

The CEO Way



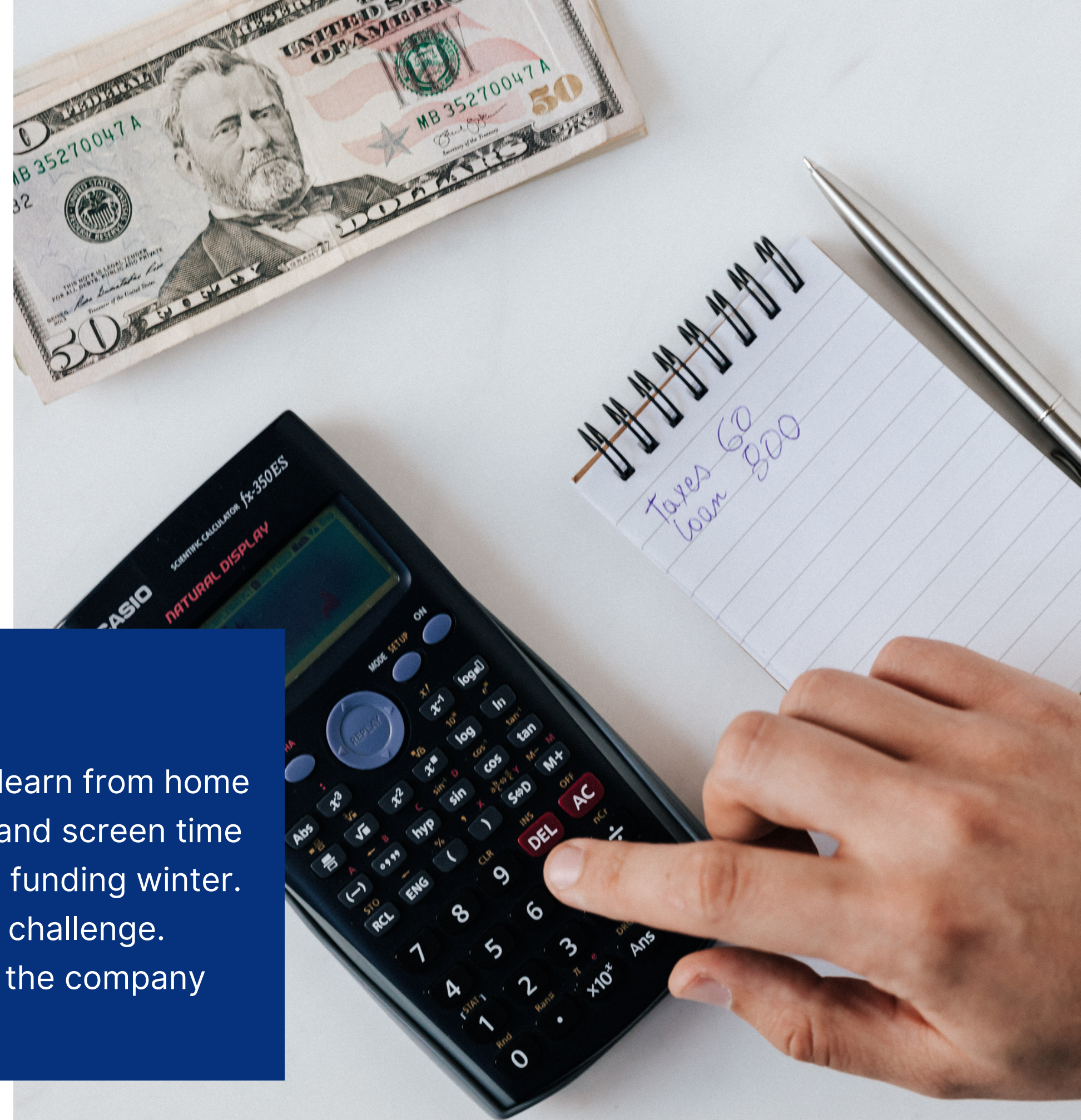
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Problem Statement



An Indian edtech startup enabled a number of students to learn from home during the pandemic. The easing of COVID-19 restrictions and screen time concerns for kids have led to a drop in enrollment amidst a funding winter. It is a challenge for the CEO to look for ways to sustain the challenge. Chart out an approach you would take as the CEO to bring the company out of this crisis.



History of EdTech in India

- Around 2016-17, EdTech start-ups were on a rise. The EdTech business model was more cost effective than the traditional offline learning programs.
- The cost to setup these platforms was very low; required less investment compared to that required in setting up an institute for offline education.
- This not only resulted in a large number of investors but also brought a huge competition and increased Customer Acquisition Cost using advertisements.
- During the pandemic, EdTech companies started raising money to push sales, develop new products, hire teachers, and acquire smaller companies to eliminate competition, because online education was the only way out and all companies wanted to make a mark in the EdTech market.
- However, post lockdowns, educational institutes reopened, rendering all the resources acquired during the lockdown useless, because of which the companies were in a situation of crisis and were forced to enforce cost-cutting measures which even resulted in staff getting fired.

The problem: Decline in Enrollments

- with COVID restrictions being relaxed, and things returning back to normal, enrollments for online education are going down.
- offline tuition/ coaching classes are still **preferred** over online classes. That's why enrollments for online education are dropping even though both options are available.
- Although online education was the only way out during the pandemic, EdTech companies couldn't prove to the world, its superiority over offline education.
- Investors have now become reluctant to invest in EdTech.

Why is offline education still trusted more?

- Parents not comfortable with the idea of education using electronic gadgets; something that is considered to be a source of distraction.
- It may indeed turn into a source of distraction for the student; the student may switch tabs and choose to indulge in some other, more interesting activity.
- Increased screen time another thing to worry about; not only harmful for eyes but also reduces the attention span and makes it difficult for a student to concentrate.
- Teacher-student communication tougher than an offline setting.
- Most teachers still find the traditional method, i.e. classrooms and whiteboards more comfortable than virtual methods of an online classroom.
- Lack of resources like a proper device, uninterrupted internet connection, and a quiet environment for studying like that of a classroom with peers.

Current Scenario

- Big companies like Unacademy & Byju's took a major blow. These startups were majorly built on large investments and not public support.
- Both these giants were forced to lay off hundreds of teaching and non-teaching staff.
- Some startups like LIDO had completely stop the company.
- On the other hand, other online educators like PhysicsWallah are flourishing even in a period of recession like this. This is because they had earned the trust of their students.

The Way Out

As the CEO, I'll consider the following 2 domains:

1) Indian Market

2) Global Market

It is clear that online education cannot **completely take over** the offline institutions in the Indian market. Owing to the **high competition** in this field and **lack of resources** among students, growth in this field in India has stagnated, and it would remain like that at least for a few more of years.

To survive and progress in Indian markets, the best way is to repivot and embrace the **hybrid**, offline + online model for learning.

At the same time, going global seems to be an interesting prospect, as this would not only provide a chance to **expand** into other countries with comparatively lesser competition but also bring back to our country **advanced technology** coupled with education; for example Artificial Intelligence, Augmented Reality.

The Indian Market Scenario

Offline + Online Model:

- tie-ups with already established schools and offline institutes; schools continue normal schooling whereas online lectures from our startup act as substitute for tuition and coaching classes.
- So basically, we offer to sell our video lectures' subscription to schools. Our lectures will be shown in the classroom using projectors. The students may also access the videos through our app.
- These videos would help the school teachers explain the concepts better.
- If the student likes the videos, he can opt to buy additional features like mock tests, one-on-one doubt clearing session etc.
- In return, the schools gets publicity through our startup's brand name and advertisements, which would attract more admissions.

How would this help?

- Our startup will earn revenue from the subscriptions. The cost of subscriptions for schools will be proportional to the total number of students in the school.
- Since the main method of learning will still be that of classroom and whiteboards, the screen time for students would reduce. The online lectures from our company would be displayed on the class projector, and wouldn't be as harmful to the eyes as the usual online learning practice.
- students would gain better clarity on concepts as the online lectures would be delivered by the best teachers and would be full of visual demonstrations.
- this would attract more students to take admissions in these schools, which would also help our startup with the advertisement and help us increase the enrollment.

Global Market

- Launch an education portal/ app in countries like US, oriented specifically according to their curriculum. Start off by offering a few free video resources for their courses to attract students along with paid resources like additional videos and periodic exams. This wouldn't require a lot of funds and seems to be a good investment and opportunity to expand.
- invest in/ acquire smaller foreign EdTech companies to get a stronger hold in the foreign markets. With the advanced technology used by EdTech in countries like US; use of Augmented Reality (AR), this can be an excellent opportunity to get familiarized with these resources and introduce them in India. AR has a really large scope in the field of EdTech and hence, investment here should pay off.
- However, this is more of a long term solution, and given the current situation of financial stress, the implementation of the second step (to invest in small, foreign companies) seems difficult. But the first step seems possible and would aid the second step's implementation.