

THE IMPERIAL EDUCATION OF 21ST CENTURY: A STUDY OF INDIA'S ROARING LION EDTECH BYJU'S AND IT'S HUNTING

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Abstract

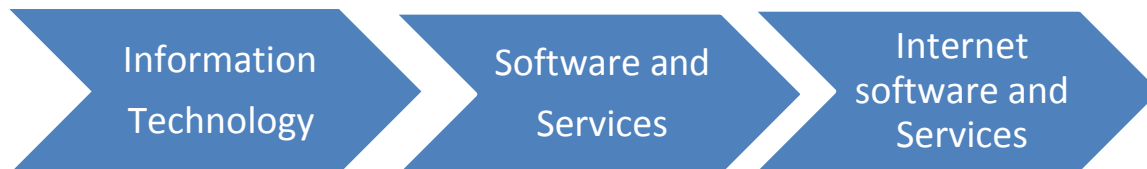
This paper presents a new way of thinking and getting education in different ways. At most use of technology can be blessing in worst situation. This COVID-19 pandemic situation in the year 2020 made people realize that what technology can do and how we can secure and enhance our future generation's education. Due to availability of online platforms and digital tools, the effect of lockdown worldwide is having less impact on education though sudden change and resistance in acceptance of online education has its own limitations in achieving goal. The future is lies with digital learning and current ruling government has launched several programs under the initiative namely „Digital India“ and „Skill India“. The implementation of new education policy will certainly be like cherry on top. Byju's started its journey in 2011. The Merger of two sectors called Education and Technology itself gives identity to Edtech Company. With the help of seed funding and venture capitalist Byju's took jet height and made three major acquisitions. First in 2017, it has acquired TutorVista (including Edurite) from Pearson. Second in 2019, it has acquired a US-based Osmo, a maker of educational games for children aged 3–8 years for \$120 million and third it has acquired Indian startup WhiteHat Jr. for \$300 million. The way of online education will make revolutionary change in upcoming years. The growth rate of Byju's is more than 100% and continuously growing since 2011. It became most valued Edtech Company in September 2020 with valuation of \$11.1 Billion.

Key Words: Future, Edtech Company, Online Education, Information Technology, Trend Change, Mergers and Acquisitions, Most valued, Digital India, Covid-19.

Introduction

India's one of the largest online education service provider BYJU'S is a registered private company under the name of „Think and Learn Private Limited“. It is Founded in 2011 by the Raveendran Byju (Founder, MD and CEO) and Divya Gokulnath (Co-Founder). The

Company falls under the Information Technology sector in spite of its main domain of service is providing education.



The company offers wide range of tutoring service starting from the primary schooling to Government Administration Service (UPSC, State PSC etc.). The concepts are explained in 12-20 minutes videos with animation and graphical effect to make student concentrate during lecture. Byju's is having 40 million registered users out of them 30 million users are with paid subscription having retention rate about more than 80%. The company is based in Bengaluru, Karnataka and it is having additional office at New Delhi. It is having Bollywood star Shah Rukh Khan as its face of brand advertisement and it became main sponsor of India's national cricket team in 2019, replacing former sponsor OPPO. It became world's most valued company in September 2020 with \$11.1 Billion and it claimed INR 2800 Cr revenue in FY 2019-20.

EDTECH SECTOR : THE NEW START UP STRATEGY

A combination of two different sectors to fulfill and strengthen boundary less education need of country with the use of internet service will change the entire course of current education system of India. We are living in the era of internet and technology. The smart phones have changed our life style significantly and it has changed our way of education also. Edtech company is itself merger of two different sectors namely Education and Technology. Although from long time we are having „You Tube“ as our learning partner, irrespective of nature one can truly find solution of any problem, information about anything. Now at low cost and widely access to internet services , students are not require to run to guide / coaching classes / school / College etc. They just require an internet connection with good speed and bandwidth. The EdTech sector is taking online education to the next level in India and globally, and is thus growing at a rapid pace. It is designed to enhance teacher – led learning in classroom and student's education performance. Till 2020 corona pandemic these Edtech startups have faced significant struggling phase against old aged education system. The historical pandemic changed its growth prospect completely. According to Datalabs by Inc42, there are around 4450 Edtech startups in India. The seven most popular startups founded by Indian entrepreneurs, scaling high on all parameters are: 1)Byju's, 2)Unacademy, 3)Vedantu, 4)TestBook,

5)Gradeup, 6)Topper, 7)Doubtnut. The Government has allowed 100 per cent Foreign Direct Investment (FDI) in the education sector through the automatic route since 2002. Total FDI inflow in India's education sector stood at US\$ 3.24 billion between April 2000 to March 2020 according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT). Venture capital in ed-tech space increased to US\$ 795 million in the first six months of 2020 from US\$ 108 million in the corresponding period last year.

A ODYSSEY OF BYJU'S

The Think and Learn Private Limited has been established in 2011 to offer video based learning programs for K-12 segment as well as competitive exams. The founder of company, Raveendran Byju is trained engineer started coaching in 2006. In 2015, after four years of development the company launched its App named "Byju's The learning App. In 2017, further applications was launched Byju's Math App for kids and Parent Connect app to help parents to track their child's learning course. Byju's has visionary goal to empower 5 million children by 2025 under „Education For All“ CSR campaign. Byju's has signed MOUs (memorandum of understanding) with mission-aligned partners -- The American India Foundation(AIF), Magic Bus, Save the Children, United Way and Vadham Tea. The company raised funds by investor and by selling stake time to time. The details of investors and share holding pattern are as follows:

❖ List of Current Investors:

a) Sequoia Capital India IV Ltd.	b) Aarin Capital Fund I
c) Sofina SA	d) Sequoia Capital India V Ltd
e) Times Internet Ltd.	f) Chan Zuckerberg Initiative LLC
g) Innoven Capital India Pvt Ltd.	h) International Finance Corp.
i) Verlinvest SA	j) Tencent Holdings Ltd.
k) Lightspeed India Partners I LLC	l) Bennet Coleman and Co. Ltd.
m) General Atlantic Pvt. Ltd.	n) CPP Investment Board
o) Prosus Ventures	p) The Qatar Investment Authority
q) Owl Ventures	r) Tiger Global Management LLC
s) Bond Capital Fund LP	t) DST Global
u) Silver Lake Management LLC	v) Blackrock, Inc
w) Sands Capital Management LLC	x) Alkeon Capital Management LLC
y) Mohandas Pai Tellicheery Venkatraman	

(Figure 1.1 – Data Source – Vccedge)

❖ Share Holding Pattern

(In Percentage)

Year	Directors Relatives / of Directors	Bodies Corporate	Others	Total
2012	100	00	00	100
2013	99.69	0.31	00	100
2014	99.68	0.32	00	100
2015	71.55	8.74	19.71	100
2016	91.98	00	8.03	100
2017	89.15	9.22	1.63	100
2018	85.84	12.53	1.63	100

(Figure 1.2 – Data Source – Vccedge)

A performance of Byju's has significant growth. It attracts newly investors. Since its launch byju's sales has been increased at more than 100% growth rate but till 2019 its financial statements are at loss. The summary of standalone financial performance is as follows.

(INR in Million)

Year	Net Sales	Total Income	Total Expenditure	EBITDA	EBIT	PBT	Ex. Items	Prior Period Items	PAT
2012	81.20	81.20	65.53	15.67	15.33	14.90	3.04	0	7.28
2013	126.48	126.90	122.38	4.53	3.47	2.87	0.85	0	1.03
2014	191.17	196.50	309.52	-113.02	-118.29	-118.44	0	0	-119.12
2015	444.86	445.01	764.58	-319.57	-328.65	-339.46	8.40	0	-347.08
2016	1089.65	1103.20	1558.86	-455.66	-485.63	-496.34	0	0	-496.34
2017	2302.07	2480.62	2934.19	-453.57	-573.89	-606.46	0	0	-606.46
2018	4608.78	4898.66	4871.35	27.31	-266.99	-286.53	0	0	-286.53

2019	12810.87	13418.15	12549.62	868.53	226.73	201.66	0	0	201.66
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(Figure 1.3 – Data Source – Vccedge)

AN EFFECT OF COVID-19 ON EDUCATION AND ITS FUTURE :

The ruling government has launched several programs to boost digital learning namely „Digital India“ and „Skill India“. Digital Learning is relatively newest form of Distance Learning Education. In this mode of learning, teachers and instructors function as guides, while students become active collaborators rather than mere passive learners. On March 11, 2020, the World Health Organization (WHO) officially declared COVID-19 as a pandemic after assessing the global outbreak around the clock for months. The pandemic has caused educational disruption across the globe, as nationwide closures forced institutions to temporarily close their doors. It is estimated that the closures affected about 70% of the total student population worldwide (UNESCO). Schools and colleges are faced with the challenge of maintaining the continuity of learning while the threat of school closure extensions is impending. The seemingly simple and immediate solution is to conduct school remotely using online resources. For instance, countries that were the first to be heavily impacted by the virus, such as China, South Korea, Italy, and Iran, have already shifted to temporary homeschooling via online educational tools and platforms. Online learning emerged as a safe and viable option for education continuity as the COVID-19 pandemic turned personal and professional worlds upside down. Even before the pandemic, the global e-learning market was already seeing a massive annual global growth. It is expected to reach \$336.98 billion by 2026, at a compound annual growth rate (CAGR) of 9.1% from 2018 to 2026 (Syngene Research, 2019). The growth estimates are likely to see an update sooner rather than later owing to the covid-19 pandemic. The USA, India, UK, South Korea are investing heavily in online Education. According to a joint report by the Boston Consulting Group and Arizona State University (2018), the overall post-secondary student enrollment has been seeing a yearly decline of 1% to 2%, while the number of students taking online courses grows 5% annually. In May 2020, the Government launched PM eVIDYA, a program for multi-mode access to digital/online education. In June 2020, Minister for Education, Mr. Ramesh Pokhriyal „Nishank“ virtually launched World’s first ever online Bachelor of Science (B.Sc.) degree in Programming and Data Science, prepared and offered by the Indian Institute of Technology Madras (IIT-Madras).

CORPORATE EXPANSION STRATEGY OF BYJU’S AND GROWTH ASPECT:

With the help of ambitious investors and significant growth rate within the industry, Byju’s has made couple of Acquisitions time to time as a part of its expansion strategy. Byju’s penetrated into all the areas of education. Increasing number of users with satisfaction made Byju’s more creative and inspired to be diversified in its products. The following table shows the details of acquisitions made by Byju’s:

Name of the Company	Brand Name	Year of Merger and Acquisition	Deal Value (INR)	% Stake	Note
SPAN Thoughtworks Pvt. Ltd.	Vidyarthi	2016	50 Cr.	100	Domestic, Cash Merger
Pearson India Education Services Pvt. Ltd.	NA	2017	NA	100	Domestic, Cash Merger
TutorVista Education India Pvt. Ltd.	Manipal K-12 Education India.	2007	NA	100	Subsidiary Acquisition, Pearson India Education Services Pvt. Ltd
Zeus Education Pvt. Ltd.	NA	2016	NA	23	Domestic
Math Adventures Learning Solution Pvt. Ltd.	NA	2018	NA	100	Domestic, Cash Merger
Tangible Play Inc.	OSMO	2019	8450.70 mn	100	Stock Merger, Outbound
Whitehat Education Technology Pvt. Ltd.	Whitehat Jr.	2020	22556.39 mn	100	Domestic, Cash Merger
LablnApp Technology Pvt. Ltd.	NA	2020	NA	100	Domestic, Cash Merger

(Figure 1.4 – Data Source – Vccedge)

After making remarkable mergers and acquisition as growth strategy, the following financial information gives a picture of growth and ambitious efforts by investing huge amount of money into Edtech :

Summary of Consolidated Financial Statements:

Year	Net Sales	Total Income	Total Expenditure	EBITDA	EBIT	PBT	Ex.Items	Prior Period Items	PAT
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2019	13059.29	13669.80	13033.11	636.69	-47.84	-95.68	-	-	-88.30
2018	4711.88	5002.15	5050.18	-48.03	-352.15	-371.70	-	-	-371.54
2017	2302.26	2481.21	2938.02	-456.81	-580.05	-612.67	-	-	-612.31
2016	1089.65	1103.38	1556.80	-453.41	-483.41	-494.13	-	-	-494.81

(Figure 1.5 – Data Source – Vccedge)

The information states that percentage increment in net sales are 111.28%, 104.66%, 177.16% for the year 2017, 2018 and 2019 respectively. Whereas percentage increment in Profit Before Tax are 23.99%, 39.33%, 74.26% for the year 2017, 2018 and 2019 respectively. Tough Byju's is making rapid growth having large market share of online Education, New entrants likes Unacademy, Udemy, Swayam and many more competitors are going to affect the performance. The growth rate and earnings, remarkable achievements of Byju's is just a kick start. The global market of education is yet to explore. With the emerging future of digital learning private equity firms, Venture Capitalist, private investors are ready to invest similar to Ecommerce platforms. It will also change the practices of traditional education as well as well-known universities globally.

CONCLUSION

India is rapid growing economy of the world. Edtech startups are significantly increasing their share in market. Byju's will try to make global impact with global corporate expansion strategy by making outbound mergers and acquisitions. With facts and figures favoring online education, it can be safe to say that it is here to stay. The combination of the growing interest in online learning and how it is essentially a necessity nowadays due to the covid-19 pandemic, speaks volumes about its inevitable continuous growth. As more providers, facilitators, organizations, and students realize the benefits of Digital Learning, it is not difficult to imagine an exciting future for the global online education industry. Everything is going online. And, so is Education.

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