

BYJU'S learning experience

The tech-aided learning platform is trying to make education fun. How it scales up by securing additional funding and expands to other segments will be interesting to watch, says M Saraswathy

At first glance, the advertisement for BYJU'S may not seem as one for a learning application. With children talking about their first love, it could be a commercial for chocolates or biscuits. Only when founder and Chief Executive Officer Byju Raveendran comes on screen explaining Pythagoras theorem that it becomes clear this is an education-related advertisement.

Started in 2007 as Byju's Classes for the Common Admission Test (CAT), an entrance examination for the Indian Institutes of Management (IIMs) and several other business schools, it now has more than five million students on its platform with courses in physics, chemistry, mathematics and biology and competitive exams like the CAT, the Indian Administrative Service (IAS) and joint entrance examinations.

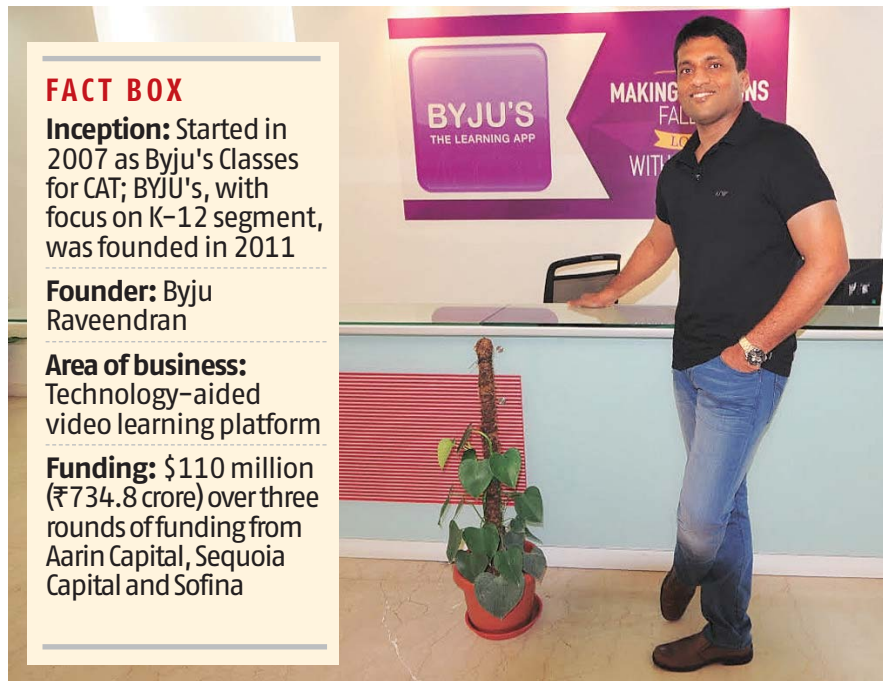
The early days

Raveendran says he is a teacher by choice and entrepreneur by chance. He started by training students for the CAT. Classrooms became auditoriums and then stadiums, with 20,000 students attending. His top students joined him along the way and BYJU'S, with a focus on the K-12 segment, was founded in 2011. Byju says his experience with graduate students made him realise one can make a bigger impact by intervening in the way students learn in their formative years in school.

A validation of the impact, according to him, is high retention and engagement metrics: An average of 40 minutes a day spent on the app, 90 per cent year-on-year renewal over the past two years, and 30 million lessons watched.

How it works

Students can buy a particular



BYJU'S founder and Chief Executive Officer Byju Raveendran

FACT BOX

Inception: Started in 2007 as Byju's Classes for CAT; BYJU'S, with focus on K-12 segment, was founded in 2011

Founder: Byju Raveendran

Area of business: Technology-aided video learning platform

Funding: \$110 million (₹734.8 crore) over three rounds of funding from Aarin Capital, Sequoia Capital and Sofina

course available on an SD card that can be used in a phone or a tablet. No Internet is required. Students can also download and install the free application. They can then select a course or entrance exam copy and attend classes at home. To ensure they understand the concepts, they are subjected to regular tests. There is also a personal mentor. Real-time updates are shared with parents and mentors through the companion app. Prices depend on the course. It ranges from ₹2,500 for the IAS preliminary test series to ₹50,000 for the prelims and mains tablet course. The price for maths and science for classes 6, 7, 8, 9 and 10 is ₹12,000.

Raveendran says the app uses original content, watch-and-learn videos, rich animation and interactive simulation, make learning contextual and visual. He adds the app adapts to the learning style of each student, inviting them to

explore different concepts.

BYJU'S follows a freemium model where part of the content is available free. Students can download the free app. If they like what it offers, they can upgrade by paying an annual subscription fee.

Funding

The app was launched in 2015 and has more than five million users. "We have 200,000 paid subscribers annually. We are adding 30,000 paid users monthly, growing at 15 per cent, month on month," Byju says. BYJU'S has raised \$110 million in three rounds of funding from Aarin Capital, Sequoia Capital and Sofina. Earlier this year, it announced it had raised \$75 million from Sequoia and Sofina.

"Action is heating up in digital education. Acceptance rates among customers are not high. How quickly one can scale up and gain traction is essential," says an angel

investor. GV Ravishankar, managing director, Sequoia Capital India Advisors, had earlier said perception was a problem and Byju's was trying to solve it with content. "What excites us about Byju is not just the market potential but his passion to democratise access to education," Ravishankar had said in a statement.

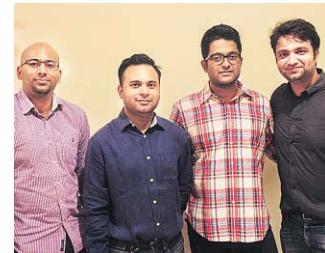
Way forward

Raveendran says the India part of the business is profitable. He adds the money is needed to build more products, expand into new markets and tap more channels.

"We are offering products in India for classes 4-12. We plan to take the products to other countries. We also plan to add more products in multiple languages," Raveendran said. Sector watchers say the challenges will be maintaining the funding flow, consistency in new enrollments, and retaining existing learners.

LAUNCH PAD

Men's grooming gets attention



Bombay Shaving co-founders (from left) Shantanu Deshpande, Rohit Jaiswal, Deepu Panicker and Raunak Munot

Men's grooming start-up Bombay Shaving Company has raised \$650,000 in seed funding from 25 angel investors constituting 11 senior partners from McKinsey and eight venture capitalists. The list also boasts of names including Subramanian Ramadorai, an advisor to the Prime Minister, and McKinsey India managing director Noshir Kaka.

The company sells razors, blades, shaving brush, shaving cream, facial scrub and post-shave balm as a kit.

Products are not available individually unless one subscribes to them after buying the whole kit.

The firm also has a tie-up with Paytm, specifically for the subscription service. The partnership with Paytm allows auto debit from users' wallet after notifying them. However, users can cancel and resume the plans according to their needs.

Founded in October 2015 by Shantanu Deshpande, Raunak Munot, Deepu Panicker and Rohit Jaiswal, the start-up aims to add 15 more products in the next 12 months. "We have achieved break-even on the contribution margin and on cash we will achieve it in the next three months. This industry is bound to get disrupted and Dollar Shave Club's \$1-billion acquisition by Unilever is just the start," says Shantanu Deshpande, co-founder and chief executive officer. The company pays extra attention to detail while making their products and works with 45 partners to design them. With the funds raised, it plans to focus on marketing and customer acquisition and inventory.

The company aims to touch 250,000 subscriptions in the next two years and enter offline retail in the next 12 months.

ABHISHEK JEJANI

EXPERT TAKE



In India, spend on education comes right after food for the average citizen. In most countries, housing and entertainment take precedence. As disposable incomes increase, education spends are rising. This makes education, especially edutech, a sought-after sector by both start-ups and investors. With increasing internet penetration and clear gaps in traditional teaching methods, online education is the way to go. BYJU'S learning app for students is said to

have as many as 200,000 paid subscribers with 20,000 new users added every month.

Indian consumers being cost-conscious, paid subscriptions in India are a rarity. This is more common in other markets such as west Asia or southeast Asia, where BYJU'S has presence. In India, it has been a challenge. Online education companies are plagued by flat revenues or high cash burns, if not both. After the first wave of funding, few have been able to graduate to subsequent rounds. Some of them have even switched midstream to go offline. However,

BYJU'S created a name for itself in the offline education market and then expanded to the online space.

However, it needs to be seen how their growth can be sustained after high-decibel media spends come down over time. Having raised a large round of funding in the past and a reported larger fund raise on the anvil coinciding with the 4G revolution in India, it could be one of the exceptions of the otherwise dismal show of edutech companies in India.

Sera Arora, manager, Lead Angels Network