

# Chalk and board go hightech

**Winds of change blow through the educational system, as Educomp, a decade-old company, impacts the lives of million of students with its innovations**

Hailing from a middle class family in Roukela, Orissa, where his father was working with the Steel Authority of India Limited (SAIL), Shantanu Prakash had reason to feel that education was really a focus area. "A real good education is all that the parents can give you, after which you are on your own," observes Prakash, who graduated in commerce from Sri-ram College, Delhi, before going to IIM Ahmedabad. And, today, at 40, he is on the panel in the ministry of human resources development (HRD), framing guidelines on how technology can be used in schools and has been convincing the government to increase the budgetary allocations for IT initiatives in schools.

Most students from the IIMs normally go for campus placements, but Prakash took a contrarian approach to life and set out to become an entrepreneur. "I said to myself that I will defer placement for a year, try my hand at some business and, if it does not work, go out and get a job. Any way, I was equipped with an IIM degree," recalls Prakash, CEO of Educomp Solutions Limited (ESL), which he started with a mere Rs1 lakh investment. Fortunately, he never had to look back and funded all expansions by ploughing back profits, besides loans from banks.

In 1988, when Prakash finished his management degree, computers were coming into education and training in the relevant area was big business. School administrators and principals were all waking up to the fact that there was something in IT. From 1988-93, he spent his life in Compshan Infotech, a company that he started with a friend.

"Those days, computers were expensive and there was a lot of mystery around it. We went and really demystified it," says Prakash. They had some early successes, earning a few lakh rupees, roping in top schools like Doon School, Scindia School

(Gwalior) and Delhi Public School. After these had endorsed Educomp, the likes of Arya Vidya Mandir, Poddar and Children's Academy, to name a few, added on to the list.

## Moving to the next level

Having spent five years preaching technology in schools, in 1994, Prakash felt it was time to move onto to the next level – and set up Educomp Solutions. "At this stage, I felt that computers should not be used to teach what computers are all about, but should be used as a resource, making the learning of other subjects more interesting. There was a lot of mugging up going on and students did not bother to understand the concepts they were being taught, they just memorised it. They got good marks in the exams but that was not a reflection of their understanding of the subject. At that time, Internet and multimedia was happening, which we brought into the schools," explains Prakash. He also looked at schools as a business enterprise that needed to be managed; hence Educomp developed e-campus, an ERP that manages the entire academy. Simultaneously, coinciding with the Internet boom, Educomp set up an educational portal called planetvidya.com.

Clearly, the emergence of the Internet was an inflexion point for Educomp. "I realised that this new medium is going to be extremely powerful. For one, it allowed you to scale and distribute education, with content developed in one place going to several hundreds of schools simultaneously. Secondly, it allowed any-time-anywhere learning," reasons Prakash. He is working with over 5,000 schools around the country and adding more each day.

But this was not enough. So, Educomp decided to flip the model around and provide high-powered digital content as part of the day-to-

day interaction in the classroom. Just as, today, in the corporate world, if you do not have a presentation you cannot communicate, likewise the company introduced teachers to digital media like animations and 3D models as part of their day-to-day academic transactions.

"There were three key problems – infrastructure, content and willingness of teachers to move to the new



paradigm of learning. One cannot replace a school, as an institution it is there to stay. So, one has to work with the schools to remove the inefficiencies in the system," explains Prakash. He started working on a product called the smart class system, which is essentially a repository of content covering 8,000 topics (on the lower side, it is worth \$15-20 million) developed over the last four years.

Basically, Educomp goes to schools and lays the pipes in every class room,

making them technology-enabled. The teacher uses this set up to make the students understand concepts. The product reaches out to almost 1 million students across the country from 20 locations. The company's content development team, consisting of close to 100 people, sits in Bangalore and Delhi.

"It has always been my dream to see technology becoming an integral part of a teacher's life inside the classrooms and the smart class programme implemented by Educomp in our schools has indeed been like a dream come true", says the dean and director of Padma Seshadri group of schools, Chennai, who feels that this new system of learning dramatically improves the students' performance by 20-25 per cent, which, in educational terms is truly revolutionary. "If

**Prakash started the company with a mere Rs1 lakh investment. Fortunately, he never had to look back and funded all expansions by ploughing back profits, besides loans from banks**

this was there during our time, then our whole education would have been different". Adds Rukmani Mothilal, principal of PSBB Millennium school, Delhi, "Educomp has brought the excitement of technology to trek through the world on routine topics. Every day, our students in the classes look forward to these technology-enriched lessons mapped to their school syllabus".

"I find mixing technology and multimedia with the traditional chalk and board extremely effective. It is a boon to teachers and children are not sleeping in the classroom anymore", says a Coimbatore-based geography teacher. The visual aspect of the presentations makes the topics more interesting and creates a great impact. "It supplements lecturing and one can save time in explaining and draw

elaborate and complex diagrams", exults Sushma Sardana, a biology teacher at Delhi Public School, R.K. Puram.

#### Thinking big

Meanwhile, the education market is large. In India, there are around 8,40,000 schools (of which, 30,000 are in the private domain), with 200 million students. Education is a priority sector, one of the largest in our economy, with 4 per cent of the GDP spent on it – the single largest chunk of government expenditure. Currently, both the private and government schools are on a drive to bring more IT into the curriculum.

But the Educomp story does not end with India. This education-training vertical is known worldwide as the K-12 (kindergarten-12th standard) content industry. This space has been occupied by large Nasdaq-listed entities like Renaissance Learning, Plato Learning and Pearson Digital.

Realising that there is a huge global market for Educomp's content, last year, the company took the first step in the international market. At the behest of the International Society for Technology in Education, Prakash addressed a seminar with American educators. He presented the model of what Educomp was doing in India and got into a pilot arrangement with Santa Barbara School district through Franklin Elementary School. "It went off well and now we have a US plan in place", says Prakash. His vision is to make the company a global learning enabler, build high quality international content out of India and beam it into the classrooms of the world.

"We have chosen to target California initially, due to the fact that it spends \$1.7 billion, the most by any state, on instructional materials, faces the most challenges relating to underperforming schools and has progressive outlook on use of technology in the classroom. Within the state of California, Educomp has chosen to target the elementary school market since the elementary market enjoys 53 per cent of all funding for instructional materials (\$6.3 billion nationwide)", claims Prakash, disclosing his US strategy.

In 2000, Educomp got a venture capital funding from the Carlyle group. But the VC has already exited the company, with a part of the overseas custom in content business that Educomp hived off and gave it, which it now operates independently. "We did not want to be in the outsourcing business but in the IP and the product segment within the K-12 space," reasons Prakash. He has designed Educomp's business model as a product-licensing story, where it gets paid for the products used by the customers, unlike an outsourcing one, where it is project-specific. Educomp sells to schools and not students, thus following a B2B model but generates revenue, based on the user (student) in the classroom. "The school guarantees us money every month with an unlimited upside. If the number of students increases, we get more money," adds Prakash.

Unlike ILPS' Schoolnet, set up by bankers that is still limping around, Educomp has grown from an income of less than Rs1 crore in 1994 to rake in Rs32 crore in 2005. In fact, in the last five years, the top line has grown at a CAGR of 30 per cent from Rs11.15 crore (2000-01) to Rs32.11 crore (2004-05). The bottomline during the same period grew from less than Rs1 crore to Rs6.5 crore. According to a Mumbai-based school principal, one cannot compare Schoolnet to Educomp, the former being more of teacher training.

Apart from the existing orders worth Rs40 crore, the company has bagged orders from governments of Orissa (Rs7.28 crore), Tripura (Rs3.69 crore) and Uttar Pradesh (Rs8.4 crore). This covers implementation of computer hardware, software and connected accessories and provision of project management and monitoring for a period of five years in schools across the state.

There are positive trends significant in the education space. The government is putting in Rs5,000 crore after the education cess came up. And bridging the digital divide is a key factor that spells competition for companies like Educomp. All schools now need IT; it is no more an option.

• LANCELOT JOSEPH