

IT IS EDTECH'S MOMENT!

DISSECTING THE INDIAN EDTECH SECTOR

This deck looks at the fast-growing Indian EdTech sector, the emerging subsectors and the resulting investing opportunities.

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EdTech in
China

The background image shows a person's hands writing on a notepad. The scene is overlaid with various white line-art icons representing different fields of study: a pencil, a set square and ruler, a globe, a magnifying glass, a lightbulb, an atom, a beaker and test tube, a bar chart, and a computer monitor displaying the equation E=MC^2. There are also several small circles and starburst symbols scattered throughout. The text 'Introducing Blume' is centered in a bold, white font, with a blue horizontal line underneath it.

Introducing Blume

Blume Ventures | Background

Background

Blume Ventures is amongst India's leading early stage venture funds, investing in tech-led ventures across sectors. We are presently investing out of our recently closed \$100M Fund III. Our core cheque is ~\$750K - 1M with a reserve of \$3 - 4M.

EdTech Investment Team



Karthik Reddy
Managing Partner



Sajith Pai
Director



Radhika Agarwal
Analyst

Key EdTech Investments



Blume Network



Partnerships and Affiliates



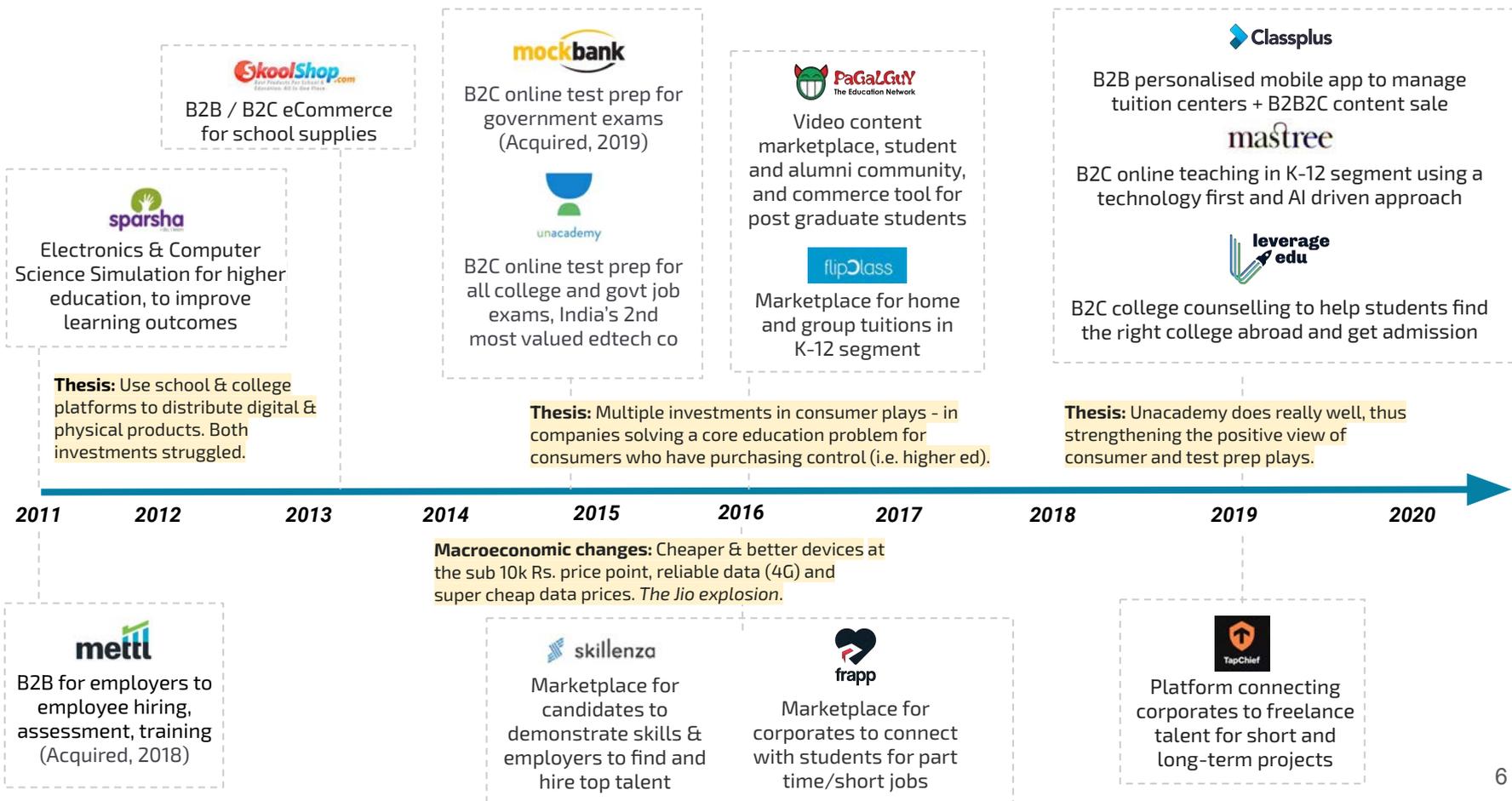
Getting bigger and going deeper with every fund

	Fund I & Opportunity Fund	Fund II & Opportunity Fund	Fund III (Ongoing)
Fund Size	\$15M + \$6M	\$60M + \$40M	\$102M
Vintage	2011 - 2014	2016 - 2018	2019 onwards
Primary Cheque	\$200K	\$500K	\$1M
Reserves	\$750K	\$2M	\$3-4M
# of Investments	74	49	27-28
Key Investments	 GreyOrange  mettl  purple	 DUNZO  unacademy  Spinny	 EULER  Classplus  Procol

Blume's EdTech journey

Learning: From preschoolers to adults

Working: Hiring to job-hunting



How Blume thinks about edtech

About Blume Ventures

Blume is a sector-agnostic venture capital fund, presently investing out of its 3rd fund with a \$102m corpus. Given a primary to reserve ratio of 1:2, we can do around 25-27 investments, with first cheques of ~\$1 million.

Role of EdTech in Fund III

Of these 25-27 investments, about 4-5 can be in EdTech, given

- Massive opportunity - EdTech is to India what eCommerce is to China
- Large share of inbounds - 1 in 6 inbound pitches are from Edtech or HRtech startups
- COVID-proof nature of sector - EdTech like other purely digital sectors has got a massive lift due to COVID

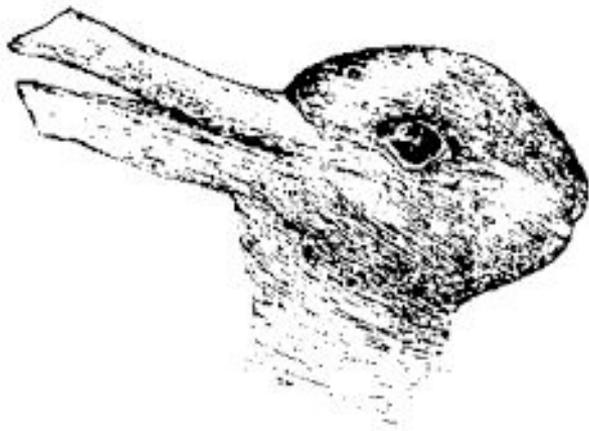
What could these 4-5 edtech investments be? How do we decide between the various pitches?

As a thesis-driven investor, we have identified certain sub-sectors within education which can support hyperscaling startups. Within this, we seek to, as Reid Hoffman (co-founder of LinkedIn) reminded us on his podcast *Masters of Scale*, identify the startups at the intersection of contrarian and right, that is, those that aren't governed by present consensus and are hence attractive in value, but also effective in their approach to solving the problem they are after.

Here is our review of these subsectors and our view of where we are likely to see the next contrarian + right startups.

Thesis-driven but opportunistic

Rabbit or Duck ?



Like the picture, our investment style too has an inbuilt contradiction.

We are highly thesis-driven in our approach - as you will see in the next few slides, we break the edtech sector into several subsectors and build a stackrank of priority sectors based on challenges and the opportunity size we see. This is admittedly a top-down approach.

At the same time, we are dependent on founders and the problems they are after, for we can only bet on the opportunities they are pursuing. We look to these signals emerging from the market - new ideas being pitched to us, existing funding rounds etc., - to continuously rethink our opportunity stackranks. This is very bottom-up.

We thus weld a combination of these two to create a distinct **thesis-driven but opportunistic style** to identify and back opportunities. This presentation, and the next few slides, detail our top-down approach.



**How big is
the EdTech
Market**

$$E=MC^2$$

Edtech emerging as India's #1 consumer internet sector



Shailendra J Singh
@singh_sequoia

This week a founder told me, the e-commerce of India is education 😄

👤 **Tejeshwi Sharma (马迪杰)** @tejeshwi_sharma · Feb 19

(1/2) Edtech will create more market cap than O2O (food-delivery, rides) in India

Reason: TAM is comparable and Gross Margin is higher.

My best estimates

Ed-Tech TAM (2025): \$6B K12 (30M kids*\$200) + \$4B test prep (\$14B overall*30% penetration)=\$10B.

GM: 60-80%

GM TAM: \$6-8B

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12:28 PM · Feb 19, 2020 · [Twitter for iPhone](#)

Shailendra Singh

Managing Director,
Sequoia India + Southeast Asia
[Source](#)



Gaurav Munjal

Co-founder & CEO, *Unacademy*
India's 2nd most valued EdTech startup
[Source](#)

Indian consumers are increasing their education spends



The Economist

1 Demand for test prep led by competition for the undersized white collar sector

- Each year, ~6.3 million undergrad students graduate but only ~0.3 million white collar jobs are created
- ~12 million out of ~30 million (~40%) white collar jobs are government jobs - most of which are allocated basis performance on an exam.

2

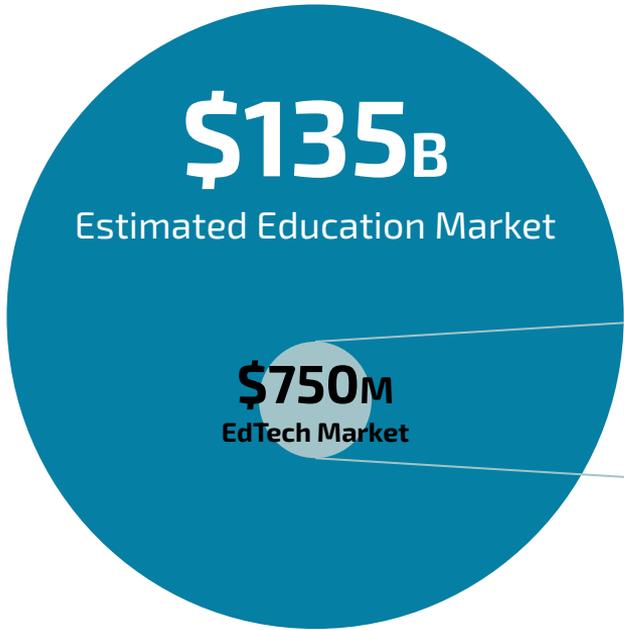
Demand for private K12 tuitions led by rising incomes, and spur for English education (enabling social mobility and creation of social capital)

12% urban residents can speak English

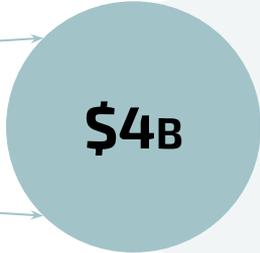


34% college graduates can speak English





Current Market in 2020

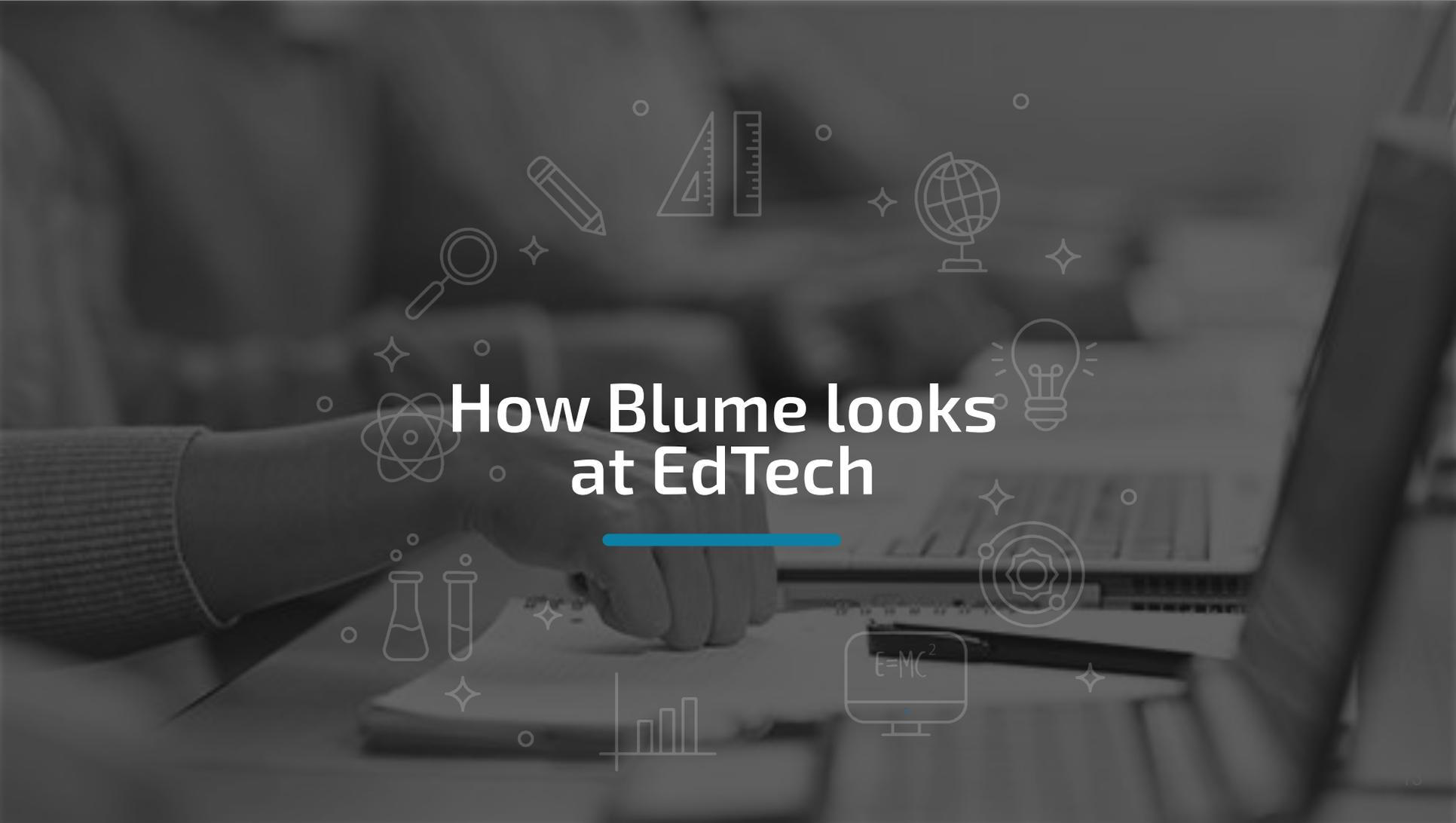


Obtainable Market by 2025



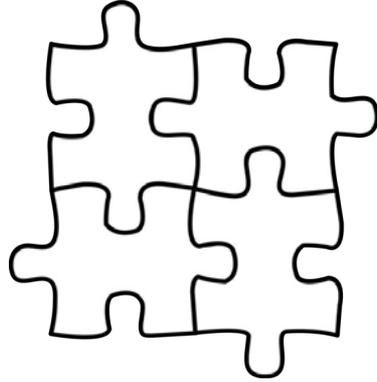
India's largest EdTech startups, by valuation:



The background of the image shows a person's hands writing on a notepad. The scene is overlaid with various white line-art icons representing different fields of study: a pencil, a ruler and set square, a globe, a magnifying glass, a lightbulb, a Bohr-style atomic model, a flask and test tube, a bar chart, and the equation E=MC². There are also several small white circles and four-pointed stars scattered throughout. A solid blue horizontal line is positioned below the main text.

How Blume looks at EdTech

A top-down view of the Indian edtech sector

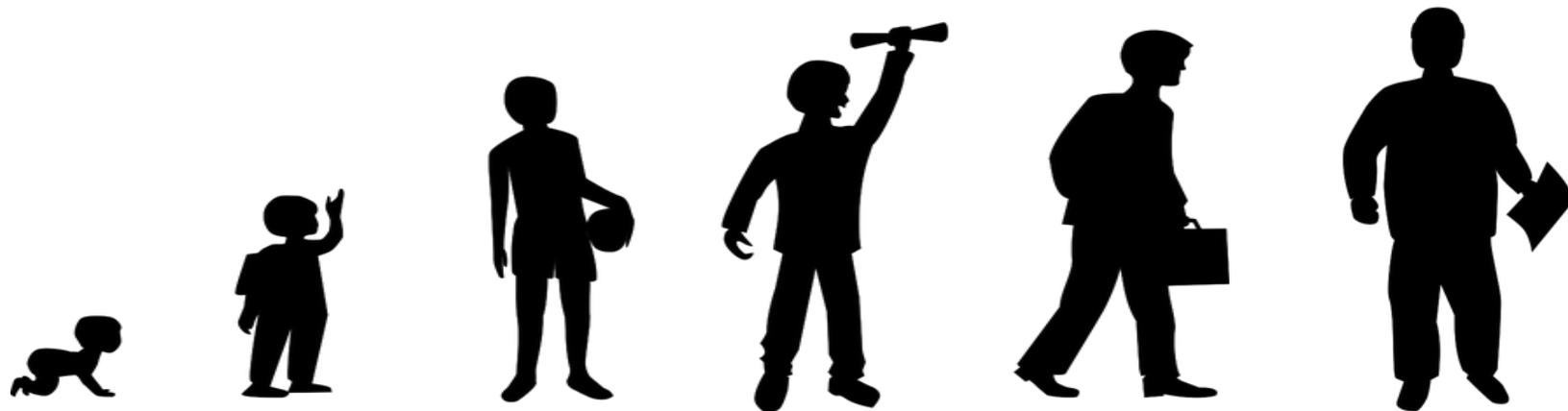


We start our analysis by breaking down the edtech sector into its constituent parts. To arrive at these parts, we classified the edtech sector on three broad axes:

1. **Age group served**
2. **Whether it falls in the regulated formal sector or otherwise**
3. **Revenue and distribution model**

Here is how they stack up.

EdTech can be classified by age group served



Age < 5

5-11

11-18

18-22

22-25

25+



EdTech can be classified by segment and business model

There are broadly two ways of classifying business models (based on GTM strategy) in the EdTech space:

Based on business model	Formal vs Informal models	
Based on revenue model	<p>Formal: In India, 'official' or government-recognised degrees & school certificates can only be given by a non-profit player. Schools and Colleges that fall in this bucket are the formal sector.</p>	<p>Informal: The informal sector comprises all other for-profit plays (or non-profit plays that do not give government recognized degrees). This includes tuitions, test prep, non-government published content, job portals, training, educational toys etc.</p>
B2B	<p>Since you can't operate schools or colleges, you can sell to them (B2B) or you can sell to students / end users through them (B2B2C). A common B2B2C model we have seen is delivering a service to a formal institution like counselling, or music training, or coding courses, and thereby 'unbundling' it from the full package. Theoretically there could be a marketplace model where you connect users to providers but we haven't seen a venture-fundable model here.</p>	<p>Here you can sell directly to end users (B2C), connect users to providers (marketplaces), sell to providers (B2B) and finally, sell to end users via providers (B2B2C). This is the exhaustive set of transaction models possible here.</p>
B2B2C		
B2C	Not possible	
Marketplaces	Haven't seen this yet	

Blume's EdTech Matrix combining age, segment & revenue model

FORMAL EDUCATION

\$XX - Indian EdTech Market Size as of 2025

	K-12 Schools			Colleges (UG & PG)		
B2B	\$57M			\$181M		
B2B2C & Unbundling	\$113M			\$245M		
	Age < 5	5-11	11-18	18-22	22-25	25+

INFORMAL EDUCATION

	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	\$180M	\$1.5B		Not relevant	\$140M	\$171M
B2B2C & Unbundling						
Marketplaces, & Aggregators					\$318M	\$964M
B2C	\$95M					

Top Players in the Indian Market (by last round valuation)

Company	Business Model	Global Comparisons
 <p>BYJU'S The Learning App</p>	<p>BYJU'S is the world's most valuable edtech startup. It provides pre-recorded tuition and testprep for students in K12 and students preparing for government job, IIT, and IIM entrance exams. It was last valued at \$8B and has an estimated 40M registered users.</p>	 <p>(Yuanfudao)</p>
 <p>unacademy</p>	<p>Unacademy is India's second most valued startup. It started as online test prep for government job entrance exams, and has since expanded to test prep for other Indian competitive exams. It was last valued at ~\$500M and has over 135K paying users.</p>	 <p>KAPLAN</p>
 <p>ERUDITUS EXECUTIVE EDUCATION</p>	<p>Eruditus provides online courses in executive education by partnering with global universities and their alumni. Eruditus was last valued at ~\$410M and had over 30K users in FY19.</p>	 <p>2U</p>
 <p>Vedantu LIVE ONLINE TUTORING</p>	<p>Vedantu provides online testprep for competitive college entrance exams and competes with BYJU'S and Unacademy. It was last valued at around \$250-300M and is currently serving 10-15K daily users.</p>	 <p>(Yuanfudao)</p>
 <p>toppr</p>	<p>Toppr provides online test prep and tuition for competitive college entrance exams and competes with BYJU'S and Unacademy. It was last valued at around \$125M and is currently serving 10-15K daily users.</p>	 <p>(Yuanfudao)</p>

Emerging Players in the Indian Market (by last round valuation)

Company	Business Model	Global Comparisons
	SimpliLearn provides online professional courses and certifications (B2C and B2B). It was last valued at ~\$90M and has served over 1M users and 1K corporate clients.	
	InterviewBit provides interview and coding training to new college graduates looking for tech jobs, through a 6 month immersive training program. It also helps tech companies find and train new talent, and is valued at ~\$100M.	
	Classplus is Shopify for offline tuition centers. It allows centers to offer live classes and provide content and test papers via a white label app. Centers also use this app for center administration including attendance, billing etc. (akin to an ERP app). It was last valued at ~\$40M and serves over 3500 centers.	 <i>(Not exact, but closest)</i>
	Doubtnut is a multilingual app that uses ML to answer doubts and questions of students within a few seconds. Once a student posts a picture of the question, the platform recommends a video of a tutor answering the question. It was last valued at ~\$60M and has over 13M users.	 photomath
	Whitehat helps students aged 6-14 learn coding online to create animations, games, and applications. It was last valued at ~\$40M and has over 8K students enrolled.	 CODEMAO

Opportunity Areas

Immediate Opportunity

Future Opportunity

FORMAL EDUCATION

	K-12 Schools			Colleges (UG & PG)		
B2B						
B2B2C & Unbundling						
	Age < 5	5-11	11-18	18-22	22-25	25 < Age

INFORMAL EDUCATION

	Pre - School	K-12 Schools	Phase Change: School to College	Colleges (UG & PG)	Phase Change: College to Jobs	Employment & Continuous Learning
B2B						
B2B2C & Unbundling						
Marketplaces, & Aggregators						
B2C						

Indian Startup Ecosystem

FORMAL EDUCATION

	K-12 Schools			Colleges (UG & PG)		
B2B						
B2B2C & Unbundling						
	Age < 5	5-11	11-18	18-22	22-25	25 < Age

INFORMAL EDUCATION

	Pre - School	K-12 Schools	Phase Change: School to College	Colleges	Phase Change: College to Jobs	Employment & Continuous Learning
B2B						
B2B2C & Unbundling						
Marketplaces, & Aggregators						
B2C						

Sub-sectors of EdTech - A

Formal sector education

Sectors 1 & 3: B2B in K12 and Universities

Startups that sell services or products to schools or colleges.

This includes **academic services** like computer technology in classrooms, anti-plagiarism software, data analytics for performance etc., or **non-academic services** like enrollment and billing management, etc.



What is the difference between the two models?

The B2B model covers startups that enable / facilitate the services schools and colleges provide, without necessarily increasing the pool of services available to the students. For example, Smartclass technology which allows for content enabled computers being fit into classrooms helps a teacher better teach the material - it cannot be used as a service independently. The B2B2C and unbundling model covers startups that provide products & services that increase the pool of services a school or college is offering. For example, a startup may provide computer programming classes to students in cutting-edge industry relevant tech that the university may not be able to provide.

FORMAL EDUCATION						
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age < 5	5-11	11-18	18-22	22-25	25 < Age
INFORMAL EDUCATION						
	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	5		8		13	16
B2B2C & Unbundling						
Marketplaces, & Aggregators	6		9		14	17
B2C	7	10	11	12	15	18

Sectors 2 & 4: B2B2C & Unbundling in K12 and Universities

Startups that sell products or services on behalf of a school or college - either to the school, or to students directly.

This could include **academic services** like robotics classes, career counselling, etc. or **non-academic services** like catering, security, behaviour counselling, etc.



Sub-sectors of EdTech - B

Informal sector education

Sector 5-6: B2B in Pre-Schools

Startups that sell to businesses in the preschool space. This could include selling security services, teacher training services, or managed marketplace models like OYO-fication of preschools, helping independent preschools sell better to corporates and use up their capacity.



Sector 8-9: B2B and Marketplaces in K12, Phase Change to College, and College

Startups that help connect users / students with edtech providers such as tutors / tuition centers, thereby enabling discovery, transactions, or information exchange, and / or sell products or services to the ed tech providers and then use the relationship as a springboard to sell to the end users.



	FORMAL EDUCATION					
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age - 5	5-11	11-18	18-22	22-25	25+ Age
	INFORMAL EDUCATION					
	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	5		8		13	16
B2B2C & Unbundling						
Marketplaces, & Aggregators	6		9		14	17
B2C	7	10	11	12	15	18

Sector 7: B2C in Pre-School Segment

Startups that sell academic services or learning solutions to children (through parents) in the preschool age range. This could include language learning courses, games to teach math, etc.



Sectors 10 - 12: B2C in K12, Phase Change, and Universities

Startups that sell academic services or learning solutions to students (sometimes through parents) to help with curricular and non-curricular learning, hobby learning, test-prep, social skill building, etc.



Sub-sectors of EdTech - C

Informal sector education

Sector 13-14: B2B and Marketplaces in Phase Change from University to Jobs

Startups that help connect users with tutors / test prep centers, thereby enabling discovery, transactions, or information exchange, and / or sell products or services to these ed tech providers and then use the relationship as a springboard to sell to the end users.



Phase Change from College to Jobs is the most diverse / broad sector

The sector serving the phase change from college to jobs market is the most diverse in terms of customer personas and circumstances since the range of jobs is highly varied. Students from the same college pursuing the same degree might choose to work at an IT company, a consulting firm, or in a government job - each of which has a very distinct and unique assessment process. Further, some students may choose to work in India vs abroad. Finally, phase change into jobs is very different in the blue collar segment, thus adding more dimensions to to the sector.

FORMAL EDUCATION						
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age < 5	5-11	11-18	18-22	22-25	25+ Age
INFORMAL EDUCATION						
	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	5		8		13	16
B2B2C & Unbundling	6		9		14	17
Marketplaces, & Aggregators						
B2C	7	10	11	12	15	18

Sectors 15: B2C in Phase Change from College to Jobs

Startups that sell products or services to college students to help with their employability and /or finding the right job. These products or services could vary from test-prep for government job exams, interview prep for consulting interviews, coding help for IT company coding challenges, vocational training, visa advising for foreign jobs, etc.



Sub-sectors of EdTech - D

Informal sector education

Sector 16: B2B in Employment

Startups that sell products or services to employers to help hire employees, and / or train employees throughout their employment lifecycle.



FORMAL EDUCATION						
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age < 5	5-11	11-18	18-22	22-25	25+ Age
INFORMAL EDUCATION						
	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	5		8		13	16
B2B2C & Unbundling	6		9		14	17
Marketplaces, & Aggregators						
B2C	7	10	11	12	15	18

Sector 17: B2B2C, Unbundling, Marketplaces, & Aggregators in Employment

Startups that help a) connect users with edtech providers of adult or continuing education (teaching new hobbies, skills or languages etc.), or those offering flexiwork opportunities or information about new jobs etc., thereby enabling discovery, transactions, or information exchange, and / or b) sell products or services to these ed tech providers and then use the relationship as a springboard to sell to the end users.



Sector 18: B2C in Employment

Startups that sell products or services or learning solutions to adults that could include hobby learning, social skill building, language courses, certifications, upskilling courses, etc.



A hand in a dark sweater sleeve points towards a laptop screen. The background is a blurred desk with a laptop and papers. Overlaid on the image are various white line-art icons: a pencil, a set square, a ruler, a globe, a magnifying glass, a lightbulb, a Bohr-style atomic model, a flask and test tube, a bar chart, a gear, and the equation E=MC². Small white circles and four-pointed stars are scattered throughout the scene.

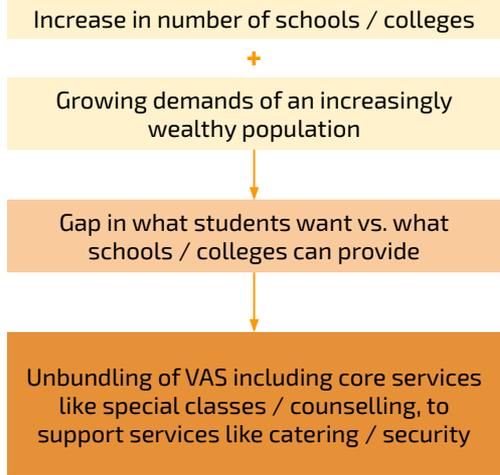
Immediate Opportunity Areas

$$E=MC^2$$

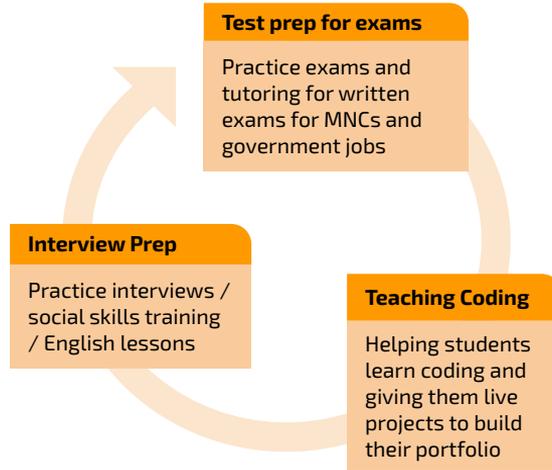
Key Opportunity Areas

Unbundling of Value Added Services

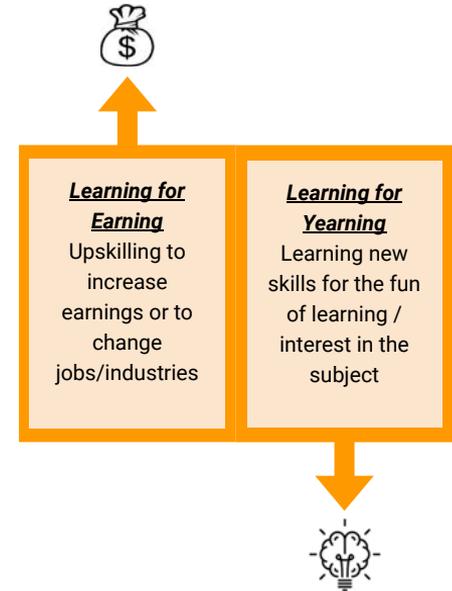
Trends



Phase Change into Jobs



Continuous Learning



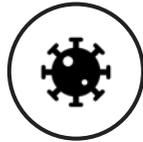
Models



To take a deeper dive into the opportunity areas we identified, we look at the following elements of each sub-sector:



Description of each sub-sector and what business models it can churn out



Impact of COVID on the sector and how we can expect the sector to adapt



Current **trends** and tailwinds in the sub-sector that drive new activity



New bets in the sector - what Blume considers companies to watch out for



Consumer **personas** - who is likely to buy this product and what are their characteristics?



Atoms of decision - what are the consumers prioritizing?



Potential **challenges** in building a business in this domain



Value add driven by businesses in this domain

1 Unbundling of Formal Education

Startups providing certain select services to students, that schools cannot provide, on behalf of the school - either charging the school, or the students

TAM: \$358 Million

FORMAL EDUCATION						
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age < 5	5-11	11-18	18-22	22-25	25 < Age
INFORMAL EDUCATION						
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Marketplaces, & Aggregators						
B2C	7	10	11	12	15	18

Understanding Unbundling

We can see university education or even K12 as a bundle of several features. These include:

Signaling (admission or graduation as a sign of high ability)

Learning of curriculum (subject matter learning)

Skilling for employability and teaching real world skills

Socialization (friendships made, learning to work together, networking, access to visitors / great minds)

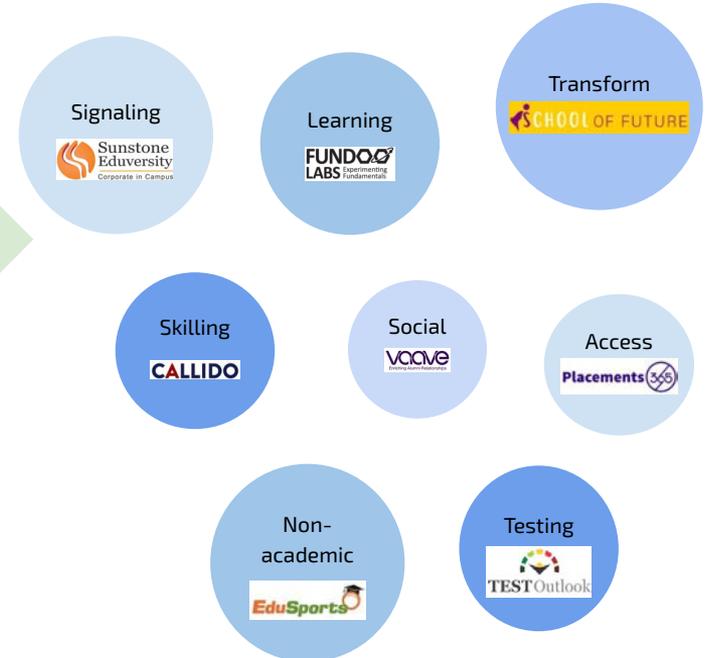
Transformation / rite of passage

Access to opportunities (employment, internships, etc)

Non-academic skills like music, dance, sports, debating, etc.

Examinations and Testing - learning to compete, recall, and having GPAs

Technology enables us today to separate most of the bundle and create products which offer these features independently. We are beginning to see this in both K12 and Colleges.





Trends in the Sector

1

Historically K12 schools have worked with external agencies (tour operators, textbook suppliers, etc.) to provide services or products that they cannot offer on their own. We are now beginning to see more **unbundling or outsourcing of core services** from schools and colleges. This is driven by a larger choice set of services enabled by unbundling, and the increasing willingness of schools to work with technology and third party players.

2

One set of new learning services being offered are new age skills like robotics and coding. Parents are beginning to demand what we call "**neo-academic services**" like **Vedic Math, Robotics, Legal Studies, etc.** This is driven both by 1) pressures of increasing competition and 2) exposure to Western education. Since most schools are not equipped to provide these services (lack of teachers, content, etc.), unbundling these services is becoming common.

3

As the number of private schools in Tier 1 and Tier 2 cities, and the exposure to western education infrastructure increases, schools are beginning to provide what we call "**non-curricular value-added services**" like **sports facilities, dance studios, yoga classes, etc.** Since many of these services are niche and upcoming, unbundling these services are a common way of onboarding them.

4

One particular service we see growing fast with greater willingness to pay is **career counselling and foreign admission counselling.** As these rise in popularity and become bigger needs for students, schools are facing greater demand for these services. Amongst colleges, a popular model we are seeing is an **alumni and student networking base** - akin to a "CRM for students" model, to enable job referrals, networking, socializing, and fundraising for the college.



Go To Market Strategies and Customer Personas



School pays for service

The company charges the school for the entire cost of the service / product - regardless of how many students use the service (naturally, this cost gets passed on to students through the school fee). Ideal for services that most students are likely to use / cater to teachers / provide hardware solutions / require deep integration with the school operations, etc..



Student (Parent) pays for service

The company charges each parent individually for the cost of the service provided to their child. Ideal for services that are not being used by all students / are specific to certain entrance exams or extracurricular activities. This allows building trust with parents and companies can use this platform as a hook to sell non-curricular non-school services as an added layer.



Atoms of Decision

The decision maker is the school administration.

1. How many students will want the service?
2. Will having the service make the school more competitive / desirable for potential students?
3. Can existing teachers provide this service for cheaper / better?

The decision making is two fold. First, the school has to decide to subscribe to the service / product, and second parents (and in older grades students) have to decide to partake.

1. How does this service / product help my child
2. Can this service be bought outside the school in a cheaper / easier way?
3. Factors like price, child's interest / aptitude, etc.



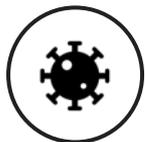
Why founders should build?

1. Gives you access to a large number of students → ability to leverage this network to sell value added services → higher LTV.
2. Revenues are recurring, non-seasonal (except summer programs), and sticky.
3. Ability to create FOMO across schools - since services offered in one school get discussed and analysed by students and parents in whatsapp groups / tuition center networks etc.



Challenges in building a business

1. Schools and colleges are difficult to onboard as customers → High CAC business.
2. For unbundling plays that charge the parents directly, the company needs to manage many stakeholders and cater to the varied demands of different students and parents.
3. If they are not part of the core curriculum (and much of these aren't) they can be cut in times of economic downturn.



Impact of COVID

Marginally Positive

During the lockdown, several schools discovered the power startups and technology have to improve learning outcomes and increase teacher productivity. We can expect a shift towards a greater reliance on these startups going forward. However, unbundling services that require physical interaction (eg: dance classes, music classes using shared instruments, etc.) are likely to see a decline.



Interesting seed stage plays in this space



Fundoo Labs provides unbundling of experiential and hands-on STEM education, for students in grades 1-6 through kits for students to do science experiments and build robotics toys.



The Young Chronicle

The Young Chronicle provides 1) a news and learning app for kids to ask educational questions and get curated answers based on their aptitude, 2) a physical and e-paper to help kids learn how to read, 3) unbundled B2B2C robotics lessons sold to K12 students through tie-ups with schools.



Mindler provides B2C and B2B2C career planning and career aptitude assessment services for students in Grades 11-12.



Unbundling of critical thinking, problem solving, research, writing and other 21st century skills from schools and colleges.



Sunstone aggregates MBA colleges in an asset light model and runs PGDM programs in these colleges.

K12 Schools

No. of school students (Mn) 270 [Source: Redseer]

	Govt.	Affordable	Private	Elite
Share of total schools	65%	30%	3%	3% [Source: Redseer]
Number of students (Mn)	175.5	81	6.75	6.75
Annual fee per student (INR)	5000	20000	40000	75000 [Source: NSS surveys, Redseer, market research on school fees in India]
Revenue (INR, cr)	87750	162000	27000	50625
Unbundleable services	0%	10%	20%	20% [Blume's assumption]
Revenue (INR, cr)	0	16200	5400	10125

Education Market 31725 INR cr

4.5 USD Bn

Share of edtech 2.5% [KPMG Online Education report]

EdTech Market **\$113 Mn**

Colleges

No. of college students (Mn)	35		
UG students	88% [Source: MoHRD survey: 2016]		
PG students	12%		
Type of college	Govt	Pvt - aided	Pvt - unaided
Share of students	33%	21%	46% [Source: MoHRD survey: 2016]
Annual Fee			
UG	12500	62500	125000 [Based on average fees of colleges in India]
PG	18750	300000	625000
Annual Revenue (INR, cr)			
UG	12753	41349	176216
PG	2527	26225	116418
Total Revenue (INR, cr)	15280	67574	292634
Unbundleable services	0%	15%	20% [Blume's assumption]
Revenue (INR, cr)	0	10136	58527
Education Market	9.8 USD Bn		
Share of edtech	2.5% [KPMG Online Education report]		

EdTech Market	\$245 Mn
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2 Phase Change : College to Jobs

Social capital is ultimately derived from employment and income, and education is a path to get there - at least in large chunks of society. Startups facilitating the movement from college to jobs - through test prep for government exams, coding challenges for tech companies, or interview prep - are likely to be the next big ticket to an EdTech unicorn.

TAM: \$458 Million

FORMAL EDUCATION						
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age < 5	5-11	11-18	18-22	22-25	25 < Age
INFORMAL EDUCATION						
	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	5		8		13	16
B2B2C & Unbundling	6		9		14	17
Marketplaces, & Aggregators						
B2C	7	10	11	12	15	18



Trends in the Sector

1

The number of **permanent white collar jobs being created annually** (~0.3M) is far less than the number of students graduating (~6-9M). Thus, the competition for this pool of jobs is high. Additionally, **college education lacks crucial skills** that are in demand in the workplace (from coding to soft-skills), and tested in entrance exams for government jobs and other private sector jobs. Several startups are springing up to help with (1) skill development and (2) test prep services.

2

High demand for software engineering jobs in technology companies, that use **coding languages or technologies that are not normally a part of the college curriculum in India**. Thus, startups that provide training to students (either as B2C or as B2B through colleges) on such skills play a valuable role. An emerging trend we are seeing is such services being provided to new hires of IT companies, **billed as a B2B service to the future employer**.

3

An increasing focus on **soft skills and English proficiency, especially amongst job seekers from Tier 2 cities** is creating a demand for startups adding training for these skills to their learning packages. While only a few startups are working on this so far, the number is increasing. It is yet to be seen if the "winning model" is of an unbundled English language app, or of a full stack service provider teaching test prep / coding along with soft skills.

4

Startups in this space are increasingly using an **Income Sharing Agreement (ISA) as a revenue model**, where they charge the student only after she gets a job, and often based on the quantum of their salary. While this model is commonly used in the West, it has led to several debates of its relevance and success in the Indian market. We discuss the ISA model in greater detail in later slides.



Go To Market Strategies and Customer Personas



B2B products + services sold to Employers

Services sold to companies to hire entry level talent. These services can include discovering talent, training talent, onboarding talent, designing job descriptions, curating CVs, and helping companies manage their employee branding.

This space is extremely competitive with multiple players trying various models and experiments. Pricing is often set as a percentage of the hire's first month salary or on a per employee hired basis - both pricing models lead to a big working capital issue.



Atoms of Decision

1. Which other companies are using this platform?
2. Where / how does the platform source candidates?
3. Range of services provided - including sourcing, interviewing, hiring, background checks, training, etc.



B2C products + services sold to Students

Services sold to college students to help discover and prepare for jobs (including tests). The sector operates with a high "FOMO factor" where there is word of mouth amongst students.

Services include interview prep, feedback on CVs, coding bootcamps, English learning apps, social skill tutoring, etc. An extension of this sector is upskilling - which is also B2C services to help users find jobs, but not necessarily to new graduates.



1. Proven track record of the platform - have peers or seniors gotten aspirational jobs using this platform?
2. Price - either as a share of salary (ISA) or as upfront cost.
3. "FOMO factor" - who else is using the product?



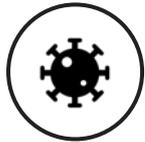
Why founders should build?

1. High FOMO factor / word of mouth amongst students - if a high scoring student is on a customer of the product / service then the CAC to get more students goes down immensely.
2. High value service that can demand a premium price in either business model.



Challenges in building a business

1. Hard to get the early users, especially in the B2C model.
2. Very competitive landscape with multiple players trying various models and experiments.
3. In ISA (income share agreement) models, since the pricing is often set as a percentage of first month salary (B2C) or per employee hired (B2B), a big working capital gap can occur.



Impact of COVID

Neutral

Expected to see high traction on the B2C side since the the gap between white collar jobs available and number of students graduating will increase. However, the supply side is likely to decrease since companies are reducing their hiring spend, albeit temporarily.



Interesting seed stage plays in this space



PrepInsta is a B2C test prep learning tool for college students applying to jobs that use exams as an assessment tool (consulting firms, technology companies, government jobs, etc.). It's key differentiator is a smart dashboard with superior UI/UX that provides detailed data analytics around the learner's performance on each and every topic covered.



Crio.do is a B2C company that provides college students a "learn as you do" experience. Students can learn coding and programming skills, that are required to interview for IT and software engineering jobs, by building software products and gaining work-like experiences.



Perspectico AI is an advanced candidate selection platform designed to leverage AI-based predictive assessments and reduce time & effort by 1/10th in the hiring process.



Training programs for college students and freshers for placements in IT/Software companies covering computer science fundamentals, coding, and problem solving skills through personalized content, regular mock tests, doubt sessions, performance review & mock interview sessions.

B2C

(In Mn)

No. of grads	8.8 [Source: Money Control]
MBA graduates	0.4 [Source: UNDP Report]
Engg college graduates	0.8

Job aspirations	Private Sector - white collar			
	Non-gazette govt	UPSC	Test Prep	Coding / ISAs
Number of applicants for the job	25.0 [Source: Economic Times]	1.8 [Source: BYJUs]	Number applying to consulting / tech + coding / foreign jobs etc.	
% using test prep services	50%	75%	30%	10%
No. using test prep services (Mn)	12.5	1.4	0.2	0.1
ARPU	5000	25000	50000	100000 [Based on average pricing of offline / online players for this age group]
Revenue (cr)	6250	3375	900	600
Total Revenue (INR, cr)	11125			

Education market (USD, Bn) \$1.6

Historic share of edtech 5% [\[KPMG Online Education report: Online test prep market 515M out of test prep market 11B\]](#)
 Post COVID share of edtech 20% [\[Assuming a large increase in adoption of online medium post COVID - given lack of alternatives + growth of cos like Unacademy\]](#)

EdTech Market \$318 Mn

B2B

Hiring spend (Bn)	1.4 [Source: Market data]
Start-ups can penetrate	50% [Blume's assumption]
Edu market (Bn)	0.7
Share of online	20% [Blume's assumption]

Edtech market (Mn)	\$140 Mn
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3 Continuous Learning

Continuous Learning (or Adult Education) refers to EdTech for people who are out of college and are either already working or are outside the workforce (eg. housewives, retired employees, etc.). Broadly, Continuous Learning can be categorized into (1) Learning for Earning (upskilling, career change, etc.) or (2) Learning for Yearning (hobbies, languages, etc.).

TAM: \$964 Million

FORMAL EDUCATION						
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age < 5	5-11	11-18	18-22	22-25	25 < Age
INFORMAL EDUCATION						
	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	5		8		13	16
B2B2C & Unbundling						
Marketplaces, & Aggregators	6		9		14	17
B2C	7	10	11	12	15	18



Trends in the Sector

1

Professionals are looking for **marketplaces for quality mentors or industry leaders** so that they can learn from leaders in a given field. For example, learning painting from a famous painter, or marketing from a CMO of a company. This model can also be extended to networking and finding mentors.

2

Certifications and Signaling are becoming the driving force of the upskilling industry where professionals are taking courses and exams from widely recognized brands to signal that they have a certain skill / speak a certain language, etc. These certifications can be used for career path changes or for promotions within the same field.

3

Corporate training market is slowly evolving from purely company-paid to company and self-paid; In the latter, the employee decides to invest in himself or herself in order to advance career or stay relevant to the fast-changing needs of the industry.

4

Learning for yearning market has grown in India as 1) disposable income has increased, allowing people to spend more on learning things that will not directly impact their career progressions, 2) savings and online literacy of retired people has increased, allowing them to indulge in online courses, 3) increased exposure to the west as gotten people interested in models like Masterclass, DuoLingo, etc. making them seem Indian alternatives of the same.



Go To Market Strategies and Customer Personas



Learning for Earning

"Upskilling services" - learning tools and platforms to help users improve their employable skillset - either to find a job, or to get promotions / new projects in their existing job. While this model has been extremely popular in the west for many years with the rise of Coursera, Khan Academy, etc. it is also on a big upswing in India with several players entering in the market.

upGrad



Learning for Yearning

Learning tools and platforms for adults that are unrelated (directly) to their employability. This could include learning new languages, skills unrelated to one's core profession (for example, an accountant learning STATA out of interest), learning poetry writing, etc. While offline models like book clubs, events, workshops, etc. have been common, online solutions are newly on the rise in India.



Atoms of Decision

1. Proven track record of the platform - have peers or seniors gotten aspirational jobs using this platform?
2. Price - either as a share of salary (ISA) or as upfront cost. Also includes availability of free content that can substitute.
3. Flexibility - online vs. offline / monitored vs. self-paced / length of course

1. Price - relatively price sensitive market since it is not directly linked to increase income i.e. the outcome is not easily measurable. Also includes availability of free content that can substitute.
2. Flexibility - online vs. offline / monitored vs. self-paced / length of course
3. Interest in course - also driven by how much "hype" the platform has created.



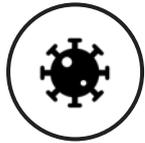
Why founders should build?

1. Unlike serving school or college students, startups here can hold onto a customer for longer, thus often leaving room for a larger customer LTV
2. Outcomes are less time bound (since most often there is no test to be taken / deadline to find a job, etc.)
3. Given the breadth of this market - in terms of topics one can teach / segments one can target, etc. - the landscape is less competitive and leaves room for multiple players solving different pain points



Challenges in building a business

1. Customers tend to be more price sensitive given that in some cases it is difficult to find a direct link between the service and one's earning potential / career promotions
2. Customers tend to get hooked on for short periods and then lose motivation to learn skills that may not be relevant to their work - thus creating an almost "fad like" customer behavior



Impact of COVID

Highly Positive

People have more time on their hands given the lockdown - leading to a higher demand for "learning for yearning" courses. People who have lost their jobs, are at risk of losing their jobs, or work in industries seeing headwinds, are taking upskilling courses to make themselves indispensable.



Interesting seed stage plays in this space



Abara LMS is a B2B SaaS offering to enterprises to (1) manage employee training and L&D and (2) source content based on their unique training needs.



Enguru, an English learning app by King's English provides B2C app based English language teaching. The app teaches reading, writing, listening & speaking in English using lessons and games, and is oriented to help improve conversational English that is often required in social and professional settings.



Coursmy is a B2B SaaS offering to enterprises to discover, curate, and enable learning programs for their employees and manage and track their progress reports.

Learning for Earning (Upskilling)

Workforce (Mn)	500	[Source: World Bank]
LF Participation %	50%	[Source: World Bank]
Working Population (Mn)	250	
White Collar %	22%	[Source: 2016 Annual Report 2015–2016 by India Ministry of Labor and Employment]
White Collar (Mn)	75	
In Age 25-45 %	31%	[Source: Statistics Times]
In Age 25-45 (Mn)	23	
Likely TG %	30%	[Blume Assumption]
Likely TG (Mn)	6.9	
ARPU (USD)	\$250	[KPMG Online Education Report + market pricing research]
Revenue (USD, mn)	1723	
Education market (USD, Bn)	1.7	
Share of edtech	50%	[Blume Assumption - since limited options exist --> online drives majority of the sector]

EdTech Market	\$862 Mn
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Learning for Yearning

Age group 20 - 60 (Mn)	751
Popn with credit cards (%)	4% [Source: Global News Wire]
Looking for non-skilling edu	25% [Blume Assumption - given many non-education options exist like dance, sports, music, etc.]
TG (Mn)	7
ARPU (USD)	\$75
Revenue (USD, mn)	509
Education market (USD, Bn)	0.5
Share of edtech	20% [Blume Assumption - since multiple options exist, but many prefer online given time savings + larger choice set]

EdTech Market	\$102 Mn
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A hand in a dark sweater sleeve points towards the center of the image. The background is a blurred laptop and desk. Overlaid on the image are various white line-art icons: a pencil, a set square and ruler, a globe, a magnifying glass, a lightbulb, a Bohr-style atomic model, two test tubes, a bar chart, a gear, and the equation $E=MC^2$. Small white circles and four-pointed stars are scattered throughout the scene.

Future Opportunity Areas

OYO-fication of Preschools

As more women enter the workforce and families become nuclear, the demand for high quality preschools will increase. Parents have started looking at preschools as the first step in a child's education journey, and thus are demanding not only a safe environment, but one which is standardized to high quality and provides a rich learning environment.

TAM: \$180 Million

FORMAL EDUCATION						
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age < 5	5-11	11-18	18-22	22-25	25 < Age
INFORMAL EDUCATION						
	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	5		8		13	16
B2B2C & Unbundling	6		9		14	17
Marketplaces, & Aggregators						
B2C	7	10	11	12	15	18



Trends in the Sector

1

Emergence of an Uber for preschools / marketplace model - Several startups are emerging to **enable the discovery of preschools** based on specific parameters (distance, referrals, safety, activities, etc.), and to allow parents to “rent” preschool services by the hour at their convenience.

2

Preschools and daycare centers are no longer just a place for the child to be safe while the parents are at work - they are increasingly **becoming learning centers** for the child to use new toys and **visuals to learn languages, about objects, and social skills**. This increases the pressures of choosing the right preschool / daycare so that the child does not lag behind.

3

During the lockdown, parents have become accustomed to seeing little kids do preschool classes online and use video conferencing and online learning tools. **Parents are becoming less wary of their children using electronic devices and watching screens**, giving preschools and daycare centers additional platforms to use in their pedagogy.

4

Several corporate employers are beginning to see access to preschool and daycare centers are no different from access to health insurance for their employees and that attracting the best talent will require this additional incentive. This has created a massive customer acquisition channel for **daycare centers and aggregators who are now able to sell to employees through their employers**, and capture a larger wallet share (if employers are paying).



Go To Market Strategies and Customer Personas



OYO Model / B2B Services

Companies providing services to preschools and daycare centers to make them more marketable / attractive to parents. In some cases this also includes companies aggregating preschool and daycares and standardizing them to improve quality to a minimum threshold.



Marketplace Model

Discovery platform for preschools and daycare centers, allowing parents to find a center that matches their needs, or a homeschooler they can hire on an hourly / monthly basis.



Atoms of Decision

1. Who else is using this center? Demand spreads through word of mouth / referrals from parents of ex-students. **[credibility]**
2. Ease of access - distance from home/ parents' office, mode of travel to the preschool/daycare, timings, etc.
3. Learning pedagogy - what is being taught and how?



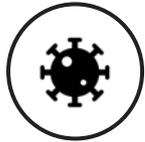
Why founders should build?

1. Prioritization of learning outcomes and aptitude in preschools is a relatively newer space in India - thus leaving a lot of white space for new startups to emerge, experiment, and capture market share.
2. With corporates now providing reimbursements for preschool and daycare services, companies can capture a much larger share of the wallet as willingness to pay will rise.
3. The number of urban nuclear families and the share of women in the workforce are growing - both driving forces for this industries. Based on these demographic trends, the market size is likely to rapidly grow over the next decade.
4. Word of mouth and referrals play a big role in customer acquisition - allows for CAC to decrease over time



Challenges in building a business

1. High natural churn - the LTV of a customer is the low in this sector, compared to all other EdTech sectors, since it caters to a small age range. .
2. High risk factor - any negative incident or bad press can have a strong negative impact on business (given that users aren't as sticky as in formal schools / colleges.



Impact of COVID

Negative

As more people lose their jobs, (1) affordability will decrease and people will try and find cheaper / alternative options, and families where one parent has lost their job will be able to take care of the child during work hours too. As social distancing becomes a norm, work from home will become more common - this will decrease the need to send the child to daycare.

Preschools and daycares are hotbeds of infection since (1) kids play around without much awareness and (2) they are vulnerable to infections. This will make parents more afraid of sending kids to preschools and daycare.



Interesting seed stage plays in this space



ProEves is an aggregator of preschools and daycares, and provides discovery, decision counselling, booking services and payment support. On the Corporate side it provides childcare benefits using its tech product Procare.

FOOTPRINTS

Chain of preschools, daycare centers, kindergarten schools, with a combination of teachers to teach tailored curriculum and caretakers to take care of the safety and health of the children. .

OYO-fication of preschools

Population < 6 (Mn) 165 [Source: Census data]

Rural kids < 6 74% 122
 Urban kids < 6 26% 43 30%

% of nuclear households in urban popn 53% [Source: Development Channel / census data]

% of women labor force participation 23% [Source: Livemint]

Upward adjustment for younger women* 33% [Assumed] **The work force participation ratio is skewed since it includes a slightly older generation + rural women. An upward adjustment has been made to account for a group that is younger (age 30-40) and urban.*

TG households 17%

Kids in preschools

	No. of kids (Mn)	% in preschool
Rural kids < 6	122	0
Urban kids < 6	43	7

Kids <6 needing pre-school (Mn) 7.5

[Source: McKinsey report]

	% of kids	No. of kids (M)	ARPU	Revenue (cr)	ARPU
Metros	60%	4.5	84000	37644	3500 7000 INR per mo
Non-Metros	40%	3.0	42000	12629	42000 84000 INR per year

Education Market (INR) 50274 cr

Education Market (USD) **7.2 Bn**

Share of edtech 2.5% [KPMG Online Education report - 2017]

EdTech Market (USD) **\$180 Mn**

5 Direct to Consumer Offerings for kids under 8

As both competition in later years and parental aspiration for learning increase, parents will want their children to start learning languages, new skills, or even coding and robotics from a very early age. Startups providing offerings for children in preschool or early years of school are gaining a lot of traction, especially in Tier 1 and 2 cities.

TAM: \$95 Million

FORMAL EDUCATION						
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age < 5	5-11	11-18	18-22	22-25	25 < Age
INFORMAL EDUCATION						
	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	5		8		13	16
B2B2C & Unbundling	6		9		14	17
Marketplaces, & Aggregators						
B2C	7	10	11	12	15	18



Trends in the Sector

1

Gamification of edtech - EdTech is no longer limited to an online collection of tests or videos - especially not for young kids. The use of AR and VR in India are on the rise, as are interactive technologies that teach young kids using cartoon characters, fun animation, and online two-way communication.

2

English for first generation learners - Several families that do not speak English themselves, have discovered the social capital value of speaking and writing the language. It helps not just in finding jobs in later life, but also in getting into a good K12 school and building a child's confidence. Parents not comfortable in the language themselves, are turning to app to provide this service.

3

Non-academic / behavioral learning - Another facet of learning we have recently picked up from the West is learning for personality and confidence building. Startups are now using innovative methods like board games, videos, etc. to help children gain confidence and learn basic EQ items like sharing, empathy, sensitivity, gender roles, etc.



Go To Market Strategies and Customer Personas



Premium Services

Designed for kids in Tier 1 cities / urban areas or those from a higher income strata or with educated parents. These services are tailored to help the child learn new words, strengthen concepts like numbers, objects, animals, etc. They engage the child to improve brain development and make the transition to formal schooling smoother.



Catch-up Services

Designed for kids in Tier 2+ cities. Or those from a lower income strata or who are first generation English learners. Often designed as English learning apps, to help the child learn the basics of English before she starts formal schooling in order to "catch up" to the rest of the students.



Atoms of Decision

1. Technology used - How interactive is it? Does the child enjoy using the product? What is the role of the parents in the learning process? Are they engaged?
2. Price sensitivity - not as sensitive as catch up market, but not willing to overspend.

1. Price sensitive market - especially when targeting kids of blue collar workers.
2. Ability of sales team to communicate the value of the product to parents who may not fully understand the implications.
3. Reliance on fast internet vs being able to use with slower connections.



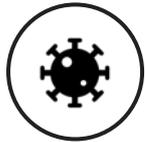
Why founders should build?

1. Nascent market in India but evolved market in the US - a lot of scope exists to experiment with the product, payments, pricing, medium, and help define the market.
2. The last 3-5 years have seen tremendous technological innovation in this subsector, making it a very exciting time to be building products in this space.



Challenges in building a business

1. Relatively smaller market in India - currently premium products (with higher ARPUs) are only catering to the India 1 Alpha market - urban, educated, upper middle class, credit card owning, financially secure, westernized parents.
2. Hard for parents to measure outcomes (unlike in K12 where marks are a proxy, or test prep where college admissions / job offers are a proxy) - making it hard to convince some parents to buy, or increase LTV of existing users.



Impact of COVID

Highly Positive

During the lockdown, parents have seen their kids use online classrooms and learning tools and have become more comfortable with kids being on the internet and using third party services. This has created a larger demand for new forms of DTC services for this group. During the lockdown, parents are also looking for new activities to engage their kids, leading to a massive growth in the user base of this sector. Given the nature of this sector (educational, engaging) we expect these new users to be sticky.



Interesting seed stage plays in this space



Interactive tool to help kids learn English (vernacular to English transition) using engaging cartoon characters.



Board games that enable the learning soft skills like anger management, empathy, patience, etc. in kids.



Hybrid learning tool for kids combining a physical kit with flashcards, art supplies, and games with an app with AR/VR capabilities.



Tool to help kids who are first generation English learners learn English using videos and games.

Offering for kids under 8

Population <8 (Mn) 180 [Source: Census data]

Smart phone penetration 46% [Source: Business Standard]

Future schooling

	Govt.	Affordable	Private	Elite
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Share of population 65% 30% 3% 3% [Source: Redseer]

Kids < 8 (Mn) 117 54 4.5 4.5

Kind of service Catch up Catch up Premium Premium

% of kids enrolling 10% 30% 50% 50% [Blume's assumption]

No. of kids (Mn) 11.7 16.2 2.25 2.25

ARPU (Rs./year) 0 2000 5000 10000 [Based on average pricing of offline / online players for this age group]

Revenue (Cr) 0 3240 1125 2250

Market (INR, cr) 6615

Education Market (USD, Bn) **0.9**

Historic share of edtech 2.5% [KPMG Online Education report: Online test prep market 515M out of test prep market 11B]

Post COVID share of edtech 10.0% [Assuming an increase in adoption of online medium post COVID - given lack of alternatives + growth of cos like Unacademy]

EdTech Market \$95 Mn

6 B2B offerings to Schools and Universities

On the one hand, students realize the importance of their networks and the role of their education institution in shaping their future. On the other, schools and colleges realize the importance of differentiating themselves with high quality teachers, pedagogy, infrastructure, and ancillary services.

TAM: \$238 Million

FORMAL EDUCATION						
	K-12 Schools			Colleges (UG & PG)		
B2B	1			3		
B2B2C & Unbundling	2			4		
	Age < 5	5-11	11-18	18-22	22-25	25 < Age
INFORMAL EDUCATION						
	Pre - School	K-12 Schools	Test Prep: School to College	Colleges (UG & PG)	Test Prep & College to Jobs	Employment & Continuous Learning
B2B	5		8		13	16
B2B2C & Unbundling						
Marketplaces, & Aggregators	6		9		14	17
B2C	7	10	11	12	15	18



Trends in the Sector

1

SaaS tools for colleges to build marketplaces - Startups are developing SaaS tools for colleges, to connect students to incoming students, students from other colleges, jobs, mentors, and alumni.

2

Improving teacher productivity and quality - As a society we have spent years evaluating students on numerous parameters. However, now schools, parents, and students are (almost) equally concerned about evaluating and finding the best teachers. Especially as top teachers move from schools to tuition centers which pay 5-10x higher salaries.

3

Increasing willingness of schools to engage with startups after seeing the reliance on technology during the lockdown. Post lockdown is a good time for startups to convince schools, parents, and government bodies of the need for technology and innovation in schools.

4

Enterprisation of schools - We're expecting schools to become like enterprises and embrace technology that streamlines internal management, student admissions, teacher hiring, billing, etc. This will include technology platforms that streamline the backend to teaching like homework tracking platform, video tools aligned to the curriculum, etc.



Go To Market Strategies and Customer Personas



Administrative

Platforms used for the schools administrative needs, like billing, enrolment, accounts, stakeholder management, scheduling, etc. These tend to be services that have historically been either developed in house (often offline and manual) or have been outsourced to old school players. While these are backend services not seen by students and parents, they are essential to keep the school running.



Improving Pedagogy

Platforms used to aid teaching and learning by providing better infrastructure, learning tools, teacher training, etc. These tend to include services that are new to the Indian schooling system, and have been inspired by the west, IB schools, and cater to new demands of parents and willingness of schools to experiment with technology.



Atoms of Decision

1. Price and ease of use compared to traditional players
2. Willingness of school to streamline their internal management
3. Ease of use for teachers and students
4. Alignment of the product to the curriculum
5. Revenue dependent - easier for top schools with higher fee collection to experiment with third party technology



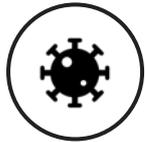
Why founders should build?

1. Relatively untapped space by new age startups since the market size was not historically seen as large enough
2. Lockdown due to COVID has made schools more amiable to working with startups and experiment with technology
3. Can use the school / college as a platform to sell content and other products and services to the students, parents, and teachers in the network.



Challenges in building a business

1. Non-IB schools in India are still hard to secure sales deals with. Government schools cater to 65% of the K12 students in India, leaving a relatively small market for B2B services to permeate.
2. The same market size problem, and having to work through layers of bureaucracy exists in the college market as well.



Impact of COVID

Positive

Educational institutions have had to transition to using virtual classrooms, online meetings between teachers, online tools to teach, give, and correct homeworks, assignments, and exams. This has made these institutions far more willing and able to work with new age technology startups and edtech service providers, creating unprecedented opportunities for B2B edtech players.



Interesting seed stage plays in this space



Mobile app connecting schools, students, and parents and allowing schools to communicate with parents using SMS to provide updates and make announcements.



Alumni management solution for universities and corporates to help institutes stay in touch with their alumni to enable communication, fundraising, etc.



AlmaConnect is an alumni network for college students to connect with alumni from their college to help get job referrals. The company unbundles the service of alumni network management from the colleges and creates a marketplace for recruiters (and companies) to find talent.

B2B offerings for formal sector - Schools

No. of school students (Mn) 270 [Source: Redseer]

	Govt.	Affordable	Private	Elite
Share of total schools	65%	30%	3%	3% [Source: Redseer]
Number of students (Mn)	175.5	81	6.75	6.75
Annual fee per student (INR)	5000	20000	40000	75000 [Source: NSS surveys, Redseer, market research on school fees in India]
Revenue (INR, cr)	87750	162000	27000	50625

Education Market 327375 INR cr

46.8 USD Bn

B2B services 0% 5% 10% 10% [Blume's assumption]

Revenue (INR, cr) 0 8100 2700 5063

Education Market 15863 INR cr

2.3 USD Bn

Share of edtech 2.5% [KPMG Online Education report]

EdTech Market **\$57 Mn**

B2B offerings for formal sector - Colleges

No. of college students (Mn)	35		
UG students	88% [Source: MoHRD survey: 2016]		
PG students	12%		
Type of college	Govt	Pvt - aided	Pvt - unaided
Share of students	33%	21%	46% [Source: MoHRD survey: 2016]

Annual Revenue (INR, cr)

UG	12753	41349	176216
PG	2527	26225	116418
Total Revenue (INR, cr)	15280	67574	292634

Education Market 375488 INR cr

53.6 USD Bn

B2B services

	0%	10%	15% [Blume's assumption]
Revenue (INR, cr)	0	6757	43895

Education Market 50653 INR cr

7.2 USD Bn

Share of edtech 2.5% [KPMG Online Education report]

EdTech Market **\$181 Mn**

EdTech in China



EdTech in China

The education market in China is expected to reach \$380B by 2020, driven by a growing middle class, implementation of the 2nd child policy in 2015, and willingness to invest in person and STEAM development



Children's education accounts for 5-10% of the per capita annual spending - about 2-5x of that in the United States (2.2%).



China has the world's largest student market with 283 million students from pre-kindergarten to higher education. This is 4x the US market and 23x the UK market.



7 of the world's top 10 EdTech unicorns were from China, including VIPKID, 17Zuoye, Zuoyebang, iTutor, Huijiang, Yuanfudao, and ZhiHu



The Chinese education market grew at a CAGR of 12% between 2018 and 2020. The market share of online education is expected to exceed 10% by 2020 with online K12 and STEAM education accounting for ~45% of online education space.



According to the Ministry of Finance, public spending on education was accounted for ~4% of total GDP in 2017, below South Korea (5.0%), UK (5.3%), and USA (5.0%).



China is also home to the world's largest (non-startup) education companies (by market cap), TAL Education Group and New Oriental. Together, they are worth \$25B



In 2018, Chinese startups received over 50% of all capital invested by VCs in EdTech globally. Chinese EdTech companies received more money than the total amount invested in EdTech companies globally



Beijing has the highest concentration of EdTech companies per capita globally, at 120 EdTech companies per million people, followed by New York (117), the Bay Area (91), and Bangalore (77). It is a highly fragmented market with leaders like TAL and New Oriental only accounting for 1-2% of the market.

Learnings from China

Why did EdTech take off in China the way it did?



Pressure of Gaokao

Standardized college entrance exam in China which is considered to be one of the toughest exams in the world and is taken by ~10 million students annually.

Success on the Gaokao in China translates into not just college admissions (and thus economic mobility), but also social capital.



Aspiration for Social Mobility and English

China has low levels of social mobility and high levels of wealth inequality. With the benefits of the growing economy being captured by a few people, people see education as one of the few ways to move up the social and economic ladder. Additionally, with the new generation of parents having higher income and better jobs, the willingness to spend on education has increased.



English as the way Abroad

In a society that is still deeply rooted in its local language, the ability to speak English is seen as a social symbol and the path to go abroad. It is also a prerequisite to take the GaoKao

Much of this skill is picked up through startups and apps rather than in-school academics.



Pace of Technological Advancement

China is actively using technology to supplement its existing education market. It already has 800 million + internet users, 170 million + online learners, and 140 million + mobile learners. China is also a global leader (along with the US) in AI, AR, and VR.

Comparison with India



1

Pressure of Gaokao

While pre-college exams in India are broken into school board exams, IIT JEE, NIT, CLAT, etc. these combined replicate the mental and social stress generated by the Gaokao. The result from these exams single handedly determine where a student will study and the course of their academic journey.

2

Aspiration for Social Mobility

India is divided across several tiers - predominantly economic class (based on income) and "pin code class" (based on Tier 1/2/3+ cities and areas within each city). The only way to surpass the class one is born into to "climb up the ladder" is through education, and ultimately through quality employment.

3

English as the way Abroad

Unlike China, India does not have one common local language and English has played a pivotal role in binding us together in Tier 1 India. Learning how to speak and write in English in Tier 2/3 cities and in economically underprivileged sections of Tier 1 cities has become a necessity for getting quality jobs and is the path to greater social capital.

4

Technological Advancement

India is expected to have 700 million internet users by 2021 of which 9.6 million will be online learners. The Jio effect is enabling cheap and fast internet access in even the most remote corners, allowing for video and app based learning to proliferate.

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A grayscale background image showing a person's hand writing on a notepad. The scene is overlaid with various white line-art icons representing different fields of study: a pencil, a set square and ruler, a globe, a magnifying glass, a lightbulb, a Bohr-style atomic model, a beaker and test tube, a bar chart, a computer monitor displaying the equation $E=MC^2$, and a gear. Small white circles and four-pointed stars are scattered throughout the composition. A thick blue horizontal line is positioned below the text.

Thank You