



## CASE STUDY

# Cultivating a Love of Learning in K-12

BYJU'S: How a Learning App is Promoting Deep Conceptual Understanding that is Improving Educational Outcomes in India

April 2018

## ABOUT IFC

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY17, we delivered a record \$19.3 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity.

## ABOUT THE CASE STUDY

Expanding access to quality and affordable education is a central element to eliminating extreme poverty and promoting shared prosperity. In developing countries, private education providers play a critical role in the delivery of education, skills, and training that is affordable and relevant to the needs of the labor markets. The IFC education practice is developing several case studies that showcase success stories in the IFC education portfolio around scale, skills, and affordability. The case studies highlight how IFC clients have contributed to meeting IFC’s strategic goals in education for (1) developing skills and enhancing employability of graduates and trainees, and (2) increasing reach and impact at all levels of education.

## WRITTEN BY

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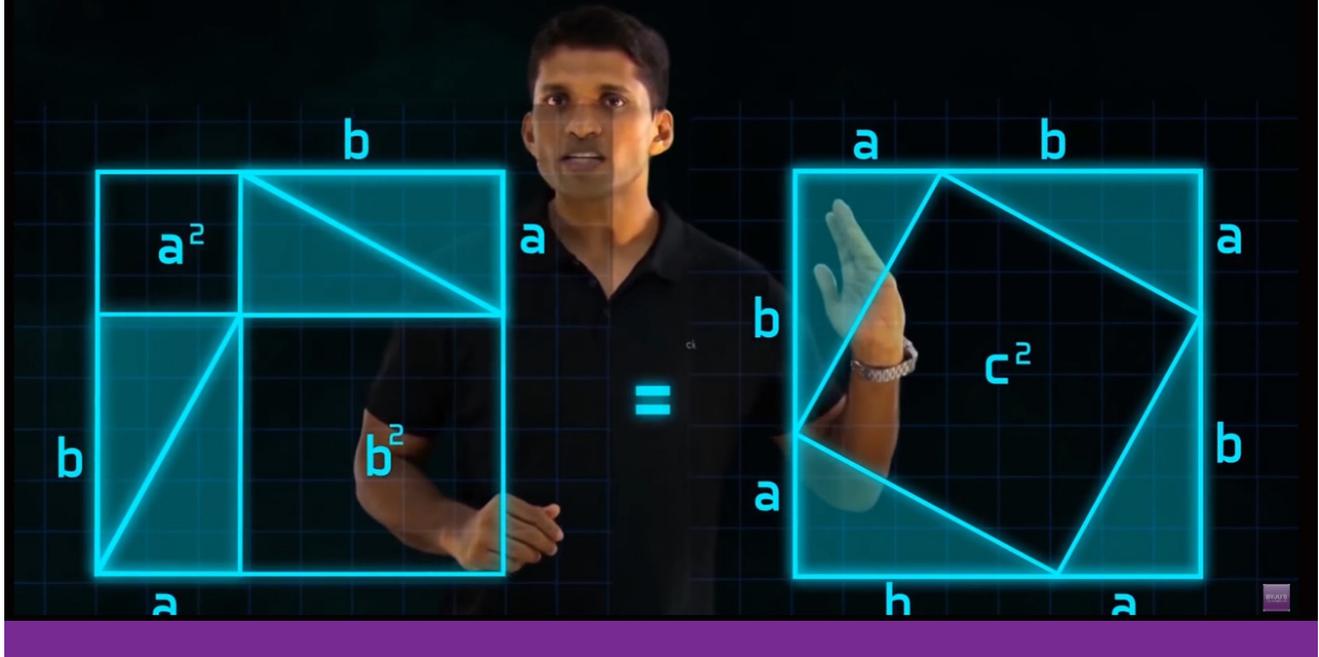
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## PHOTOS

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# Pythagoras Theorem



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*Photo by Deepa Srikantaiah, Global Partnership for Education*

*If children from lower-income families get an equal chance at education and learning, there is a higher chance of them living better lives.*

# LEVELING THE PLAYING FIELD FOR ALL STUDENTS

*Jubair Anasari yearned to learn more. But the vibrant eighth grader, whose arms were malformed since birth, was from the State of Jharkhand, a region that suffers from the greatest poverty, illiteracy, and overpopulation in India. According to Jubair, “Education often ranks very low in a parent’s priority list in the village of Giridith.” While the schools in his village met the most basic education requirements, he always dreamed of studying in a better school.*

His father, a farmer, sent Jubair and his four sisters to school in the city, where the quality of education was better. But they could not afford to send their youngest to school. Jubair explains, “In a village where people have to walk 4 to 5 kilometers to get to the nearest hospital, education is a luxury.” Seeing his interest in education, his grandfather invited him to live with his family of ten to attend the Sardar Patel public school in Jamshedpur, the Steel City of India. Jubair lived with them for almost 12 years.

Jubair loved biology and math. Although he was studious, he struggled at school. Jubair’s grandfather heard about “[BYJU’S The Learning App](#)” (BYJU’S) and gave him the gift of a one-year subscription. The app completely changed the way Jubair viewed complex topics. Jubair said, “It helped me to unlearn and re-learn topics. I never imagined that topics in math could be explained through animation and 3D objects. To me, math was always something that had to be written down and practiced; I rarely understood the basics of any concept. With the BYJU’s app, I can visualize problems and see the logic behind each topic. The app eased my learning process. It gave me a new perspective about how loving what one is learning can change a learning journey.”

When he grows up, Jubair hopes to become an Indian Administrative Service Officer, which is the premier civil service in India where positions are highly competitive. He wants to help make education more accessible for children in rural areas. He believes that if children from lower-income families get an equal chance at education and learning, there is a higher chance of them living better lives.

Byju Raveendran, the founder and CEO of BYJU’S The Learning App explains how his product plays an important role in making Jubair’s dream a reality, “BYJU’S has been the stepping stone for millions of such students by making education affordable and accessible in all parts of the country. At BYJU’S, we believe that a level playing field for all students will enable them to learn better.”



“Math was always something that had to be written down and practiced; I rarely understood the basics of any concept. But with the BYJU’S app, I can visualize problems and see the logic behind each topic.”

**Jubair Anasari,**  
**8<sup>th</sup> Grader**

Quality learning is important to prepare students to succeed in the jobs of tomorrow. Yet across the world, a “learning crisis” is unfolding. Globally, enrollment gaps between high and low-income countries have narrowed significantly in basic and secondary education. But the World Bank’s 2018 World Development Report sounded the alarm; students in many communities are not learning basic skills while in school. “Schooling is not the same as learning. Even after several years in school, millions of students lack basic literacy and numeracy skills.”<sup>1</sup> Further, in math and science, students in low-income countries perform worse than 95 percent of students in high-income countries.

India is not immune to the problem. Almost half of fifth graders cannot read second grade texts.<sup>2</sup> “In rural India, just under three-quarters of students in grade 3 could not solve a two-digit subtraction, such as 46 minus 17, and by grade 5, half could still not do so.”<sup>3</sup> In 2009, the last time India participated in the global Program for International Assessment (PISA), it ranked 74 out of 75.



“We strive to make learning enjoyable so that students will learn not just for the sake of exams but for life.”

**Byju Raveendran**  
**Founder & CEO**  
**BYJU’S The**  
**Learning App**

Good quality teachers are expensive and tend to be concentrated in large cities where there are more resources. In March 2015, there was a shortage of half a million teachers and the government recruited untrained teachers at a lower pay grade to fill the gaps.<sup>4</sup> Student teacher ratios are high at 1 teacher to every 35 students. School infrastructure is crumbling, adding to challenges for student learning. In addition, the learning culture is geared toward memorization to pass exams. BYJU’S hopes to bridge the learning gap and help students not only to pass the test, but also to develop a deeper level of understanding of complex math and science subjects.

BYJU’S is a technology platform of Think and Learn Private, Ltd., the largest for-profit provider of digital education content in India and the world. BYJU’S currently offers math and science modules for grades 4 to 12 and it expects to introduce expanded content for PreK to grade 3 by October 2018. It is working on an international version suitable for English-speaking countries. It also offers exam preparation for competitive college entrance exams. It created the app with a team of about 2,300 employees, including top performing teachers, media specialists, and technology developers. About 40 percent of its employees are female.

BYJU’S launched the app in August 2015. In only two and a half years, students from 1,700 cities in India and the Middle East have downloaded the app 15 million times. As of January 2018, 900,000 users have paid the annual subscription of \$160. Data show students spend an average of 53 minutes per day on the app, without a dip in engagement, even after a prolonged use. A survey of 20,000 parents found that 92 percent reported an improvement in their child’s grades. This result feeds a renewal rate of 85 percent. By the end of its fiscal year in March 2018, it is expected to have generated \$85 million in revenues.

In December 2016, IFC acquired a minority equity stake valued at \$9 million to help the company expand its technology development and increase its offerings across India and internationally. Since 2016, it has obtained about \$245 million from marquee investors. It was the first investee in the Asia region by the Chan Zuckerberg Initiative (the Facebook philanthropic arm), and raised funds from Tencent, Sequoia, Lightspeed, TimesInternet, Verlinvest and Sofina. In August 2017, it entered an elite group, becoming a “unicorn” company—a startup that has grown to a value of over \$1 billion. It is the eleventh technology start-up to cross that threshold in India.

<sup>1</sup> World Bank. 2018. *World Development Report 2018: Learning to Realize Education’s Promise*. Washington, DC: World Bank, pg 5.

<sup>2</sup> “Indian Teaching Startups Make Work for Idle Thumbs,” *The Economist*, February 17, 2018.

<sup>3</sup> *World Development Report 2018*, pg 3.

<sup>4</sup> “BYJU’S The Learning app,” *Harvard Business School*, March 1, 2017, pg 2.

## TOP 3 SUCCESS FACTORS:

BYJU'S is demonstrating that its philosophy, largely differentiated product, and strong sales mechanism can make it possible to bring quality education to millions of students.

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### PHILOSOPHY

BYJU'S philosophy toward learning is fundamentally different from the type of studying currently most common in India. Education, particularly at the end of grade 8 and into high school, is largely driven by memorization, which is motivated by fear of failing life-changing examinations. Teachers are teaching to the exams.

Students can be robotic, memorizing material as if in a trance, only to regurgitate in on command for the exam and then forget it weeks later. Byju Raveendran was troubled by this phenomenon and aspired to drive a cultural change to transform how students learn and make it a positive experience. He created a powerful tool to inspire students to learn through a different strategy—learning for the love of learning.

The app is helping students gain deeper conceptual clarity of math and science. Once students can form a deeper knowledge base and become good at a subject, they tend to develop the self-confidence that leads to better grades and positions them for the jobs of the future.

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### DIFFERENTIATED PRODUCT

BYJU'S is solving a core challenge in education by providing widespread access to good quality teachers. It's "Rockstar" teachers take complex subjects, simplify them, and explain with clarity. By providing everyday examples that students can connect with, the material takes on a more tangible dimension. Students can internalize the information more easily, because it is relevant to them. The content is deconstructed and split into five-minute modules, allowing for alignment with all three curriculums in use in India. The material is brought to life by the media team, which adds special effects, such as two dimensional objects that move animation and gamification.

The technology allows for personalization of the experience. The format is conducive to connecting with students and their different learning styles, whether they are contextual, visual, or theoretical learners. Students are periodically tested for mastery of the material. Based on those results, it can help students who need additional reinforcement cover remedial content, and it can provide curious minds access to more advanced levels. The format allows students to learn at their own pace. Blending content, media, and technology has made the tool very effective at keeping students engaged and they are coming back for more.

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### STRONG SALES MECHANISM

The growing presence of the smartphone has created a new delivery channel for education, and it is playing a big role in rapidly expanding access to quality teaching. An app transcends geographic boundaries, since it can be downloaded from anywhere around the globe. This capability makes the tool accessible to students from the largest cities to the most remote parts of India. It is democratizing access to education. More than half of its students come from outside the major metropolitan areas (Tier II, III, and IV cities, with populations ranging from 100,000 to 10,000, respectively). The app is enabling the company to continue scaling up into international markets and enter its next phase of growth.



*In the beginning, Byju taught his friends, who were fundamentally good students, but had never thought of math and science concepts in the simplified way he explained it.*

# THE FASCINATING JOURNEY OF AN ACADEMIC ROCKSTAR

Byju grew up in Azhikode, a small village in Southern India. Born to two teachers, he grew up with a curious mind. He loved to understand the world around him and did calculations for fun. He reflects, “I remember sitting in a train and predicting its speed by counting the number of electric poles we had crossed in a certain time.<sup>5</sup>” In school, his friends marveled at how he excelled on assessments, some even accusing him of cheating because they didn’t see him studying. In reality, he had developed a deeper sense of learning by engaging with his environment. He loved learning. “Tests were part of the learning process, not the end goal,<sup>6</sup>” he added.

Byju went on to study at a government university and became a mechanical engineer. For two years, he traveled the world in a job with a shipping firm. In 2003, 12 of Byju’s friends were preparing for the Common Admissions Test (CAT), the entrance exams for the elite Indian Institutes of Management (IIMs), and they asked Byju for help with preparation. They convinced him to take the exam. Four of the friends he coached passed, and he scored in the 100th percentile. Anita Kishore, a former student who later helped Byju develop a market in Mumbai and who is currently the Chief Strategy Officer explains, “These were fundamentally good students and yet they had never thought of these concepts in this way.” Two years later, when more friends asked for help, he structured the material for his classes and he took the exam again and achieved a top score. Tutoring presented great opportunities, so he quit his engineering job.

In 2006, Byju started offering more formal CAT preparation. What started with 40 students proliferated into a group of 1,000 students within 7 weeks. The base grew by word of mouth. Byju explains, “My focus was to show students how to learn and predict questions. I downplayed exams and helped students feel empowered and understand the concepts. A better conceptual understanding would help them ace the objective examination system. There was no need to go back home and practice more.”

With a growing following, in 2006, Byju launched “BYJU’S Classes for CAT” and began teaching in auditoriums to audiences of 1,000 working professionals preparing for competitive exams. Outgrowing that venue, he filled the largest indoor stadium in New Delhi with 25,000 high school students who came to learn how to approach math more effectively. The set-up was not conducive for two-way interaction so he had to anticipate the types of questions that students would ask and build it in.

The classes were structured in a series of four-hour workshops. He used a freemium model, the first class was free and thereafter students would pay \$15 per session. Retention was high—after the first free workshop, 90 percent of his students returned. From a business perspective, this was a very successful model as there were about 15 classes in the series and the only costs were the facility rental charges.

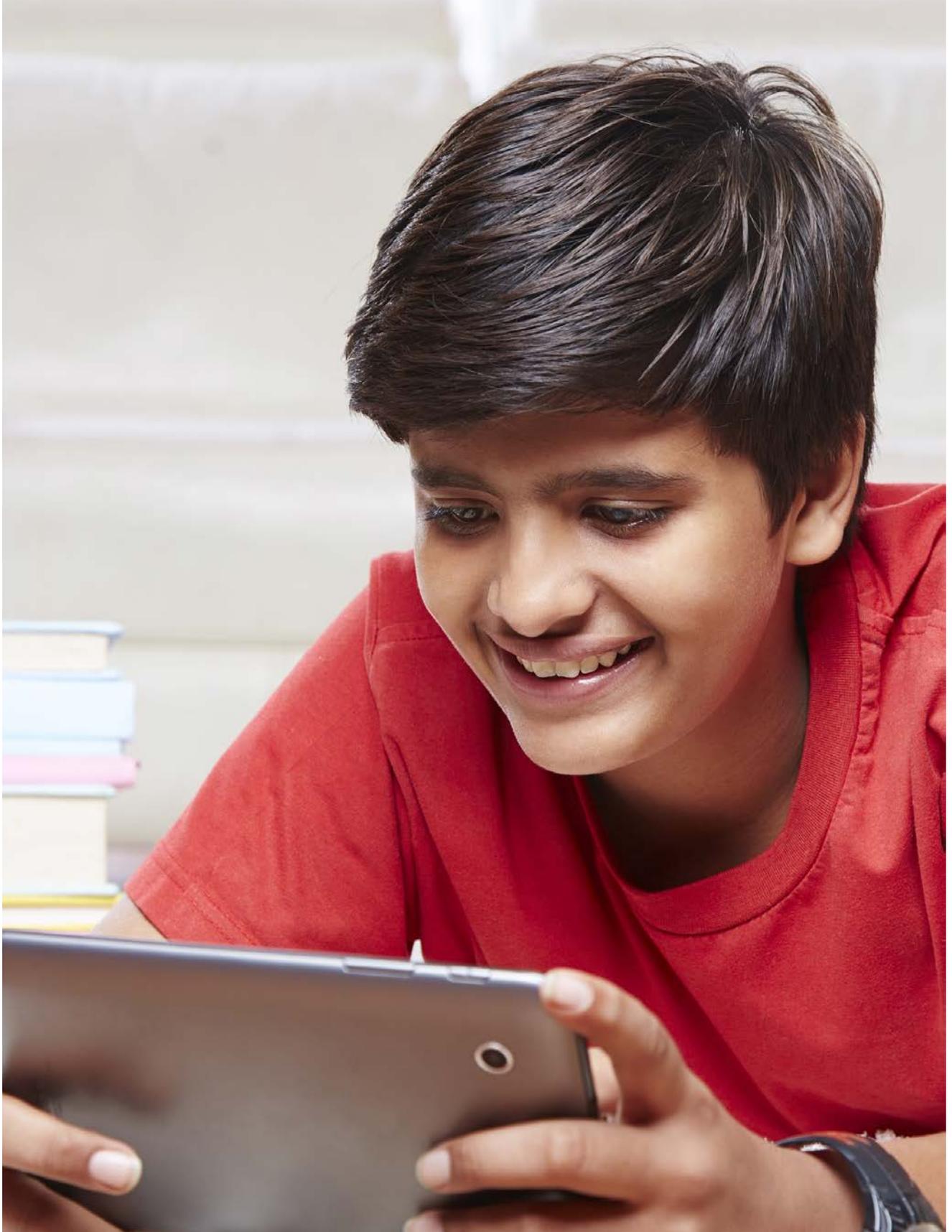
Between 2007 and 2009, Byju expanded his market by targeting undergraduates. He hired a small staff. He started a roadshow, traveling to nine cities, working seven days a week, and preparing for classes while in transit. Over time, he grew tired and approached the limits of being able to scale further. Desirous of having an impact on even more lives, the team started to think about digitizing the content.



Byju filled the largest indoor stadium in New Delhi with 25,000 high school students who came to learn how to approach math more effectively.

<sup>5</sup> “BYJU’s The Learning app,” *Harvard Business School*, March 1, 2017, pg 3.

<sup>6</sup> *Id.*



*BYJU'S wanted to reach students earlier in their schooling years and get youth to properly learn the concepts at the right time in their educational journey, instead of at the most stressful point.*

# CREATING A TRANSFORMATIVE APP

## THE RIGHT TECHNOLOGY FOR DISTRIBUTION

In search of technology options that would be conducive to scaling, the team began with Very Small Aperture Terminal (VSAT), or satellite broadcasting. VSAT was very popular in India, required minimal investment, and reached remote places. BYJU'S syllabus was very easy to adapt to a video format. Lectures were recorded and the video would be beamed to 45 centers with VSAT connections across the nation.

When tablets became popular, BYJU'S partnered with Samsung and adapted to that format because it allowed for greater flexibility, more interaction, and additional personalization than the one-way lecture format. The team soon found that the tablet devices were too limiting as many people could not afford them and there was a big capital expenditure requirement to distribute them. It was also limiting to be tied to only one original equipment manufacturer.

The team then decided to develop an app, because its distribution model was low cost, it allowed for near universal access, and it was rapidly scalable. Given Byju's history of filling stadiums, there was a high level of confidence that the app would work. The team did not pilot the app in a geography or with a selected school. For its sales strategy, it followed the same freemium model. Students could download it for free for a short time and then if they liked it, they could subscribe for a year.



## PRODUCT DIVERSIFICATION

Byju and his team continued to think big about growth and how to diversify. In 2011, Byju officially launched the "Think and Learn" company and built the team up to about 30 staff. In addition to a full line up of college preparatory test products, the team wanted to reach students earlier in their schooling years and get youth to properly learn the concepts at a prescribed time of in their educational journey, rather than only at the most stressful point. It decided to pursue the K-12 segment. Between 2011 and 2015, BYJU'S developed math and science content for grades 6 to 12. Over time, it added grades 4 and 5 and is currently working on the curriculum for PreK to grade 3. It also plans to expand the number of subjects available to younger students as well as expand into the university level.

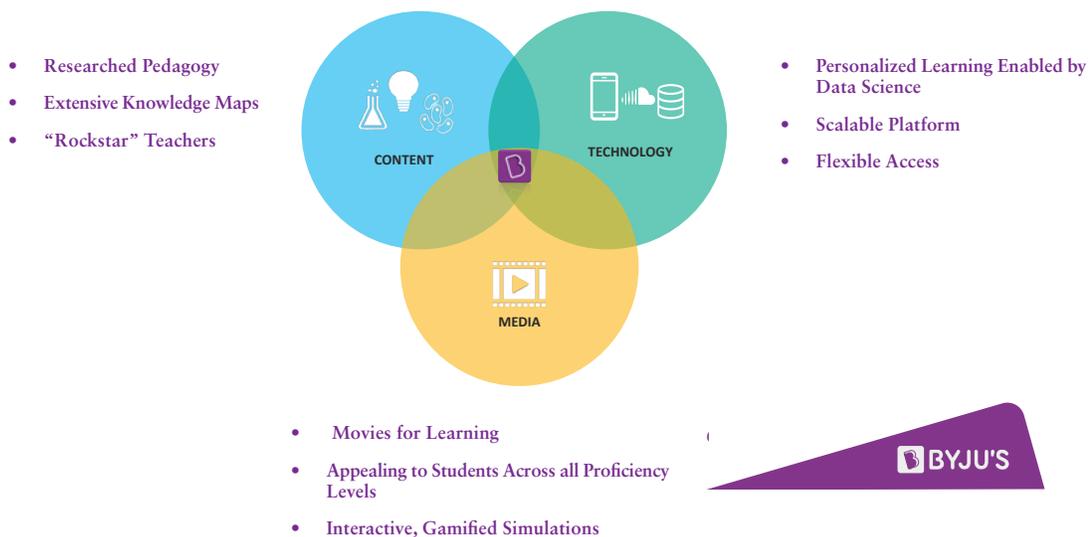
## CURRICULUM ALIGNMENT

There are three major curriculums in use in India and there is parity across grades between them. The key differences are in the sequencing of the content, which may be taught in a different order. To overcome this, BYJU'S developed the overall script for each topic and then packaged it in a series of five-minute, micro-modules that allowed the content to be joined together in any order. For instance, Newton's law of motion would cover a continuum from basic to advanced concepts. Students could view the modules in the order that matched the local curriculum. This strategy allowed the content to be adaptable across regions and made the product useful to all Indian students.

## CONTENT DEVELOPMENT

Recognizing that people learn in different ways, BYJU'S addressed contextual, visual, and theoretical learners through the platform. By blending all three learning dimensions into one tool, the product became highly effective because it could impact a broader number of students with different learning styles. To make the product captivating, the platform effectively integrates content, media, and technology.

### BYJU'S APP BLENDS CONTENT, MEDIA AND TECHNOLOGY



## CONTENT

The platform is developed by a multi-disciplinary team that is made up of “Rockstar” teachers with more than 15 years of experience, researchers, and students from the best universities that are passionate about their subject. First, the research team investigates the pedagogy and develops extensive knowledge maps for each concept. Then, they analyze the best way to provide real world metaphors that make the content interesting and relevant to the target age group. They develop a storyboard and brainstorm ideas to make the content come to life with special effects such as “virtual objects” that are floating visual graphics, animation, and gamification.

Once the script is developed, the content is tested with a group of about 35 paying students at one of their tutoring centers sites in Bangalore. This focus group environment allows the team to observe student reactions. The questions they ask are incorporated into the script.

## MEDIA

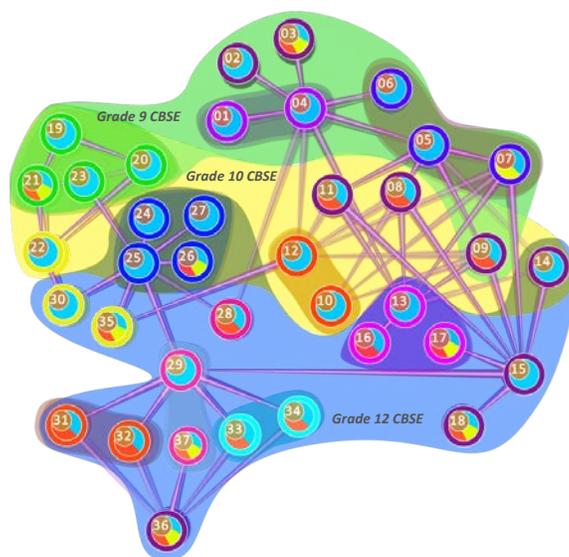
Since students’ time after school is competing with entertainment and media, BYJU’S responded with an appealing product that was capable of “enter-tainment” for all proficiencies. It developed all its media content in-house through movies, interactive activities and gamified simulations. The videos for the older age groups featured the “Rockstar” teachers, while for the younger audiences, it held a large Facebook competition to find the most effective kid-teachers. These kids had already figured out the concepts and were capable of clearly explaining it to their peers.

The teachers follow a script and are filmed in front of a green screen. Then, its own in-house team of media professionals makes the content dynamic, adding the backgrounds, special effects, animations, and virtual objects. This [short video about gravity](#) demonstrates some of those special effects.<sup>7</sup> While post production is lengthy and one media expert can only produce about 30 seconds of final output per day, it is cost effective in India. Byju explains, “The entire content development process costs about \$3 million to develop a product for a grade.”<sup>8</sup> It recovers the production costs in the first 18 months of a new product release.

## TECHNOLOGY ENHANCES PERSONALIZED LEARNING

The technology uses data science to enable personalized learning and is built on a complex algorithm. The company can customize the learning instruction through its “Exhaustive Learning Graphs” which are aligned to the curriculum for that grade. It also plots out all the learning concepts and learning deficiencies into roadmaps that cater to individualized journeys. Students can take different paths covering varying content to master the concept. Once the student’s learning style (contextual, visual, or theoretical) has been established by the platform, it recommends selected videos or activities.

### EXHAUSTIVE LEARNING GRAPH



At the end of selected modules, students are tested with questions and activities to assess the level of comprehension. If a student is having difficulty with a concept, the algorithm detects this and guides them to revisit a more basic concept that the student may have missed in an earlier grade and then builds up the level of difficulty until the student has mastered the concept. A more proficient student will cover the material through a more streamlined path.

BYJU’S has about 100 hours of content per subject. It has found that about 60 percent of the content is common to all students. About 20 percent of content is used by students who are curious and want to explore the subject further, and an additional 20 percent is used by students who need reinforcement.

<sup>7</sup> [https://www.youtube.com/watch?v=POytLLea\\_Lo](https://www.youtube.com/watch?v=POytLLea_Lo)

<sup>8</sup> HBS, pg 7.



*In a survey of 20,000 parents, 92 percent reported an improvement in their children's grades.*

Currently, the learning paths have a finite number of pre-determined routes to cover the material; however, the big data that developers are collecting is unveiling patterns and providing a deeper level of understanding of areas where students are having trouble. Machine learning will eventually guide the student through even more individualized paths.

As students advance, they immediately receive actionable feedback telling them what they have accomplished and the areas where they need more focus. Borrowing from gamification, a student will be encouraged to “try again” or “start over.” All the messaging is positive and encourages students to study rather than suggest “you are not good at this.” The student can see progress through a simple visualization that is designed to provide enough information without being overwhelming or causing stress. Parents can also monitor progress through a dashboard that provides detailed data analytics showing which modules have been completed and how their children scored on tests.

## RESULTS

The results of the strong pedagogy, learning science, and media is driving effectiveness. In a survey of 20,000 parents, 92 percent reported an improvement in their children's grades after using the app. Parents do not have to push their children to learn. Students are spending an average of 53 minutes per day, even on weekends, using the app. Usage is consistent across the school year and there is no dip after prolonged use. The high usage rates are translated into an 85 percent renewal rate. Even though the cost is high for an app, it is less expensive than hiring a private tutor.

About half a million users have rated the app and 92 percent have rated it 4 or 5 stars. Among apps with over 10 million downloads, it is considered the “Best Rated” app in the country and across categories.

Devananda's parents were attracted to BYJU'S because it describes how a subject concept came into existence and then builds the level of complexity from there. Her parents have noticed that she is gaining deep knowledge of several subjects.





*The content is usable in countries beyond India, because math and science is universal. The pedagogy for the concepts has been extensively researched and developed, thus the script is the same.*

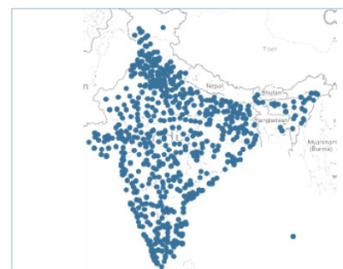
# SELECTED ASPECTS OF THE BUSINESS MODEL

## THE MARKET

India has the largest K-12 educational market in the world, with about 260 million enrolled students. Since 2015 when the app was launched, 900,000 students have purchased annual subscriptions. While it has not yet reached 1 percent of the market, it has made significant inroads beyond the top 10 large metropolitan cities and has democratized access to education with its footprint across 1,700 towns in tier II, III, and IV cities.

Without a direct marketing effort, it expanded to Middle Eastern countries where there is a large Indian diaspora. About 4 million students in the Middle East follow the Indian curriculum and Indian TV programming can be seen in certain parts of the region. Parents and children were seeing BYJU'S television commercials or had heard about it from friends and family living in India and were downloading the app. While BYJU'S was not actively marketing in this region, it reaped collateral benefits.

Given the success thus far, it is working on expanding the product, targeting the English-medium population (where English is not the mother tongue but is the main language of instruction), which is about 120 million students. The content is easily re-usable in other countries because math, and to a large extent science, is universal. For instance, the Pythagorean theorem is the same worldwide. Since the pedagogy for the concepts has already been extensively researched and developed, the script remains the same. It will change the teachers and select instructors that have a more neutral accent and adapt the examples to the local context. Many of the special effects created in post-production remain the same. Given the structure of the micro-modules, it is very easy to align to any curriculum in any geography. It can eventually adapt the content to other languages.



The app is not a metro only phenomenon. It is reaching students across more than 1700 towns in India, democratizing access to education.

## MARKETING

In the early days, BYJU'S classes spread like wildfire through word of mouth but to quickly reach millions of students nationwide, it needed a different tactic that would enable it to rapidly create brand awareness and scale up. It started with a digital marketing campaign. In the last half of 2016, it was generating 9,000 downloads per day, mostly in the large cities. With the objective of getting in the hands of as many children as possible, in 2017, it launched a series of nationwide television campaigns that featured a popular Bollywood star, Shah Rukh Khan. After the television campaigns, app downloads spiked to 50,000 per day. Without any marketing or communications efforts, downloads are currently sustained at about 25,000 downloads per day. The television campaigns allowed it to reach very small towns where there was less access to digital platforms.



*Sales representatives call parents and use data to explain student's areas of strengths and weaknesses. Parents have never heard this detailed level of information before.*

## SALES APPROACH

Converting a free app download into a revenue generating sale requires a sophisticated approach, particularly because the product has a high up-front cost and because it introduces a new approach to learning. Learning from screens is a new habit for older Indian children.

BYJU'S monitors student engagement on the platform. Once a child crosses a threshold indicating the child is engaging with the content, the sales team calls the parents. The sales team is made up of engineers that have graduated from prestigious universities. Before making a call, the sales representative will analyze each student's data usage to inform the parents about their own child's performance. For example, they will explain, "Your child saw a video yesterday and did a test, which demonstrated proficiency in the conceptual questions, but not in the application of the questions. These (specific topics) are the areas where your child needs to focus."

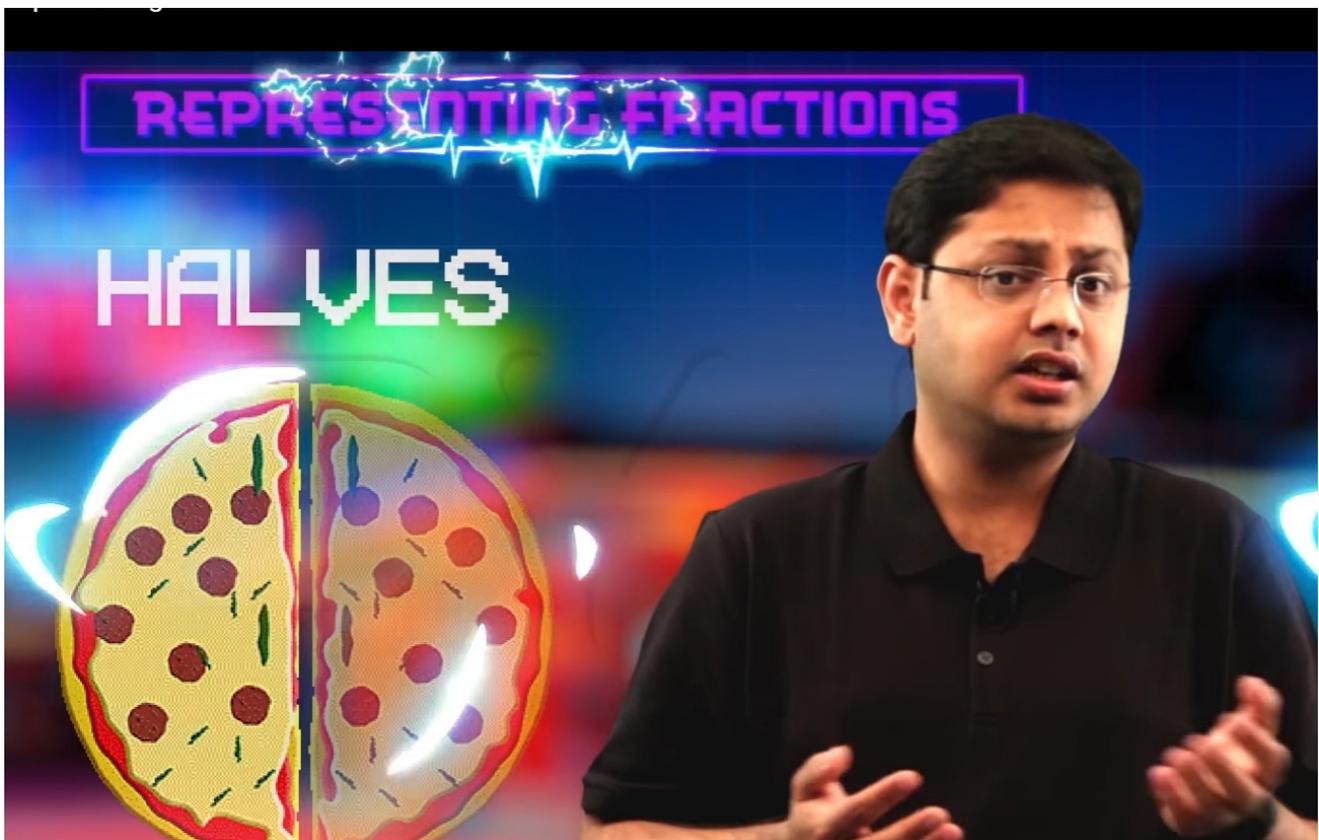
Anita expounds, "Most parents have never heard this type of specific information before because the teacher does not have access to this type of data. The sales representative needs to be able to analyze, understand the data, and select the two or three issues that the parent needs to be aware of."

The sales team is very productive and there is no sales effort required for renewals. Thus far, parents of 6th to 12th graders have renewed for 3.3 years, or every new academic year since the product was launched. It expects that the average product renewal will continue to increase as it adds content for more grades.

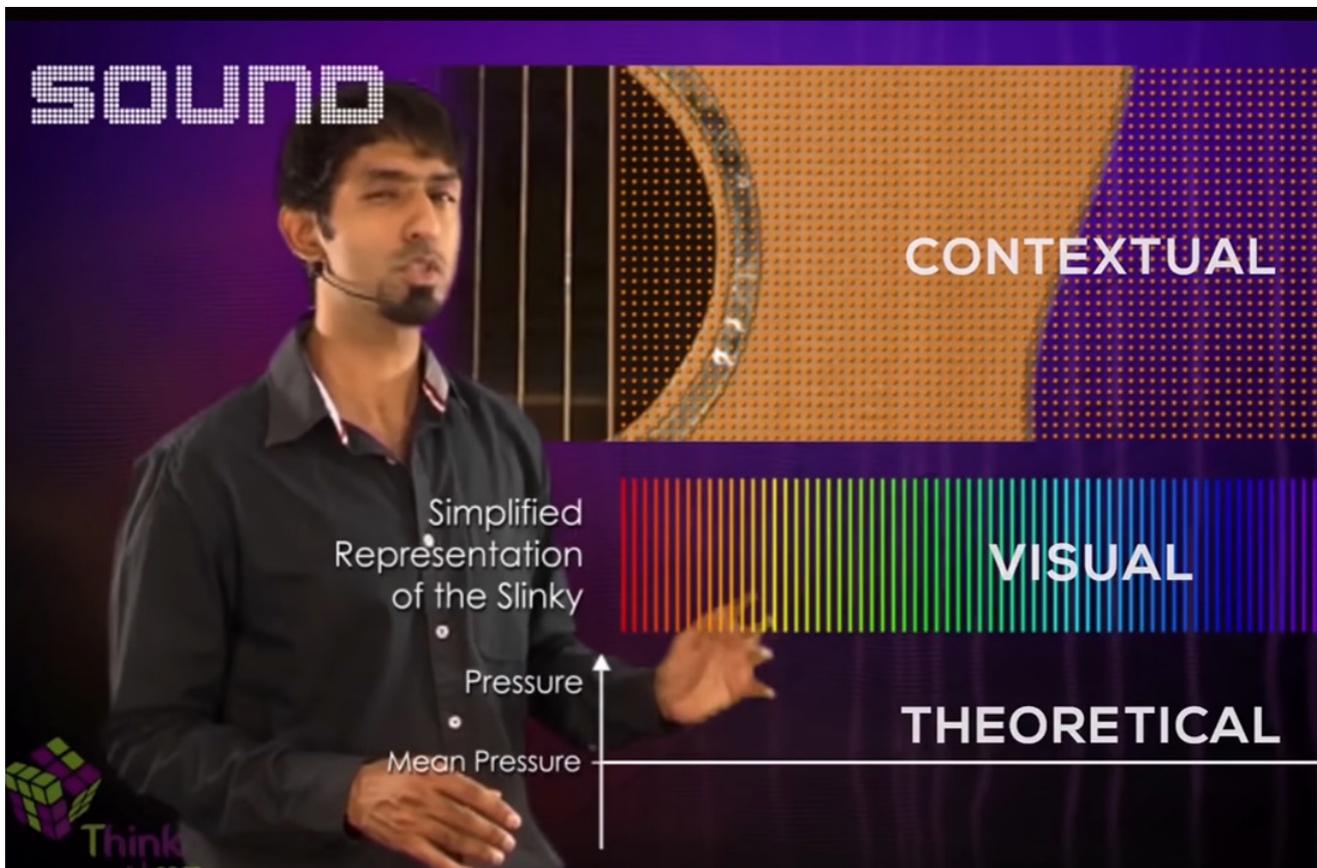
## COMPETITION

There is no directly comparable digital product on the market. The online market consists of a few players such as Khan Academy, which also offers access to a free library of teaching videos, but it does not generate the same level of engagement because the format replicates a teacher using a blackboard. The lack of special effects reduces the dynamism and does not cultivate the same level of child interest.

BYJU'S primary competition is the offline tutoring industry, which is largely focused on test preparation. Anita explains, "They capitalize on fear of exams that is widespread across India. Students feel pressure and stress and are grappling with complex theoretical material that is being learned through memorization." There are a few companies, the largest with 150,000 students, but overall the market is highly fragmented and consists of teachers offering supplemental services after school to their students. The offline model is constrained by geography and is very hard to scale.



*Over the lifetime of the product, the average sales costs drop from 8 to 2.5 percent, making it efficient.*



*BYJU'S brings together contextual, theoretical, and visual dimensions. This brings the product to life and makes the product highly effective.*

The competitive advantage that BYJU'S has is that it brings together the contextual, theoretical, and visual dimensions. This brings the product to life and makes the product highly effective. Anita explains, "Students get hooked and want to continue learning."

## BRAND POSITIONING

Dating back to its first advertising campaign, BYJU'S clearly positioned the product differently from the competition because its origins were fundamentally different. The use of the visual effects, animation, and captivating lecturers is student centric and appealing to students. Its focus is on transforming students to develop a love of learning for life through visually engaging content.

## FEE STRUCTURE

Dating back to the early days when Byju was holding college test prep classes, he worked with a freemium fee structure, where the first class was free and students would pay for subsequent classes. Given his positive experience with that model, he adapted that model to the app. Users have a free trial period of 15 days of active use of the content, after which they are contacted by the sales team and asked to pay the annual subscription rate of \$160.

This high price tag is in part attributed to Indian regulations that prohibit recurring auto-debit payments, hence it is currently unable to offer this convenience. Once the payment regulations improve, the product can be paid for in monthly payment installments of INR 1,000 (\$15), bringing the product more in line with the price of other apps, and making the product more affordable for a greater number of students. This is expected to further increase the reach of the product.

While it does not differentiate based on the ability to pay, it is working with schools in underprivileged areas to provide it free of charge to students who cannot afford it.

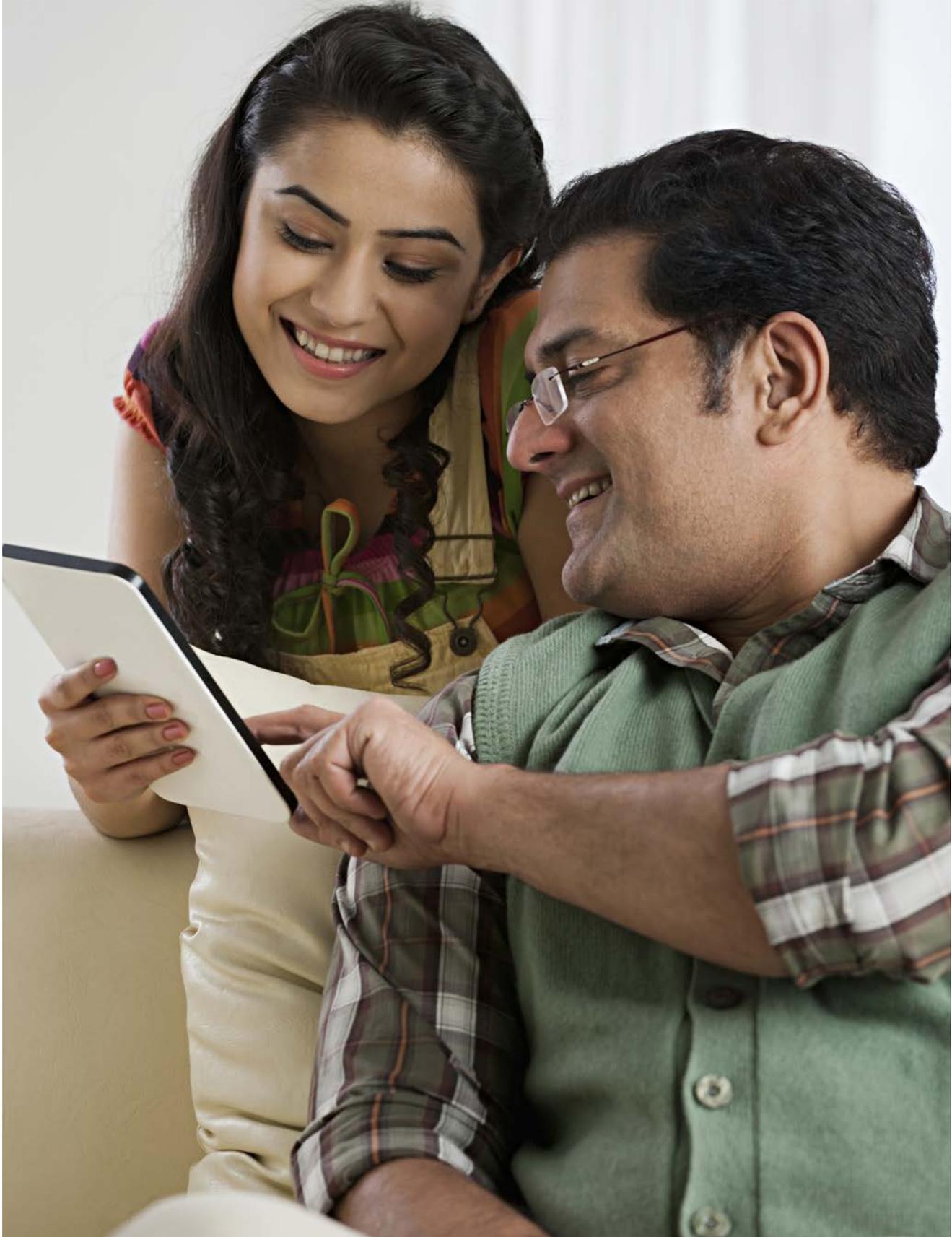
## REVENUES

In only two years, between March 2016 and March 2018, the sales team size grew by four times. In that period, they increased revenue by nearly five times from INR 110 (\$17.5 million) to an estimated INR 524 (\$85 million). In March 2018, it had a revenue run rate of \$120 million. In August 2017 2018, its estimated valuation crossed the \$1 billion threshold, officially christening the company as a unicorn. Most of its revenues are generated domestically but 15 percent originated from outside India.

BYJU'S expects to become profitable in 2018. In the next 4 to 5 years, it expects to reach \$1 billion in revenue by adding 3 million new students. This will be 2 percent of the market penetration and will require growth of the sales force by five times and a sustained 85 percent renewal rate.



*Once the payment regulations improve, the app can be paid for in monthly payment installments making the product more affordable for a greater number of students.*



*IFC's strategy in EdTech is focused on technology-enabled learning platforms for academic improvement, skills development platforms, as well as supplemental and low-cost education solutions.*

# THE ROLE OF IFC

Ruchira Shukla, the IFC Regional Lead for Venture Capital Investments in South Asia, had been looking at the education space in India for a long time, seeking out good investment targets; however, most of the models were not scaling. Many were small and while they were having a good impact, they only had a few thousand in revenue and growth was limited. Ruchira explains, “We ran across BYJU’S The Learning App and we realized that this company is scaling not just by chance, but because they were fundamentally thinking about education differently. They have a passion for adding value to education and were able to build that into the product and successfully take it to market.”

BYJU’S had just closed a round of capital raising when IFC approached it. But it still wanted to work with IFC, because the partnership would signal the backing of the World Bank Group. Further, IFC had the ability to facilitate introductions in other emerging markets, and IFC had experience in education innovation, having pioneered investments with flagship companies in the EdTech space such as Coursera, Learn Capital, and Andela. “IFC’s strategy in the EdTech space is focused on technology enabled learning platforms for academic improvement, skills development platforms, as well as supplemental and low-cost education solutions,” said Ruchira.

In December 2016, IFC acquired a minority equity stake valued at \$9 million to help the company further expand its offerings by adding new basic and secondary education content, continue its geographical expansion across India and internationally, further technology development to enable even greater personalized learning, and explore options for inorganic growth.

As the company gained popularity, it became very selective with the investors it chose to associate with because it views the investor as a partner that adds strategic value beyond the investment. Anita explains, “The biggest benefit that IFC can bring is the ability to work in developing countries where education tools can be introduced through government initiatives, especially where there are limited budgets but where there is an interest in making quality education available to a larger segment of the population. We see IFC helping us to enter new markets in new regions because students can learn well from this mode. Once the international version of the product is about 50 percent ready, we will start to leverage IFC with go-to-market activities to access these kinds of countries.”

IFC was interested in doing business with BYJU’S because the project fits well with IFC and the World Bank’s “Learning for All: Education 2020” strategy, which puts the focus on ensuring that students are learning, rather than on the number of years that they spend in the classroom. The app helps students to build a solid understanding of the subject, as well as provides very detailed feedback on the student’s performance to parents. IFC was interested in BYJU’S ability to reach students in smaller cities and villages, where access to quality schools and teachers is more limited. Currently, more than 60 percent of sales are from Tier II, III, and IV cities of India and that figure is expected to rise.



“The biggest benefit that IFC can bring is the ability to work in developing countries where education tools can be introduced through government initiatives, especially where there are limited budgets but where there is an interest in making quality education available to a larger segment of the population.”

**Anita Kishore,**  
**Chief Strategy Officer**



*For Byju, success is not measured by financial performance, rather it is measured by how many millions of students are learning more effectively.*

# CONCLUSION

Byju Raveendran’s childhood experiences gave him an innate ability to learn. He had a special aptitude for difficult subjects that magnetically attracted his peers—yearning to learn his secret. From his early days coaching his friends for college entrance exams, he wanted to share his same love of learning with others.

Today, Byju wants to revolutionize the way that millions of students think and learn. He has successfully translated his passion for acquiring deeper knowledge into a highly effective app that is improving the way that concepts are taught and he is able to do it on a mass scale. Byju explains, “We strongly believe that a product like this can change the way that students learn across the globe.” By helping students like Jubair learn more profoundly and become proficient in math and science, the app is bridging major socio-economic divides and improving chances of upward social mobility that will help break the cycle of poverty.

For Byju, success is not measured by financial performance, rather it is measured by how many millions of students are learning more effectively. He hopes that by cultivating a new generation of students armed with an inherent curiosity that they will be able to figure out what they are good at and pursue their dreams with relentless passion. He wants them to be “inspired to learn more, to dream more, and to become more.” An educated and motivated population will spur innovation, pioneer the new jobs of the future, and make contributions to societies around the world, and BYJU’S wants to play a role.



*“Since I started using the app, I feel much more confident answering in class and participating in discussion.” It also reinforced her learning and positioned her to compete and advance in the first few rounds of a reality television quiz contest. “It was a unbelievable dream come true for me.” Kalyani Kiran*



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