

# WE ARE IN THE NEWS!



## Emerging star

Veranda Learning Solutions is building scale through acquisitions

Education training in India, particularly for major exams such as administrative services and chartered accountancy, were traditionally run on an offline model. But with covid-19 upending the offline model to a large extent, quality education to students in some of these critical fields has been found wanting even as demand has been mounting.

Enter ed-tech firm Veranda Learning Solutions (VLS), which is redefining the traditional offline model and integrating learning solutions through an offline hybrid and online blended format to students, professionals and corporate employees. This is a model that has taken off well in recent times and is the need of the times. VLS has quickly become one of the leading ed-tech firms, thanks to its key acquisition-led growth strategy, and focus on a better student-learning environment even in online formats.

VLS' blended model involves a mix

of online content and offline delivery, where the centre delivers learning management systems study materials together with traditional classroom experience of personal mentoring, with a dedicated mentor in each class. This model along with extensively well-curated digital content and online assessments are proving game-changing to students, particularly where the course material is exhaustive, and requires intensive training.

"Our entire focus is to be an aspirational and affordable brand ensuring that we offer very high-quality programs, and make it available to the real India. And we want to ensure that these programs deliver outcomes the students want," says Kalpathi Suresh, ED cum chairman, VLS.

This student-centric approach is central to VLS' growth strategy, and no one knows better than Kalpathi about tying students' aspirations to their wants and abilities. His parents

were not highly qualified, and barely completed secondary school. Suresh, though, graduated from IIT Madras, through scholarships. He later went to Clemson University, South Carolina, to study electrical engineering taking a student loan from the State Bank of India for travel tickets as he could not afford the flight.

"It means a lot for students if they get high-quality education and at the same time one that is affordable. I know what it means, otherwise, I would not have been here," explains Suresh. "We aim to delivery curriculum high in quality, and we are reaching Tier-2 and Tier-3, and in all delivery formats that a student would want. We do not embrace online as the only way to provide this education, as we want to be in all formats," says Kalpathi.

Kalpathi's extensive experience in the education sector will be a plus point in this industry. He started his entrepreneurial journey in 1991 with SSI, which was listed on the Indian stock exchanges. Engaged in training students in short-term computer software courses with a franchise network, the education division was later hived off in April 2003, and merged with Aptech Ltd, another listed entity engaged in the business of computer education and training. In July 2004, the IT services division was split off and merged with Scandent Solutions Corporation Ltd.

In addition, the ed-tech market is on a strong wicket as both the offline and online hybrid model is expected to grow. "The Ed-Tech market is expected to grow at 30 per cent CAGR to cross \$10 billion in 2025. The test preparation market is expected to grow the fastest at a 38 per cent CAGR with its market share increasing from 29 per cent in 2020 to 38 per cent of the Ed-Tech market in 2025," adds Kalpathi.

### Acquisitions and expansions

Aiming to capture much of this growth, VLS as a part of its growth has been expanding through an acquisition-led model. Among its first acquisitions was a firm imparting education for competitive state public service examinations, Chennai Race Coaching Institute, also known as Chennai Race. This was a key brand in Tamil Nadu and Kerala, providing extensive

coaching for staff selection commission exams, banking and insurance examinations, etc.

VLS changed the delivery model of the curriculum and expanded the languages in which these could be delivered, to Telegu, Kanada, Hindi and English, using hybrid-offline and online coaching, which is not quite easy in this format of education.

VLS rebranded this division as Veranda Race, even while the ed-tech company has been blending offline and online models doing quite well for students. The firm's offline hybrid learning model involves classroom teaching supported with online assessments and access to self-paced learning material to enhance recall and retention.

VLS also acquired Brain4ce Education Solutions, known by its brand name Edureka. Edureka is one of the recognised online education platforms for technology professionals, and commenced operations in December 2011. In the past 10 years, it has built a brand with its online channels getting around 3.6 million unique views every month, and the firm provides skills on over 50 technologies.

Besides, VLS also offers student material for Chartered Accountancy examinations while developing highly curated learning units for all CA examinations.

VLS has engaged 18 chartered accountants to impart this curriculum, and has developed over 1900 hours of digital material, developing one of the best test papers with over 30,000 questions. Veranda IAS offers coaching services to aspirants appearing for UPSC preliminary and main exams, and personality tests.

### Growth strategies

Suresh believes acquisitions will continue as a growth strategy for the firm. "We believe we have benefited significantly from the acquisitions undertaken by us in the past, such as Race & Edureka. These acquisitions were undertaken with a view to enhance our segmental presence within the ed-tech vertical, expand our service offerings and delivery capabilities across a broader domain. We will, from time to time, continue

to seek attractive inorganic opportunities that we believe will fit well with our strategic business objectives and growth strategy."

In fact, acquisitions have been a key strategy in the Indian education market over the years. Some of the new-age ed-tech companies have pursued it quite aggressively in the recent times. Reports also suggest that in India, there have been over 264 deals in educational technology that have taken place between 2016 and H1-2020. Test preparation has bagged 26 per cent of the total educational technology funding in the country.

Apart from acquisitions, VLS is also focussing on expanding in different states. VLS operates 23 preferred delivery centres (PDCs) in 23 cities and two states as of October 2021. It is planning regional expansion through PDCs in Hyderabad, Bengaluru and Gurugram, Kolkata and Mumbai. It is also launch-

HIGHER STARS		
Education technology market is going strong and is expected to grow at a good pace		
	2020	2025
Education technology	1.16	4.3
Test Preparation	0.8	3.99
Online Certification	0.58	1.38
Skill Development	0.2	0.73
<b>Total</b>	<b>2.8</b>	<b>10.4</b>

Figures in \$ billion; source: Statista, IRR Advisory

ing content in other languages such as Hindi, Marathi, Gujarati, Bengali and Odiya over and above existing course material in Tamil, Telugu, Malayalam, Kannada and English.

In its other model, the Campus-in-Campus model, Veranda collaborates with educational institutions to provide coaching services where the teachers are trained by it and provide coaching services in classrooms of educational institutions. The educational institution is equipped to provide digital content through video lectures, books, regular tests and mock exams.

Besides, VLS aims to add courses and offerings to ensure coverage of students and professional education from an early age such as engaging with education institutions like K-12. Similarly, the firm also intends to expand its services to working professionals by

providing them certain new certificate courses including courses under university-affiliated programs, which will further enhance VLS' brand presence.

VLS also plans to focus on both B2B and B2C models in the education sector particularly when corporates also require a highly skilled work force. "We are looking at developing the IT talent pool particularly in stack development and various other platforms, with IT skills and services in huge demand," says Suresh.

One of the key differentiators for VLS is its asset-light model with content and multiple delivery platforms, which can be its key drivers of growth. "We will continue to stay affordable while delivering the highest quality of education. Our centralized in-house process for curriculum and content development helps us maintain consistent standards and delivery across our learning channels," points out Suresh.

### Big investors

VLS is planning to raise ₹200 crore to reduce debt and fuel its growth initiatives in the fast-growing ed-tech and training domain. Veranda is seeking to grow its pandemic-proof learning model for students and corporate training in terms of content digitization and campus-in-campus training. The fund-raise will be used to retire the acquisition consideration of Edureka.

As India is one of the big education markets, the firm is investing in the necessary infrastructure in technology, teachers and delivery models to cater to students and professionals in a big way.

With a clear vision for delivering content right down to the masses, the asset-light model has already found marquee investors supporting the venture. With non-promoter investors including Hemendra M. Kothari (3.05 per cent), and Shankar Naryanan among others, VLS has already made a good start in the field of education. The firm's brand building initiatives, high-quality education, Tier-2 and -3, acquisitions in the past should propel its next leg of growth.

LANCELOT JOSEPH

lancelot.joseph@businessindia.com