

# OUT OF THE BOX: ENTREPRENEURS TRACK BUSINESS IN EDUCATION

## Non-formal lessons of opportunity

Non-formal education is emerging as a fertile business ground, as more Indians seek facilities to develop learning and vocational skills in their wards, beyond what is being offered by the country's academia-oriented schooling system.

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IT ALL began with a search for a great place where his three-year-old son could play. At 37, Dev Roy had just completed a stint as head of Barclays Capital in Europe and had moved his family to Bangalore, where he hoped to begin a fresh career as an entrepreneur.

When he found there wasn't any interesting play-and-learn facility in the city for very young children, Mr Roy decided to start his own venture, LeapStart, a sports and fitness program for children, combining a family need with a career ambition.

Across the city, another family that relocated from the US was finding it difficult to find an invigorating learning programme for their children. To fill the gap, Shivram Venkatasubramaniam and Shuchi Grover started a new venture, Academy for Math, Sciences, Arts and Technology (Amsat), which offers programmes such as the Stanford University education programme for gifted youth.

As more Indians seek facilities to develop learning and vocational skills in their wards, beyond what is being offered by the country's academia-oriented schooling system, non-formal education is emerging as a fertile ground where entrepreneurs such as Mr Roy can seed a host of new ventures.

The sector, which includes pre-schools, coaching and vocational skill development, is estimated to have a value of \$10 billion — that is over a tenth of the overall \$85-billion Indian education industry. "The non-formal segment will grow to a \$20-billion market in a couple of years," says Bharat Parmar, consultant at Eduvisors an education sector advisory services firm.

Mr Roy's venture offers children a chance to develop a range of sports skills. Training is provided for games such as cricket, football and tennis to athletics. Besides physical health, LeapStart also improves overall kinetic skills with a combination of video and bio-mechanic analysis. "Physical education is not a punishment, kids should have fun doing it", says Mr Roy who has a management degree from the University of Chicago.

LeapStart has taken principles from US-based SPARK, a research-based, public health organisation of the San Diego State University Research Foundation. It is based on 45 research papers and is aligned with the curricula prescribed by the National Association for Sport and Physical education, and Indian certifying boards such as CBSE and NCERT. The company expects to enrol 35,000 students this year and aims to be a 100-crore company in the next three years.

A focus on physical education has already yielded returns for serial entrepreneur Saumil Majmudar, founder of EduSports, who has grown his business to around 5 crore, by helping children improve their sporting skills. "We are seeing a huge market, as parents today want their children to not only have skills and knowledge but also remain fit, learn teamwork and acquire leadership skills," says Mr Majmudar, who runs Sportz Village, which is a group company of EduSports.

With around 70 schools having outsourced their sports activities to EduSports, Mr Majmudar expects to clock 100 crore by 2015, reaching over 1000 schools and a million children. EduSports' clients are not drawn from elite schools in metros, but from tier-II and III cities such as Amritsar, Ludhiana, Lucknow, Baroda, Mangalore and Madurai, with the lowest fee being 250 per month.

There are others who see opportunity in dispelling the fear of subjects such as mathematics and scientific concepts amongst Indian children.

Harsh Rajan and Nirmala Sankaran quit their jobs managing cash and derivatives with Credit Suisse and Citibank in London respectively to return home and start HeyMath!. The mathematics-teaching company, which has collaborated with the University of Cambridge, helps dispel the fear of mathematics, improve student motivation amongst schoolgoing children. The firm, which incorporates interactive lessons peppered with animation, graphics, real-life problems and quizzes, has today reached students in over 50 countries. HeyMath

is becoming the mathematics backoffice and tuition provider across the world, with a growing user base that includes the Massachusetts and New York City Department of Education, the Delhi NCT government, and the KwaZulu-Natal Department of Education in South Africa.

"In Singapore, 60% of top-performing kids have been using HeyMath. We expect to be a 200-crore company by 2013-2014," said Harsh Rajan, co-founder of HeyMath!

Technology to make learning more fun is also an area that entrepreneurs are targeting. Yardstick.co.in uses locally available material, including clay to fashion three dimensional models of scientific concepts for children. "For example, if we have to explain Newton's laws of motion to children, we use common things such as ice-cream sticks, balloons, magnets, rubber bands. We will tell children to design a car and make them understand these laws," says De Paul Kannamthanam, founder of Yardstick.co.in

The Hyderabad-based company was started in 2008. It has about 40 employees, with a revenue of 80-90 lakh. The firm expects a topline of 1.5 crore by the academic year 2010-2011. It will reach about 12,000 children by December this year.

This experiential learning segment is one that even large education companies such as NIIT too are targeting. To explore science through computer-aided experimentation, the company has introduced the Mobile Science Lab for schools in India in association with US-based Fourier Systems.

As part of this partnership, NIIT will make available technology-enabled learning solution to explore science through computeraided experimentation.

"Mobile Science Lab is a breakthrough initiative, which aims at redefining the teaching and learning of science. We are confident that it will bring alive science subjects in our classrooms and help de-stress the learning ecosystem in schools," said Sanjiv R Pande, president, School Learning Solutions, NIIT. Over 210 experiments from NCERT-defined curriculum can be performed with the device.

Risk capital investors, who follow the education sector in a big way, now say that this area is beginning to attract high quality entrepreneurs, as education companies earlier were driven by academicians who were not good business-builders.

"A new breed of entrepreneurs coming from the corporate world are venturing to start education companies. The real scalability in education is in areas such as Kindergarten to 12th grade education, vocational training and preparing students for entrance exams," says Sanjeev Aggarwal, managing director of Helion Advisors, a \$350-million India-focused fund, which is exploring opportunities in education sector.

It has invested \$2-10 million in education firm Global Talent Track.

As the demand for non-formal education is being driven in a big way by children and young people in semi-urban and rural areas, this has also turned the focus to gaps in the infrastructure. This includes connecting schools through information and communications technology.

For instance, CEON Solutions, the brainchild of three students from the Indian Institute of Information Technology and Management, Gwalior, uses artificial intelligence and enterprise resource planning software to bring the school management, parents and teachers together on a single platform, for a child's overall development.

"Focusing on every single student's multidimensional growth has become impossible for the teacher. Our solutions helps to analyse each and every student, discover their hidden talents, uncover his or her weaknesses and take remedial action," says Abhay Panjiyar, CEO and MD of CEON. It has 50 clients and expects to have 500 schools as its customers in the next 2-3 years.

Similarly, Hyderabad-based Smartlinx, which offers online educational and voiceover-internet telephony (VoIP) services, is focusing on Kindergarten to 12th grade (K-12) market. Smartlinx, which has tied up with telecom major BSNL, aims to sign on 50,000 teachers and enrol about 200,000 students. It has a revenue target of \$100 million by 2015.

"According to one report, broadband penetration can empower 326 million students and seven million teachers. This gives tremendous scope for e-learning and virtual learning to grow in India," says Job Thomas, director and COO of Smartlinx.

It is this demand from remote locations that prompted two brothers Hardik Sanghvi and Kushal Sanghvi to launch Vmukti Services, which enables on-demand live webcasting with low-end bandwidth internet connection.

In just six months of its operations this year, about 10,000 students — most of them from tier-II and tier-III cities — are taking coaching classes through Vmukti. Incubated at IIM-A, the firm plans to collaborate with cyber cafes to tap markets such as Africa. The promoters expect to reach 250-crore turnover by 2014.

"We are working with Indian institutes to train students in markets such as Zambia and Kenya. The faculty in India will teach the students located in these African regions through Vmukti," said Kushal Sanghvi of Vmukti

The untapped rural opportunities has also lured young entrepreneurs at TransGenez, an educational BPO, to provide educational services to tier-II and III towns. TransGenez, which started with a seed fund of \$350,000, aims to achieve a revenue of \$8 million by June 2010-2011.

Experts say companies will have to spread their offerings, and not focus only on niche areas, in order to build scalable business in this sector. "It is difficult for entrepreneurs to attract venture capital funding if they are focusing only on sharp niche areas, that are not scalable models," said Aggarwal of Helion Advisors.

**LeapStart:** Focuses on children's skills in sports such as cricket, football, tennis and athletics.

**Edusports:** Helps kids improve their sporting skills.

**HeyMath!** Maths tutoring company in collaboration with University of Cambridge, help dispel the fear of math, improve student motivation.

**Yardstick.co.in:** Teaches scientific concepts through experiential learning by making models with local material.

**CEON Solutions:** Uses artificial intelligence and enterprise resource planning software to bring school management, parents and teachers together for a child's overall development on a single platform.

**Smartlinx:** Offers online educational and voice over internet telephony (VoIP) services.

**Vmukti Services:** Enables on-demand live webcasting with low-end bandwidth internet connection.

