be. How often, how much time teachers spend trying to deliver food to kids at home. I mean it's just, it would blow your mind. So there's that side of it. The other piece of it is we have to make a decision as a society whether we think access and connectivity is basically like a human right for students. I believe it is because it's within one of the few actionable things you can do, is wire schools and libraries the right way and provide access. This should be something the FCC and the next administration should demand and government should demand and localities and municipalities should demand. So that's number one. And then that gives you kind of the building

blocks to say then, what's the second? And I've said this since the beginning. There can't be another wave of digital divide. I mean you can't have 20 percent of the country have access to all Everfi-type things of financial education and test prep and student readiness and mental health programs that can now be scaled online and have all the rest of the kids standing by watching it happen. Which is why I think our business model is so important. To get the private sector to pay for all that and I think the private sector should. I really do.

Andrew Schwartz: Yeah I mean we've got, think about our media right now where we've got a situation where you have information haves and have nots. You can afford a subscription to The Wall Street Journal or The New York Times or you can't. And if you can't, you're really missing out on some really important information and you might not be able to make that up somewhere else. And it's the same with education. If you can afford access to great education or if you're in a place where there's great free education and you can access it, well great, but if you're not, you are SLL right?

Tom Davidson: Yeah. And I think what will change coming out of this is that there will be really empowering tools that we might have missed this wave, but people are going to learn a lot in this wave and it kind of, you don't want to be learning on the job. I always say let's not learn on the job with our kids, but we will learn a lot from this experience. I think the second thing is the kids – there will be a post-mortem on this that will show that we lost – we had this expectation that families could be able to figure this out and kids could be able to figure a lot of this out on their own. It's a completely unfair expectation that you just would somehow make a student an online learning expert to manage the multitude of applications and messaging tools and things that are coming their way. It's totally unfair expectation and we're going to learn that was really, really unfair that happened to a lot of kids.

Andrew Schwartz: Well much less even for most kids to have a quiet place in their house to look online and learn online with a computer if they even have a computer and they even have broadband.

Tom Davidson: I'm a huge glass half full person and I think it should be exciting to us the possibility of what can happen. The accelerant that was Covid of just specifically as it relates to the possibility of connecting kids to the best teachers, the best information of enabling flipped classrooms and homework to be done. Like the promise of it should be a really exciting thing for everybody. And I think now what's cool about this from a market perspective, is people have realized it and there's billions of dollars going into the development of tools to make this a better experience for kids.

Scott Miller: It's always great to talk to a glass half full person because they're – you're in a distinct minority. So while we have you, look out five years from now. What are you optimistic about? What are you really hopeful about in your space?

Tom Davidson: So I think a couple of different things. And I have a ton of optimism about it because a lot of times people don't focus on this world, feel like this is all

displacement for teachers and stuff, which is bananas. Because at the end of the day, I think what Ed Tech, writ large will prove is that we just become a tool kit that teachers can enable in a really powerful way. I think professional development's going to get a lot better. And teachers are going to be enabled to do just significantly more to do reinforcement work, like reinforcement work at home to individualize learning. And that's I think, the biggest fight to zoom in on one thing is this: the promise of Ed Tech to me is the enablement of more individualized reinforcement. Sure, there's going to be discovery. Sure there's going to be like, you'll be able to access the best minds and the best teachers in the world at scale. That can be done today. But that's like enabling function that we have to – but ultimately, what will happen is that my son, that Garrison will have a different approach than Daniel will and they'll need to be reinforced in different areas. And that technology will enable the discovery of that. And then the enablement of teachers to do that reinforcement, so the teacher doesn't have to constantly be doing that across 40 kids. Math reinforcement, word study reinforcement. The enablement of learning of things that can be somewhat standardized. That's what I say about financial literacy is, why should we expect in that case, so important? Why should we expect hundreds of thousands of teachers to become experts in how derivatives work and commodities play out and how stock exchanges are set up and, why can't we just create somewhat scalable solutions to that stuff?

Andrew Schwartz: Well, I'm pretty sure that we're all going to be working for Garrison and Daniel one day, who I believe are conspiring to hit you up for Wizards tickets now that Westbrook has joined the squad.

Tom Davidson: Yeah, yeah. It's an amazing trade I'm fired up. (laughs)

Scott Miller: Here's some good news.

Andrew Schwartz: Well Tom. This has been an incredible discussion. We've really learned a lot. I have a final question for you. You have been able to attract some of the real, you know, heavy hitters in the world, people like Jeff Bezos and Eric Schmidt and Richard Branson to back you. Why do you think they've all been so keen on your model?

Tom Davidson: Well I think that yeah, we're lucky to have those folks and this is I think the answer to that is this is one of those areas where there's a deep violent agreement that it has fallen. It has not had the innovation that health care systems, transportation systems, energy systems have experienced. And I think the big thing that I heard directly from a lot of those folks along the way was that the education system, and I really believe this, has suffered from a lack of engagement and involvement from the private sector. All the responsibility and the pressure has landed on teachers. It's landed on public funding and state legislatures and others. And you can't point to many other places in large cities like large GDP, massive employers and others where the lack of a private sector and innovation that comes from them has been a net plus. You just can't point to any other place where there's been an absence for the most part of the private sector. And I just believe that Everfi can be a

conduit for allowing billions and billions and billions of dollars to flow through in a predictable way, in a consistent way, to augment what schools are up against. Because, the bottom line is school funding formulas have been set up over hundreds of years and they were set up and have – whether they were intended to or not – have uniquely disadvantaged kids in high poverty areas. It's a tragedy. And I always tell people it's probably not going to get solved by the public sector, because unless you've sat – like I got all my white hair because I sat through school funding formula debates on the floor of the State Legislature. And you were kind of like this ain't ever getting fixed. And so you need to enable a different funding mechanism. And weirdly, I'll tell you this Andrew, it's more consistent. People are always like, well don't you worry about the yo-yoing or the whipsaw of like corporations pulling out of whatever? I'm like, no. I worry about state legislators changing their mind every two years and by a new budget cycle. And so, that's what I'm excited about. And that's why I think a lot of these folks who also believe in the power of innovation in the private sector, being a partner in that, I think that's why they got in.

Andrew Schwartz: Good to know they're backing you. It's good to know they care and really good to know you and Everfi are out there powering this next generation of leaders and the future of our education. Tom Davidson, thank you so much for being with Scott and I for the Reopening.

Tom Davidson: It's great to be here. Thanks so much.

Andrew Schwartz: Thanks for listening to The Reopening. If you liked this episode, please write us a review and subscribe wherever you find your podcasts. You can also find other podcasts from the Center for Strategic and International Studies at [csis.org/podcasts](https://www.csis.org/podcasts).