

The Learning Trap

How Byju's Took Indian Edtech
for a Ride

Pradip K. Saha

 **juggernaut**

JUGGERNAUT BOOKS
C-I-128, First Floor, Sangam Vihar, Near Holi Chowk,
New Delhi 110080, India

First published by Juggernaut Books 2023

Copyright © Pradip K. Saha 2023

10 9 8 7 6 5 4 3 2 1

P-ISBN: 9789353452322

E-ISBN: 9789353453138

The views and opinions expressed in this book are the author's own. The facts contained herein were reported to be true as on the date of publication by the author to the publishers of the book, and the publishers are not in any way liable for their accuracy or veracity.

All rights reserved. No part of this publication may be reproduced, transmitted, or stored in a retrieval system in any form or by any means without the written permission of the publisher.

Typeset in Adobe Caslon Pro by R. Ajith Kumar, Noida

Printed at Thomson Press India Ltd

To Abhigyaan Rao Saha

*You can move mountains, believe me, let's go.
And I will be in your corner, every day and then tomorrow.*

Contents

<i>Author's Note</i>	vii
<i>Prologue</i>	xiii
1. A Dream Is Born	1
2. The Great Indian Rat Race	18
3. The Art of Selling	31
4. The Edtech Boom	51
5. The Hand of God	67
6. The Tyranny of Targets	84
7. Offside	106
8. Unforced Errors	118
9. The Turning Point	138
10. The Trainwreck	168
11. Injury Time	210
<i>Notes</i>	227
<i>Acknowledgements</i>	253
<i>A Note on the Author</i>	257

Author's Note

This book emerged out of sheer curiosity.

Back in December 2019, during our winter break from publication, my editor at The Morning Context, Ashish K. Mishra, and I were talking about the sectors we needed to track in the coming year. We had launched The Morning Context three months before and were shaping our coverage of sectors, blissfully unaware of how our lives were going to change in four months.

One of the sectors Ashish was very keen on covering was education technology. It was the sunshine sector, he said. Investors across the world were waking up to the potential of Indian edtech and making a beeline for the start-ups in the space. There were good reasons for that.

Education in India is not just about gaining knowledge or worldly wisdom or learning skills. Eight decades after independence, education, at the most basic level, remains a dream for hundreds of millions of Indians. A dream, a tool, a bridge to a better shot at life. For the hundreds of millions of have-nots in India, education is an individualistic urge for the collective betterment of the family. So parents will sacrifice a lot in the hopes of giving their children a shot at a better life.

Our education system is broken. Schools don't have the infrastructure, the curriculum is dated, most teachers are unqualified, untrained and ill-fitted for the job, and so on. Put all this together and education becomes an evergreen, multibillion-dollar opportunity in India. The problem is, you can make millions of dollars by selling snake oil in the name of education.

These factors have fuelled the private coaching industry in India for decades. Edtech's promise was to disrupt this system and democratize education. The opportunity was huge. The money was flowing. At The Morning Context, we started out by taking stock of things. Reams were written about companies raising funds at exorbitant valuations. But where was the money going? What was the learning outcome? No one was asking these questions.

A friend once shared an experience with me. They worked in the communications team at an education company and had reached out to a business journalist to explore a story. The potential story was about visiting the schools they were working with to sit in classrooms, and experience the impact of their programmes. The journalist, my friend told me, asked how much money the company had raised. It wasn't about the money, it was about an initiative and its impact, my friend said. 'Sorry, no funding, no story,' the journalist had responded.

But we wanted to go beyond the funding game and look deeper. And, we started with Byju's because it was, and still is, the largest company in the sector in terms of valuation. It raised more money than all the other edtech players combined; it employed the largest number; and it had the most subscriptions. Therefore, it was also the bellwether

and the trendsetter for the sector. Whatever it did, others followed. Investors saw it as the safest bet and herd instinct kicked in. If A has invested, B will come, and then C will feel the FOMO and rush in. It meant that Byju's didn't even need to worry about investors doing full due diligence before signing off with an investment.

In short, edtech was, and still is to a large extent, all about Byju's. The friend quoted above recalls the ironic jokes about being 'Byju-ed away' at investor meetings. 'That's all fine but how are you different from Byju's?' investors would ask. At one meeting, they were Byju-ed away within minutes.

But what about the students? We started talking with parents who had subscribed to these companies, teachers and industry experts to understand the efficacy of the products in the market. What we learnt was appalling. There was no way to measure the efficacy of the products or learning outcomes. I spoke with hundreds of parents, most of whom thought they were trapped. Children had already lost interest in the product and the tablet Byju's handed out as a part of the package was being used to play games. Byju's, these parents told me, was all about sales masquerading as education.

Then Covid-19 struck, and online became the only mode for learning and edtech took off. But the hypergrowth created a bubble and now companies that had received a flood of investment and expanded operations with a focus on pure growth are crumbling under the weight of losses and looking at drastically reduced demand.

We kept at our investigations, peeling layer after layer to get to the bottom of the edtech mess. It was September 2022, and we were chatting about something else, when Chiki Sarkar at Juggernaut asked me if I had someone in mind who

could do a book about Byju's. We had just broken the stories about phantom funding in Byju's and the toxic work culture at the company. It had recently published lacklustre numbers for FY21 and the company was headed for more trouble.

'Just an honest, well-reported book on the business . . . And I guess telling a bigger story about the start-up culture here, pressures to grow at any rate, etc.,' she said.

Now, I have never asked her this, but when I see this conversation in hindsight, it probably was her way to put the seeds of the idea in my mind.

I was thrilled, I won't lie, but I was also petrified. Though we had written a lot about the company, a book sounded like a daunting task. Besides, there was work and a young child who needed his parents' attention. Did I have the bandwidth to take this up?

But if not now, when? If not this, what?

I first went to Ashish for advice. We were the best placed to do the book, he told me. 'Tu dekh, karna hai to kar le (You think about it, do it if you want to). We will manage the rest,' he said. I got the same answer from my wife, Namrata; sometimes I wonder how my editor and my wife always have similar ideas. I was still not sure. I reached out to friends who had written books and worked in the publishing industry. They all said the same thing.

A brief conversation with Prem Panicker sealed the deal.

'Doesn't matter if the story has been said before. Say it again, the whole story, in a way that is consumable for everyone,' he said. 'You know the beginning and the middle. The end will come on the way. Go for it.'

So I did. And here it is.

Over the last four years, I have spoken with hundreds of

people connected to the industry – salespersons, management, investors and above all customers – and recorded their insights and impressions. Some of them were willing to go on record. Others are still working in the industry or they have hostages to fortune, in the sense that they have children who are signed up for edtech courses. In these cases, I've used pseudonyms because the reader-recall is better if you say 'Amit' rather than 'a salesperson who requested anonymity'.

There are merits to online learning and it probably is the future of education. But what would be the model? The pedagogy, content and delivery? How do we ensure its efficacy? All these questions need to be answered first. No one in India has been able to make a sound, profitable business centred around online learning. Not yet at least. Certainly not Byju's. In fact, the misadventures of the company, one entrepreneur told me, have eroded the trust of people in online education.

In our effort to answer the questions we asked four years ago – where was the money going and where were the learning outcomes – I stumbled upon the dark underbelly of edtech, learning on the way how the biggest edtech company could become the biggest write-down in India's tech start-up history.

In another context, an Indian politician once said, 'When a big tree falls, the ground shakes'. The crash in Byju's has caused a seismic upheaval across the edtech industry. This is the story of how Byju Raveendran built his empire and how it turned into a trainwreck.

Prologue

‘Our core business is the most profitable one, more than any other company in our portfolio.’

This was 10 November 2022 and we were in the middle of a two-hour-long marathon meeting in a second-floor conference room at Byju’s office in IBC Knowledge Park, Bengaluru, when Byju Raveendran dropped this surprising factoid on me. For a moment, I thought I had misheard him. I could only muster a ‘hmm’ in response.

Raveendran said this with so much confidence that it was difficult not to believe him. Moreover, he backed up this bald statement with a glib explanation. ‘It just doesn’t look that way because all the costs are sitting there. The costs of all six businesses are sitting in the core business. We are creating content and products from the core business. We are not spending on our learning app. The team you will meet outside – they are creating content for something else.’

But over the past few years, Ashish, my editor at *The Morning Context*, and I had read Byju’s earnings reports several times to know, or at least to strongly suspect, that this wasn’t the case. Or at least, the auditors didn’t seem to think so.

The company hadn't turned a profit in years. In fact, for FY21, the company booked a record net loss of ₹4,588 crore, almost 19 times the loss made in the previous fiscal. Yet, I thought it was futile to argue with the man, for two main reasons:

First, the numbers I had were outdated. We were in November 2022, discussing business figures for a 12-month period that ended in March 2021. The man is a maths teacher and an entrepreneur, who scaled a part-time tutorial into a \$22 billion behemoth in little over a decade. Surely, he knew the numbers better and he certainly knew the current situation in the company better.

Second – and this is my opinion based on the many number of times we have spoken over the phone in the last couple of years – you can't win an argument with Raveendran. He will have an answer and an explanation for everything. So, I decided to drop it and move on with the conversation, leaving it to time and the auditors to arbitrate the question.

Before meeting Raveendran, I had met with another edtech executive, who has known Raveendran well for years. We were talking about edtech in general and he told me how the markets were depressed because there was no money coming in. In fact, he told me there could be a sectoral collapse in about eighteen months. As was the nature of such freewheeling chats those days, the conversation moved on to Byju's and its disastrous FY21 results.

'The best-case scenario for him will be to take Aakash public and focus on that. There isn't much left in Byju's anyway,' this person had said.

So, as soon as I left the building and booked the cab for

the airport, I called the edtech executive to tell him what I had learnt.

‘I don’t know why he keeps saying these things. He knows people are not going to believe him anyway. It would be better to come out clean, admit the mistakes in the business, take the valuation hit and rebuild,’ the edtech executive told me. ‘I was talking to him a few days ago and he kept telling me the same things he told you. At this point, it is difficult to say if he is not able to see things for what they are or putting up a brave face. Is he being defiant? Or just delusional?’

This conversation has stayed with me.

By the time January 2023 came around, it was clear that the company was suffering from a severe working capital crisis. Vendor payments and TDS returns had been delayed for months. The company had taken out a huge unsecured loan from Aakash Educational Services Limited (AESL). Also, instead of cancelling subscriptions for customers who wanted to cancel and refunding the money to Non-Banking Financial Companies, or NBFCs, which had financed the subscriptions, the company had continued to pay EMIs on behalf of the customer. There was no cash in the system.

Still, Raveendran was defiant. In an interview on the sidelines of The World Economic Forum 2023 in Davos, he told the reporter that the worst was over for the company and it was moving ‘towards a sustainable long-term year of growth with strong fundamentals, so 2023 is going to be a much, much better year for us in terms of both India as well as some core segments’. FY22 and FY23 numbers are not out yet, but things are very different on the ground.

In the months following that interview, the Byju’s story

has unravelled fast. The company hasn't been able to raise fresh equity capital and is embroiled in legal battles across three cities in the US with lenders of a term loan. Back home, the core online business is not generating any cash and the offline tuition centres are becoming another albatross around the company's neck. WhiteHat Jr continues to be a black hole and Byju's is milking Aakash dry. Things became so ugly that Aakash CEO Abhishek Maheshwari had to resign.

When we wrote that story for *The Morning Context*, the company chose its words well in its reply to our questions. 'The CEO and CFO continue to serve AESL in their current roles,' it said. This was 30 July 2023. Maheshwari left the company by the August end.

Amused at the turn of events, I went back to the source who had given me the tip about Maheshwari's departure. It was amazing how a company can make misstatements in official responses like this, I told him. This wasn't the first time either.

'I am surprised that you are still surprised,' the source texted back. 'You are a journalist, lying to you is okay. But lying to all employees, most senior leadership, even people who have access to accounts . . . you even tell them we are profitable – that is another level.'

This was one of the rare occasions I didn't have a good comeback.

Defiance is an essential quality in a leader. Deception – exaggeration, careful omission, half-truths and lies – may also be a part of running a business. American economist and social scientist Thorstein Veblen considered lying an essential part of American capitalism. '[T]he arts of business are the

arts of bargaining, effrontery, salesmanship, [and] make believe and are directed to the gain of the business man at the cost of the community, at large and in detail,' he wrote in his final book *Absentee Ownership and Business Enterprise in Recent Times* (1923).

Whenever I think of Byju's the company, my mind goes back to the November 2022 conversation and a dozen similar telephonic conversations I had had before and after that meeting. The fundamental question with Byju's, after 15 years of its existence, is whether the company has moved the needle in terms of education in India. When I asked Raveendran this question, he replied in his usual fashion with, 'Much better than anyone else globally.'

Notice the careful wording. In comparing his business with others without any objective detail, Raveendran gives an answer while actually telling you nothing.

'Have we changed the landscape of education? . . . Governments have spent billions of dollars over decades, but it is very inefficient because they invest in infrastructure. They don't spend on content. Even if you create infrastructure, you can't do much. We have done better than others. Still, there is a long way to go,' he added.

A little later in the conversation, I asked him why there were so many complaints against the company from parents.

'You have a selection bias,' he told me. 'Even if 5% of dissatisfied parents take to social media, it will look like a big problem, but it is only 5%. And you will talk to only those parents that are complaining. Happy parents won't talk to you. There is a huge difference between perception and reality. Because if you are right, then I have to believe that

all our investors are idiots. I will give you a dump of data for our paid customers. You randomly choose the numbers and call them and take feedback.'

No, Raveendran didn't provide me with a 'data dump' of contact details – this would arguably have been a major privacy violation anyway.

'There are complaints that sales are aggressive, but parents actually like that. High-quality graduates spending two hours with them, explaining our product, so they don't do an impulse purchase . . .' he said.

This assertion runs quite contrary to what I have learnt from my four years of reporting on the company. I might have only spoken with a few hundred salespeople and parents, but I feel confident that it's a fairly representative sample without much in the way of selection bias. Every one of them told me that if a home visit lasted that long, it only meant that the salesperson was trying to hard-sell. The company changed the sales model from home visits to teleconferencing in December 2022.

Then I asked Raveendran about WhiteHat Jr.

'There is tremendous feedback from paid users. Only armchair critics have negative comments about WhiteHat Jr,' he told me. 'The product didn't fail; the go-to-market strategy didn't work.'

I asked him about Sumeru Ventures and its phantom funding. Raveendran maintained that his company had been the victim. But how did a company the size of Byju's not do due diligence on an investor?

'We heard they invested in several unicorns,' he told me.

'But the money didn't land in any of them,' I said.

‘How would we know that?’

Bankers, other investors, entrepreneurs, word-of-mouth, even just a search on the internet?

‘There was no banker involved. I asked our investors and they said Sumeru was a good investor and had given term sheets to other unicorns as well.’

What happened to the plan to go public via a merger with a special-purpose acquisition company (SPAC)?

‘The markets turned. No one has been able to raise. Hardly any company has gone public.’

Then there was the question of layoffs. Raveendran insisted his company had only let go of 2,500 people in October and reiterated that I had got the story wrong, which had suggested that the company had fired more than 12,000 people.

‘I trust my sources,’ I said.

‘But how? I can assure you we didn’t fire more than 2,500 people. Do you have data from EPFO [Employees Provident Fund Organisation]? I signed the paycheques. I can show you data for September, October and November.’

The data never came. I didn’t have EPFO evidence at the time, but after a few months, I sourced the data that showed the company had fired far more people during that round of job cuts than they had claimed. So I asked him over one of our calls and this time I told him that I had sourced the data from EPFO.

‘That is a mistake. You see, the numbers are down because we moved a lot of people from payroll to contracts,’ Raveendran said.

As I said before, it is hard to argue with the man, even

if you have the evidence. There are several layers to Byju Raveendran, the businessman. He sounds vulnerable in interviews with YouTube influencers, but when asked the hard questions, he is confident and defiantly refutes any allegations against the company. His words seem heartfelt, and his pain sincere, in emails to employees about job cuts. No more cuts, he would promise. And then, Byju's would fire another tranche of thousands of employees.

When you meet, the first thing you notice about Raveendran is his bulked-up appearance. He's toned and fit, and clearly works out regularly, making him look a lot younger than his 40-odd years.

Once you look past his muscles, the next thing you notice is that he is always in a hurry. He talks fast, thinks faster, his eyes move constantly, taking note of every movement, looking for any change of expression in the person sitting opposite. He's always thinking ahead and considering taking the conversation in multiple possible directions – like a problem in multivariate calculus or a physics equation – and figuring out responses for all possible scenarios. When he's under pressure, this makes him look fidgety and impatient.

This impatience arises from an apparent ability to process information quicker than most people. This ability to look ahead has helped him build an empire. At the peak of the pandemic, when the company was in hyperactive mode, the joke in the industry was that someday Byju's would buy the Central Board of Secondary Education.

An incident that played out at an afterparty during the ASU+GSV Summit – the largest annual edtech event in the world – in San Diego in April 2022 illustrates the industry’s attitude to Byju’s in its heyday.

Byju’s was everywhere at that event and, naturally, so were the people associated with it. One man from their US operations shook hands with another person, asking if they too were from another arm of Byju’s. To this, a third person, a top executive in one of Byju’s subsidiaries, smiled and said: ‘No, not yet.’ All three cracked up with laughter, as an eye-witness told me later.

As things turned out, this unbridled growth now looks like a pack of cards, stacked precariously over the last 15 years to build a house that’s ready to come tumbling down.

The art of lying may be a useful skill in business or in diplomacy or politics. A lie can consist of misdirection or misstatement or overpromising. They are like verbal steroids, effective in the short term but with potentially terrible side effects in the long run. Josef Goebbels famously said that if you repeat a lie often enough, it becomes the truth. The danger is that the speaker also starts believing in the lie and history is proof that companies as well as political regimes built on a foundation of lies eventually fail terribly and loudly.

Raveendran came from nothing. He built an empire by selling a big dream to millions of people. As I discovered over the four years I covered it, the industry was all about Byju’s. It was not only the biggest player with over 58,000 employees at its peak. It also had the biggest war chest and it was constantly on the lookout for acquisitions.

Any strategy that Byju's implemented, any tweak to its business model, meant a pivot for the entire industry. It was that big and that dominant. And now that the empire is coming apart at the seams because a large part of the foundation consisted of flim-flam, it might take the entire industry down with it.

1

A Dream Is Born

The year is 2013, and the place is New Delhi. The Indira Gandhi Indoor Stadium is packed to the brim to well beyond its rated capacity of 14,000-odd – there are people packed into the galleries, standing in the aisles and overflowing on to the arena. Right at the centre, there is an elevated platform surrounded by huge screens. All spotlights, and there are dozens of them, are focused at the centre of the platform. This could be a rock concert.

Out comes the artist, amidst thunderous applause. He takes a moment to soak in the atmosphere and acknowledge the crowd. He knows his audience. He knows his craft. He is confident. For the next hour or so, he is the only one who speaks, his intonations following the movements of his hands as he holds the unwavering attention of the audience with remarkable ease.

This is not a religious guru expounding on philosophy. Nor is it a musician. He is a teacher, teaching mathematics.

Later on, interviewers have often asked Byju Raveendran whether he was nervous the first time he taught a stadium

full of students. He wasn't, he says. He was excited. 'To hold the attention of 25,000 students at one go,' Raveendran is often quoted as saying, 'one has to do a maths concert.'

It is an art. Once you are on the stage and all the cameras, spotlights, and 50,000 eyes are focused on you, it is all about the performance. Raveendran perfected this – the art of teaching at scale and holding large, live audiences captive. He built India's largest education technology business on the back of this skill.

Byju Raveendran (we will refer to him from now on just as Raveendran, even though that is really his father's name in order to avoid confusion with the eponymous company) was born in 1980 to two teachers who lived in the coastal village of Azhikode, around 7 km north of Kannur in North Kerala – an idyllic place where the Valapattanam River meets the Arabian Sea.

He studied in the local government school where his parents, Raveendran and Shobhanavalli, taught physics and maths, respectively, and where the language of instruction was Malayalam. After finishing eighth grade, Raveendran moved to S.N. College, Kannur, for a pre-university course.

Growing up in an average Malayali household in a nondescript village, Raveendran's upbringing was remarkably unremarkable. Only two things stood out from those days. First, his habit of questioning everything under the sun and trying to find the answers to all his questions through maths – he would count everything that was possibly countable.

‘I remember sitting in a train and predicting its speed by counting the number of electric poles we had crossed in a certain time,’ he told interviewers during a 2016 case study by Harvard Business School.

Second was his love for sports. From the very beginning, Raveendran was an outdoorsy child. He preferred the sports ground to the classroom and bunked classes so much that teachers often complained to their colleagues, his parents. To their credit, they never stopped him from playing around.

He played every sport – table tennis, cricket, football, you name it – that the school had to offer and learnt many life skills while doing so. One example Raveendran often gives is that he learnt spoken English by listening to sports commentary on the radio. He is a naturally speedy talker (as most speakers of the polysyllabic Malayalam tend to be) but his rapid-fire delivery of English was probably influenced by this as well.

Sports also taught him, in his own words, teamwork, concentration, controlled aggression, and the ability to stay calm and perform under pressure. He never worried about his studies or grades. It helped that Raveendran was a good student even if not the most punctual.

Like most middle-class people growing up in the 1980s and 1990s, Raveendran had two choices of profession to pursue after school. He could either be a doctor or an engineer. His parents wanted him to be a doctor, but Raveendran chose engineering because of how little time medical students were left with to do anything else, and he knew he couldn’t not play sports. He studied mechanical engineering at Government Engineering College, Kannur,

graduated in 2000 and joined a shipping firm as a service engineer in 2001.

His life changed two years later. While he was spending a vacation back home, a bunch of friends got in touch and sought Raveendran's help in preparing for the Common Admissions Test (CAT), the entrance exams for the elite Indian Institutes of Management (IIMs). These friends convinced him to take the test as well. Four out of the twelve friends cleared CAT that year, and Raveendran, as the story goes, scored a perfect 100 percentile, got calls from IIMs, cracked interviews, received joining offers, declined them, and went back to work as a service engineer with the UK-based shipping company, Pan Ocean. This, he often says, was because he never wanted to do an MBA and wrote the test for fun. He did this again in 2005 – scored a perfect 100 percentile in CAT and once again declined joining offers from IIMs. This story has been repeated so many times that it has become part of the Byju's legend. Everyone knows it but no one can check for veracity. I tried to verify Raveendran's CAT results for weeks before giving up.

After this, requests started pouring in from friends, their friends, even their friends and so on. Raveendran started offering formal classes and by the sixth or the seventh session, there were more than 1,000 students lined up for classes. Raveendran realized for the first time that he actually liked doing this and it was what he wanted to do for the rest of his life, but he still didn't want to go all in. He told his father he would do it for six months and see where it was headed. His parents have never questioned Raveendran, not when he bunked school to play sports, or when he

decided against joining IIM, or when he decided to quit his globetrotting job in 2005 to teach.

Students gathered to learn from the ‘CAT topper’ and as his following grew, Raveendran formally started Byju’s Classes for CAT in 2006. He outgrew the classroom very soon and then started holding sessions in auditoriums with class sizes of 1,200 students.

The classes were designed on a freemium model. The first class would be free and students were charged the equivalent of \$15 (around ₹750 at the time) for subsequent sessions. He would do a series of four-hour-long workshops over weekends. In these, he was mostly teaching tricks that would help students predict questions and find shortcuts to answer them. This was a practical way to approach CAT since the exam consists of objective questions, which have to be solved at speed. But this way, the learning would not be limited to the exams and would help the students learn underlying concepts.

This was unheard of in the coaching business. Everyone spoke about marks. Raveendran focused on learning. Word spread about the maverick teacher and his unconventional teaching style and Byju’s became a rage. Nine out of ten students who attended the first free session enrolled for the paid workshop thereafter, making the business a huge success.

The only recurring expense was the cost of booking auditoriums. Riding on his popularity, Raveendran expanded the model to four cities – Bengaluru, Chennai, Mumbai and Pune. It was during these classes that he met students like Mrinal Mohit, Pravin Prakash, Vinay M.R., Arjun Mohan,

Anita Kishore, and his future wife, Divya Gokulnath. Some of them became co-founders at Think & Learn Pvt. Ltd – Byju’s parent company – and others became lateral hires who later helped him shape India’s largest edtech company.

For two years between 2007 and 2009, Raveendran targeted undergraduates and expanded to five new cities. He worked round the clock to spend time in each of these nine cities every week, doing workshops in classrooms and auditoriums. He used time in transit to simplify content, making it more accessible and engaging. This was needed because the groups were large. Logistically, it was almost impossible to make these workshops interactive; students couldn’t ask questions. So Raveendran had to predict every possible question and ensure he addressed them in the content. He was a one-man army.

His fame and, therefore, his operations continued to grow beyond the nine cities, which made it impossible for Raveendran to be physically present and hold classes everywhere. By now, he was also tired of working round the clock, 7 days a week, 365 days a year.

He had hit the threshold in terms of scaling physical classes. But he had only scratched the surface of the market and he realized that. There were still hundreds of thousands, even millions, of students he could and should have reached. He needed to go deeper and increase his reach further.

The only way to do this was to digitize the content – Raveendran decided to expand through video lectures. In 2009, he started recording lectures using VSAT technology to stream videos to students across 45 cities. VSAT, or Very Small Aperture Terminal (VSAT), is a satellite-based

broadcasting technology that requires minimal investment. It is used by the stock exchanges and, thus, has reached the remotest corners and gained popularity.

He managed to convince four of his brightest students to become part of his fledgling business empire. This crack team identified colleges across the country and made first contact. Where students wanted Byju's classes (which was most places), they made arrangements for the first class. These classes were taken by one of them or by Raveendran himself, and they tapped students who could take over and manage local logistics in the future. In 2010, apart from expanding his reach, Raveendran was also expanding his coverage in terms of offerings and added coaching for UPSC exams, which select aspirants for the central government services. The Byju's juggernaut was on the move and it was gaining momentum.

Raveendran is sharp and ambitious, and not just a fast talker but a fast mover, as well. When he senses an opportunity, he goes all in. It is one of the traits he picked up while playing sports. By 2011, he had tasted success and now, he wanted to go really big.

He incorporated Think & Learn Pvt. Ltd, brought in some more students as tutors and decided to expand into the school segment. The core team of Byju's students helped transform the once one-man army into a \$22 billion company.

Well, then and Raveendran's younger brother Riju Ravindran. Riju is often overshadowed by his more

charismatic sibling, but he was always close to the action. They were partners in crime as children, bunking school, playing cricket or sneaking off to a movie. As the company grew, Riju Ravindran kept tabs on the finances, approving all major decisions related to payments and fund allocation. His wife Deeptha A.R. led the HR vertical. She's also a low-key individual and not much is known about her outside the company.

Raveendran's wife, Divya Gokulnath, has often narrated the story of their fairy-tale relationship. After graduating in biotech from R.V. College in Bengaluru, she wanted to go overseas for higher studies and was preparing for this when she heard of the maverick teacher from one of her friends. This was 2007–08. At the class, she was awe-struck but also had a lot of questions. One thing led to another, and Raveendran convinced her to stay on after the class ended, and the two have been together since. They got married in 2009 and have two sons.

At work, Gokulnath was first a teacher. She then moved on to look after marketing and communication, mostly working from backstage. She assumed a more central role later, starting during the pandemic. As Raveendran spent more time raising funds and taking care of his sick father, she started to become the face of the company on various public forums and at media events.

Mohit became Raveendran's lieutenant, joining him in 2008. For the next decade and a half, he became the driving force behind the company's exponential growth. An electrical engineer from the Manipal Institute of Technology, he joined Byju's long before edtech had picked up pace. At

the time, Mohit had been preparing for CAT and he had asked Raveendran to come to Delhi and conduct classes there. As fate would have it, Mohit became one of his earliest associates.

While all the other founders held classes when the company went online in 2015, Mohit did not. He was the quintessential sales guy. He started by orchestrating Raveendran's 'maths concerts', and would stand outside to collect the fees from attendees. From there on, he became the man responsible for raising revenue. Mohit created the relentless sales machine that pushed Byju's growth and rose through the ranks to head Byju's India operations as the COO. He would hold the fort in terms of operations while Raveendran crisscrossed the world trying to stitch together the next round of funding.

Mohit was instrumental in Byju's adoption of VSAT technology. His fingerprints are also all over the move to offline coaching centres and in the shift in the sales model to teleconferencing. Unfortunately for him, the business would ultimately outgrow him. In time, he became the scapegoat when things went sour for Byju's. In September 2023, at the time of going to press, Mohit stepped down and moved out of Byju's, handing over the reins to another former student, Arjun Mohan.

Mohan comes from Kannur but heard about 'sir' during his BTech days at the National Institute of Technology, Calicut. He took a demo class and then signed up, proceeding to crack CAT and joining IIM, Kozhikode. He would return to Byju's full-time in 2016 and rise to become the chief business officer, focusing on acquisitions and expansions.

He left in 2020, only to be back three years later as CEO of the India business.

Pravin Prakash is officially the ‘chief people officer’ but insiders invariably describe him as the man Friday at Byju’s.

By the time Prakash heard of Raveendran, he had taken CAT a couple of times and failed. So he had mixed feelings while taking the course in Jayanagar. As luck would have it, Prakash cleared the test this time. Before the interview, however, he called ‘sir’ for tips. Raveendran gave him what he wanted and asked him to meet him after the IIM interview. Eventually, he convinced Prakash – who never joined IIM – to join him. He would handle infrastructure, operations and recruitment, and also double down on marketing.

Vinay M.R., another CAT aspirant, became the man behind developing content and the video format. He learnt video editing and experimented with hand motions in videos. He introduced animations.

Anita Kishore and Mohnish Jaiswal have similar stories. Kishore joined IIM Ahmedabad after cracking CAT, joined the Boston Consulting Group and then returned to the mothership as chief strategy officer. Mohit brought in Jaiswal, his junior from Manipal University. Jaiswal also handled the procurement and supply of tabs, which became a key cornerstone of the packages Byju’s sold.

The team realized that school textbooks hadn’t changed in generations and the archaic text format was not conducive to delivery over videos. They had to bring in test-prep

components, like they had for the CAT and UPSC classes, to make the content more engaging for school students. So, they started playing around with textbook content, breaking it into smaller, more accessible segments and adapting it to the video format and Raveendran's unique teaching style.

'In 2012, he started a handful of offline coaching centres in Bengaluru for high school students up to grade 12 to test this product,' says a person who has worked closely with Raveendran, asking to stay anonymous. 'These centres became the playground for teachers to interact with students, take their feedback and fine-tune the product.'

Raveendran started conducting mega workshops in auditoriums for teenagers to bring them to the tuition centres. This, again, was done on a freemium model, where the first session was free and students had to pay for subsequent sessions. Like the CAT classes before them, these workshops for school students too became an instant hit. When the auditoriums became too small, Raveendran started booking stadiums. He filled New Delhi's Indira Gandhi Indoor Stadium, the country's largest indoor stadium, with more than 25,000 high school students.

But he was only getting started.

India has nearly a quarter of a billion schoolgoing students and Raveendran realized it wasn't possible to make a one-shoe-fits-all kind of product for them. He had by now disrupted the education market with his focus on learning and his unique teaching style.

But if he had to tap into this huge market, his product needed to stand tall and be sharply differentiated in the crowded offline coaching business. He had to focus on making learning more intuitive and effective. The only way to do it was to focus on individual learning experiences, and to do that the company needed to work with different experiences and experiment with multiple formats.

One insight was that each student has a different learning approach and pace. Some learn better by reading text, others by watching videos, yet others by listening to stories or by doing things themselves, and so on. In order to create maximum impact, the company needed to adopt all these different approaches, creating content in formats like written, visual and algebraic, so that the odds of students missing out on learning could be minimized. The company hired experts from various backgrounds to tweak content, and worked with a motley crew of engineers, animators, 3D designers, visual-effects specialists, even professional musicians in addition to teachers.

Byju's took the common elements from different curricula and broke down the concepts into modules lasting only around five minutes to make them accessible for students across education boards. Creating the script was the first challenge. The team identified key questions and then found suitable answers with the use of daily objects. The script then went through multiple iterations, incorporating feedback from students, and the final script was broken into second-by-second storyboards to explain the topic. This would become the platform for the final video lesson. It would often take days and even weeks to create an hour-long module.

Byju's superimposed animation to real videos to explain concepts better and increase engagement. For example, if a teacher is talking about a circle, she would move her hand in a circle and a circle will be created on the screen. Now, if she needs to make a chord in the circle or break the circle at one point to illustrate it to be a straight line, all she needs is one hand movement.

Students were already spending a lot of time on a mobile phone or a tablet to play games and watch movies, and Raveendran realized that it would be impossible to retain students unless you could match that kind of quality and content delivery.

The company used real-life scenarios to explain concepts. For example, to explain projectile motion, it used a cricket shot. It would play a short video clip of the shot, mark the motion and trajectory of the ball, and then turn it into a graphical representation. All of this is much easier said than done.

When I visited the IBC Knowledge Park office in Bengaluru in November 2022, it felt like an archipelago of many small islands, each with a set group of professionals working on different parts of the puzzle to perfect the content. In one cubicle, a group of animators kept fiddling with their computers to get the angle of a video correct. In a soundproof room in another corner, a bunch of musicians were fine-tuning a jingle. Every corner of the office was abuzz with activity.

A chance meeting with Ranjan Pai, the Manipal Group scion, in 2012 changed the course of the company. Pai was visiting his hometown Manipal in Karnataka and was staying in the Fortune Inn Valley View hotel, when one nippy winter morning during his stay, Pai noticed the hotel was brimming with students carrying notebooks, engaged in animated conversation. He checked with the manager who told him the unusual activity was because a teacher was conducting coaching classes for hundreds of CAT aspirants. His curiosity was piqued. He requested the manager to arrange a meeting and the manager obliged. The next morning, Pai met Raveendran over coffee.

Pai heard the younger man talk about his humble beginnings and the business, and asked if he needed money to grow. He also suggested that if Raveendran wanted to scale his business, he should consider going digital. The offline model might not be scalable. Then, he offered to invest if Raveendran wanted to take Byju's online.

Raveendran sought time to think things over. Days passed. Then a week. Around 10 days later, he came back with a proposal, asking Pai to invest ₹50 crore in the business. This was almost 10 times the amount Pai had had in mind for Byju's. Still, he let Raveendran explain things. As things turned out, Pai decided to invest the proposed amount in several tranches and, in 2013, Pai's Aarin Capital became Byju's first investor. In exchange, it got a 26% stake in Byju's, which Aarin Capital sold a few years down the line, making more than 10x return on its investment.

Byju's went into incubation and, in 2015, the company launched Byju's The Learning App. By now, it had built-in

content for multiple grades, and the company was getting even more deeply involved with schooling, moving down from board exam aspirants all the way to kindergarten.





In addition to its product, the app was offering a personal mentor to support students and guide them through their learning journey. The first modules offered maths and science programmes for grades eight through twelve and also material for competitive exams like CAT, UPSC and GMAT.

The company developed two versions of each course. One was an online streaming version and the other was delivered on a memory card (SD card) preloaded with content. This was bundled with Samsung or Lenovo tablets and given to subscribers. The SD card version worked better for smaller centres and small towns with low/slow internet connectivity. The sale of these SD cards would grow to become the company's single biggest revenue stream in the future, but we will come to that later.

The app also stuck to the tried-and-tested freemium model. Once a user downloaded the app, they could use the content free for a few weeks and then they had the option to pay an annual subscription fee equivalent to around \$150 to unlock more content.

Byju's went to town with advertising campaigns and targeted social media campaigns. It employed hundreds of foot soldiers to convert people who downloaded the apps into paid subscribers. This salesforce would become the biggest growth engine for the company and also one of the key reasons behind its undoing. But again, let's not get ahead of ourselves.

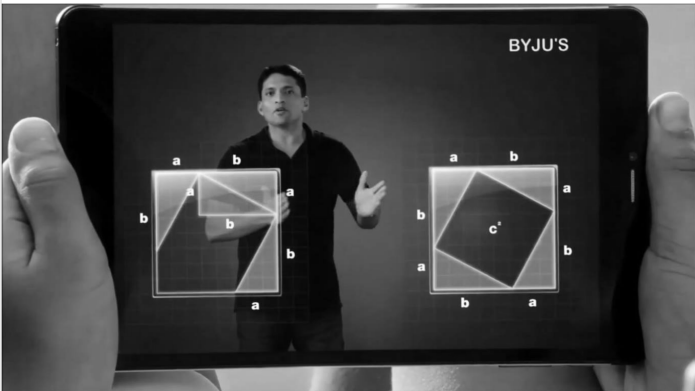
In June 2015, the company raised a \$25 million investment


 **Mark Zuckerberg** 
September 8, 2016 ·  




As part of the Chan Zuckerberg Initiative, Priscilla and I are investing in an Indian education technology company we're excited about called BYJU'S.

BYJU'S was started by a teacher and entrepreneur named Byju Raveendran as a way to help students from different backgrounds across India learn in a way that works best for them. The mobile app uses a mix of video lessons and interactive tools to help teach subjects like math and science for a fraction of what other services cost. So far, BYJU'S has 250,000 subscribers who use the app for an average of 40 minutes a day -- and it's working. A survey found that almost 80 percent of parents said it improved their children's learning dramatically.

I'm optimistic about personalized learning and the difference it can make for students everywhere. That's why it's a major focus of our education efforts, and why we're looking forward to working with companies like BYJU'S to get these tools into the hands of more students and teachers around the world.



 Bhuvaneshwari Natarajan and 109K others 6.2K comments 10K shares

 Like  Comment  Share

Mark Zuckerberg mentioned this investment in a Facebook post, which went viral.

from Sequoia Capital India (which was rebranded as Peak XV Ventures in 2023). The company doubled down on its growth strategy and by December that year, app downloads and conversions had exceeded expectations.

In the middle of the next year, it raised another \$50 million from the Chan Zuckerberg Initiative.

Mark Zuckerberg mentioned this investment in a Facebook post, which went viral.

Growth in Byju's exploded. By September 2016, the company had over 2,000 people on the rolls. The Learning App had been downloaded more than 7 million times and there were around 300,000 paid users. The rest, as they say, is history.