McGraw Hill, Inc. | AI Blueprint

Supporting Human Intelligence

Learning is a fundamentally social experience, and we believe Artificial Intelligence (“AI”) should be used to enhance the teacher-student connection — not replace it. We view AI as a tailwind for our business, advancing our ability to personalize learning at scale by facilitating meaningful learning experiences and interactions through our learning solutions.

The "Precision Learning" Advantage

McGraw Hill leverages AI to enhance **"precision learning"** and our competitive position is grounded in what AI alone cannot replicate: 138 years of proprietary pedagogical expertise, learning science, and structured educational data.

As an education solutions company, McGraw Hill's value is rooted in curriculum aligned adaptive learning algorithms, assessment engines, and workflow integrations —

serving **100+ million active learner and educator curriculum licenses** across preK-12, higher education, and professional learning. Our content is developed in coordination with more than **50 Nobel laureates** and is designed to the highest standards of academic rigor.

In the AI era, we believe that this foundation becomes more valuable. School districts and educational institutions increasingly seek trusted guidance in a crowded, unvetted AI landscape — and McGraw Hill's efficacy-first positioning directly meets that need.

Value in the Content, Pedagogy, and Data

We believe that McGraw Hill's true advantage lies in our proprietary inputs: curated curricula, peer-reviewed research, assessment banks, learning-science methodologies, and extensive learner data. We then map these inputs to hundreds of thousands of regulated learning objectives. In education, the cost of error is high — inaccurate content and misaligned assessments have direct consequences for student outcomes, teacher efficiency, and institutional credibility. This accountability standard, built into every McGraw Hill product through peer review and efficacy research, represents an advantage that low-cost AI alternatives cannot easily replicate.

Embedding Intelligence Where Learning Happens

With a clear strategic differentiator established, McGraw Hill is embedding that intelligence directly into student and educator workflows — moving beyond siloed products and into deeper integration and adoption.

Workflow entrenchment is not a byproduct of our AI strategy — it is a deliberate objective. By embedding AI tools directly into the daily routines of students, educators, and institutions, McGraw Hill raises switching costs, deepens platform dependency, and creates output accountability that generic AI tools cannot replicate. This entrenchment is a core structural defense in an AI-disrupted landscape.

A Growing Suite of Embedded AI Tools

McGraw Hill's recent product launches illustrate how AI is being woven into student and educator learning moments, integrating AI seamlessly into existing workflows rather than layering on standalone tools.

8 AI solutions launched in the past two years:

Business Unit	McGraw Hill Solution	Capability
K-12	**Teacher Assistant**	Reduces administrative burden; supports instructional planning
	Writing Assistant	Real-time, scaffolded writing feedback for students
	ALEKS Adventure	Adaptive math experience for younger learners
Higher Education	**AI Reader**	Active reading support via AI-simplified explanations and comprehension checks — **57M generations across 2.4M students since inception through May 2026**
	Spot Translation	Language accessibility support for multilingual learners
	Ask Sharpen	AI study assistant inside Sharpen application — **prompts up 28.8%, active users up 21.6%**
	ALEKS Calculus	Adaptive AI learning extended into higher-level mathematics
Global Prof.	**Clinical Reasoning / Patient Interactive Encounter (PIE)**	Domain-specific AI for nursing and health sciences

These tools function as an always-available academic support layer leveling the playing field for underserved students, non-native English speakers, and learners without access to tutoring or academic services.

The impact is measurable. At Rowan College at Burlington County (NJ), Sharpen users outperformed non-users across the following metrics:

- **+27%** in-class quiz performance
- **+47%** final exam scores
- **+21%** overall course grades

Infrastructure at Scale

McGraw Hill's shared cloud infrastructure captures billions of learning interactions across its digital solutions fueling a continuous feedback loop that improves algorithmic efficacy, content quality, and personalized recommendations at scale. All such data is managed pursuant to rigorous privacy and cybersecurity standards and policies.

Our ability to ingest and analyze this data at scale and deliver meaningful insights in real-time enables personalized learning experiences that drive positive outcomes for students.

This approach underpins our differentiated go-to-market strategy and new product development, allowing our developers to innovate more targeted, adaptive, and impactful content and solutions.

The Last Mile Remains Critical

Technology alone does not transform learning. The last mile of every innovation is inherently human — requiring domain-specific fine-tuning, accuracy guardrails, and pedagogical judgment. **McGraw Hill's position is clear: AI augments human intelligence; it does not replace it.**

Learning is a social experience, and AI should deepen the teacher-student connection, not erode it. This philosophy shapes how McGraw Hill designs, builds, and deploys its tools.

This is especially important given the reality of faculty adoption. While forward-looking educators are redesigning courses and rethinking assessments in an AI-enabled world, many faculty are navigating this shift without adequate institutional support or clear policy frameworks. McGraw Hill's tools are designed to support *all* faculty — not just tech–savvy early adopters — by reducing administrative burden and enabling more time for meaningful student interaction.

Protected Intellectual Property

To maximize adoption without sacrificing control, McGraw Hill is preparing pilots to make its vast array of curated content and data more accessible through modern agentic AI interfaces — allowing students and educators to engage with McGraw Hill content faster and more cost effectively. Access and use of this content is subject to strict contractual controls and protections afforded by copyright and other intellectual property laws. The long-term success of trusted personalized learning depends on the ongoing protection of proprietary content: it is the combination of high-quality, vetted

content and the power of generative AI that creates genuine educational value. Eroding the quality of inputs to AI degrades the trust in the education it supports.

Monetization Evolution: Aligning Commercial Models with AI-Driven Value

As workflow integration deepens, McGraw Hill is working to evolve its commercial model to reflect the new economics of AI-powered education including agentic curriculum.

Enterprise Pricing

McGraw Hill anticipates hybrid structures and institutional / enterprise-wide contracts that reward broad student engagement and measurable utilization — with digital usage metrics and implementation success driving renewal and expansion.

Retention and Cross-Sell

Tools like Teacher Assistant and Writing Assistant reduce non-instructional workload. AI-assisted rubric creation, course material drafting, preliminary feedback, and communications management all create institutional dependency that reinforces renewal cycles. Dedicated customer success teams drive activation, retention, and up-selling of advanced modules.

Our goal is deeper integration of our products and solutions, smoother procurement cycles, and broader institutional purchasing. Our AI tools are specifically designed to foster academic success and function as a **retention mechanism** for institutional customers.

A View on AI Economics

LLM costs remain significant, and institutions are focused on outcomes and administrative efficiency — not replacing existing software. McGraw Hill's near-term monetization opportunity is in augmenting educator workflows while driving utilization and retention higher, not displacing the educators themselves. Importantly, greater efficiency in education does not always lead to better student outcomes. We believe investments that allow teachers to spend more time with students represent genuine value, while those that erode human connection and pedagogical judgment represent a step backward.

Cost Efficiency

AI is driving savings in content generation, in addition to other efficiencies across McGraw Hill's business units. Our internal Scribe tool automates multi-language translation, localized content creation, and question generation, delivering up to 50% lower cost and 60% time savings in select instances. Scaling across the business expands content output without elevating R&D costs over time. We are also capturing productivity benefits across other functions of the organization, including sales, marketing, and software development, with an estimated 27% of code generated internally through the use of AI tools.

Long-Term Growth Opportunity: TAM Expansion and Durable Competitive Moats

The evolution of the commercial model reflects structural tailwinds that we believe position McGraw Hill well for growth over the next several decades.

Continued Product Velocity

McGraw Hill's AI roadmap will continue to build. **Three additional AI learning tools are anticipated for release in fiscal year 2027**, further expanding our platform's capabilities and deepening workflow integration:

McGraw Hill Solution	Capability
Learning Coach (Kyron)	Personalized coaching to guide learner progression
Learning Studio	Integrated environment for content creation and instructional design
ThinkTank	AI-powered study tool for students in K-12 that creates flashcards, practice quizzes, and concept-mapping, all powered by McGraw Hill content

With 8 AI tools launched in two years and 3 more on the near-term horizon, McGraw Hill is building a compounding AI product portfolio — one where each new capability increases platform stickiness, expands addressable use cases, and strengthens the case for enterprise-wide institutional contracts.

Expanding Our Total Addressable Market: Access, Workforce, and AI Literacy

AI-enabled tutoring and academic support can reach students at community colleges and rural institutions who have never had access to adequate academic support services — directly addressing equity gaps that have persisted for decades.

According to the National Student Clearinghouse, more than 30 million U.S. adults have "some college but no degree." AI-enabled flexibility in pacing, feedback, and support makes degree completion more achievable for this population, representing a significant national workforce opportunity.

The rapid rise of AI proficiency as an employer expectation is driving curriculum updates and new course adoptions across K-12 and higher education. McGraw Hill views AI proficiency as a core educational competency — not a single course, but an institution-wide commitment — and we are positioned to serve this need at scale.

Premium Pricing in High-Value Verticals

High-value specialized areas, including nursing, engineering, advanced mathematics, and corporate workforce reskilling, are positioned to command premium enterprise pricing and generate sticky, long-term institutional relationships. These verticals require exactly the kind of rigorous, structured, and credentialed content that McGraw Hill specializes in delivering.

Compounding Moat

Structured, scaffolded educational journeys and complex probabilistic assessment models will remain highly defensible. McGraw Hill's combination of proprietary content, learning science expertise, platform-scale data, and deep workflow integration creates compounding competitive advantages that are difficult to replicate — which we believe are even more valuable as AI capabilities continue to advance.

Powering the Agentic Knowledge Economy

McGraw Hill intends to be a leader in the emerging knowledge economy. We are positioned to be an agentic AI knowledge source and we see a clear path to expand TAM and serve broader markets with our agentic technologies. We are preparing for our first agentic AI pilots, including one with a major healthcare company outside the education sector, demonstrating our ability to extend our expertise into adjacent markets.

Visit our website to learn more about our AI tools and guiding principles.