



RECESSION PROOF: MD Shantanu Prakash is taking the classroom online

SHOME BASU

Educator Par Excellence

A pioneer in taking the classroom digital, this learning solutions company has surfed the high tide of soaring education spends to success

ANURAG PRASAD

When Shantanu Prakash, Managing Director of Educomp Solutions, passed out of IIM Ahmedabad, his entrepreneurial zeal prevented him to join a regular salaried job. With a vision to transform the teaching-learning process, he along with a friend, invested Rs 1 lakh to float an IT-driven education company in 1994. It started with long-term contracts to set up and manage computer labs, then branched into digital content and online education. Twelve years on, the venture is a thriving Rs 53.8 crore (FY2006 sales) business that is wired into an exploding market.

In December 2005, when the company got listed on the stock exchange, its stock was at Rs 155. By September 2006, it had climbed to Rs 828. Behind the investor

confidence in the company are a set of irrefutable demographics: In India, there are 220 million students, 1 million schools with 5 million teachers. Yet, 100 million of these students are not part of the formal school system. The total education funding for the Government's Sarva Shiksha Abhiyan initiative has increased by almost 40% on an annualised basis to Rs 10,041 crore and the allocation for education has been enhanced by 31.5% to Rs 24,115 crore for FY2007. To attain its goals, the government is focusing on non-conventional interactive mediums to make teaching interesting. And that's an area that Educomp excels in. Says Educomp's Managing Director Shantanu Prakash: "It was not easy to convince investors to put their money in a underserved sector. But this became a positive for us. Education is a recession proof sector with only growth as an option. We would be soon coming out with \$25-million FCCBs to fund our



infrastructure expenditure." Educomp has grown as a research and IP-driven company with almost \$1.5 million being spent annually on R&D. The company has over 200 man-years of research, which translate into over 8,000 topics of 3D digital content that teachers use in the classroom to move beyond 'chalk and talk' to create a multi-sensory learning environment.

A Model All Its Own

Educomp has developed as a learning solution integrator and not as an information technology or a business process outsourcing company. "We have grown as a pure education company and pioneered the Education Process Outsourcing (EPO) space. We want to be a global learning enabler through management of learning, creation of content and delivery of learning," says Shantanu. Though multimedia and online education, teacher training and computer literacy programmes are mainstays of the company, it is also present in educational

BUSINESS Learning solutions integrator; the business is research and IP-driven

INCOME

FY2006	Rs 53.8 cr
FY2010 (E)	Rs 429 cr
4-YR CAGR (E)	68%

GROWTH STRATEGY

Expand in the US, South East Asia, Europe; focus on government school projects and online content

KEY INVESTORS Reliance MF, Goldman Sachs (Mauritius), HSBC, Morgan Stanley

CD-RoMs, content licensing and retailing of educational toys.

With just 125 schools under the smart class suite and 1,783 schools under the ICT programme, the company targets to increase these to 300 and 3,000 schools respectively by the year end. Simultaneously, the company is exploring markets outside the US such as South Asia, where the sector holds good promise. Educomp is also looking at acquiring smaller companies in the near future. "We are looking at companies with lot of IPR value, who are market leaders in their products. These acquisitions would be to fill our product gaps," says Shantanu. The fact that there is no competition in the same category and the small base of customers, both domestic and foreign in all categories, puts the company at

an advantage. Company officials are putting their bet on rise broadband, PC penetration to increase demand for their end-to-end solutions in the education technology to drive this sales-driven company to new heights. □