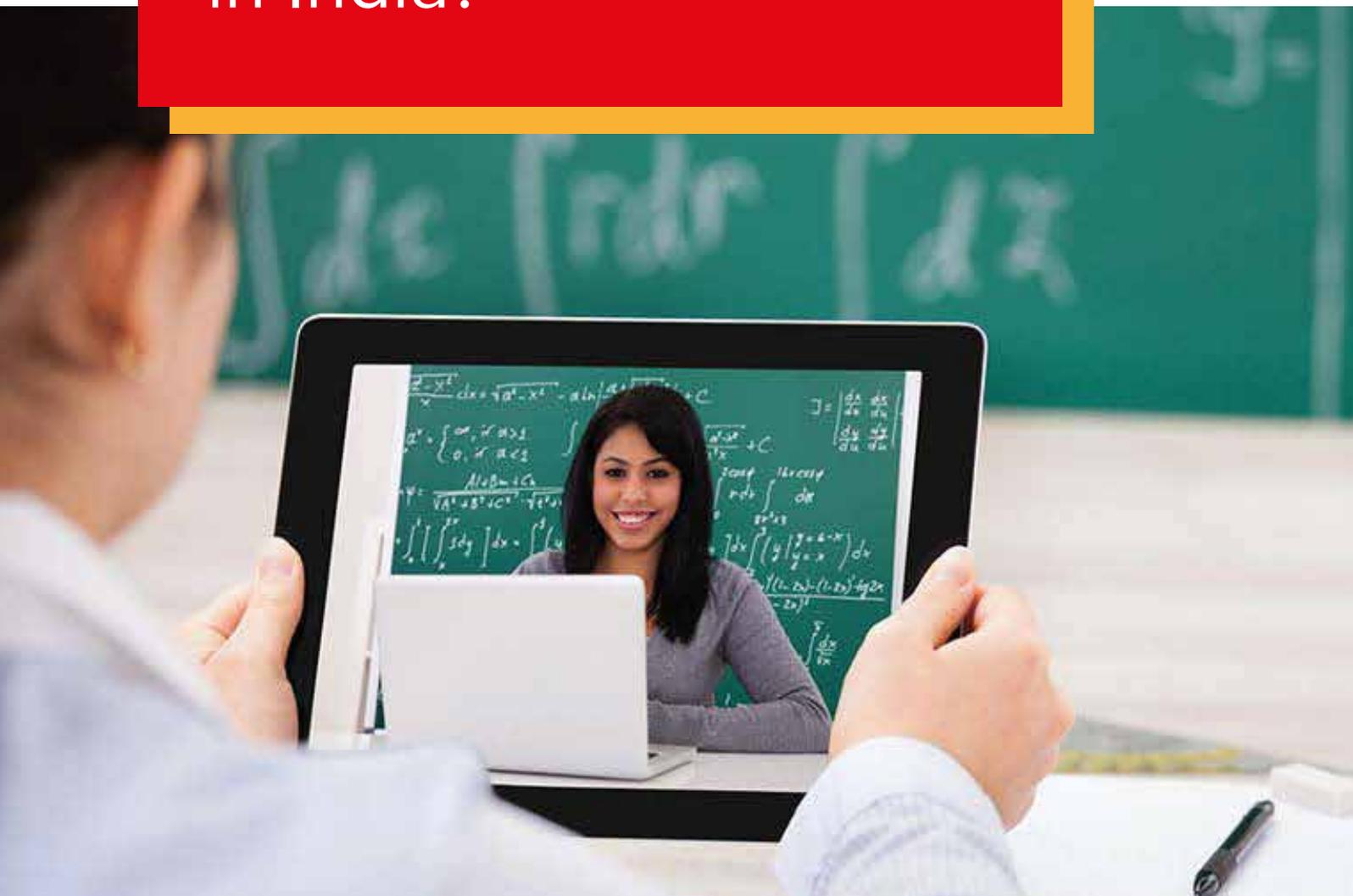


ESSENTIAL READS

How to launch an EdTech startup in India?



PART 01

Having seen more than 800+ education startups since we started investing at Unitus Ventures, we wondered if we could put down all that we have learnt. As we opened applications for our **StartEdu 5 competition** – a nationwide competition to find and fund innovative scalable edtech startups, we wondered if we could help entrepreneurs avoid the common pitfalls.

This is our attempt at laying down the building blocks to help someone think about starting, growing and scaling an edtech startup in India.

Launching an Edtech startup? Whose problem is it anyway!



A Why are you doing this?

Typically, in the first ten minutes of meeting an entrepreneur, we try to understand why someone would quit her steady paying job to enter this not-so-glamorous space. Answers range from personal experience of lack of access to quality education to a

dearth of opportunities whilst growing up and minimal exposure to career planning services. While these are critical elements, most often what is found lacking is a clear understanding of what and whose problem you are attempting to solve while launching your edtech startup.

Below is a **quick and dirty questionnaire** that entrepreneurs should attempt to answer before committing themselves to their edtech startup.

1. Is this a real problem felt by a large number of people?
2. How have you figured that this is a problem?
3. Have you met with and spoken to enough number of people to validate this?
4. Whose problem are you solving?

If more than three of your answers were in the negative, then you need to spend time getting answers to these questions before deciding to take the plunge. This is the start of the downfall and no matter how great the UI of the app or the content of the course is, if it is not a genuine pain point felt by a large number of people, the business model will always be shaky and will soon meet its end.

B

Whose Problem Are You Solving?

Unlike most other sectors, an edtech startup is in the unique position of having to deal with four different sets of stakeholders, each with completely different (sometimes opposite!) expectations. Attempting to solve all their problems in one go will spell disaster. As an entrepreneur, you have to be very clear in your approach, as to whose problem you are solving.

- **School Management/Administrator:**

If it is an ERP product that your edtech startup is launching, it is the school's problem that you are solving and the parent is not going to pay for it. Keep this in mind as you decide on the pricing.

Which budget will you be biting into, does the school have the ability to spend on your product, and will it face the axe if budgets are reduced in subsequent years?

- **Teacher/Influencer:**
If you have created modules for teacher planning sessions or to reduce the administrative burden, think of why the school management would be willing to buy this. Will parents see value for their children because of your solution?
- **Parent/Customer:**
Does the parent get to see that her child will score higher marks? Whilst new age parents might want more for their children besides marks, we can safely assume that most Indian parents want better results for their children in high stakes exams. As has been demonstrated by the growth of several edtech companies, parents are willing to pay for these products.
- **Student/Consumer or User:**
Most solutions today cater to the student/ learner. Be laser-focussed if that is what you are doing, and define which of the learner' problems you are solving.



What Have You Learnt From Your Customer?

Before going further, spend some time thinking about the answers for the below questions. We will talk more about market insight and how critical it is before developing the product.

- Are you adopting the product for the classroom based on learnings from a child at home?
- What kind of schools are you catering to?
- What kind of delivery are you attempting?
- Who is going to pay for this?
- What is the best way of reaching my product to the target audience – via schools/online/app/any other way.
- If I am selling into schools, what's the best way of reaching schools?
- If I have a direct sales team, how many schools can one salesperson close in a year? Is the selling seasonal?



In a lot of scenarios, an entrepreneur's sample is a child learning at home, and the problems they face, problems which are then extrapolated to the classroom setting. The underlying assumption is that a student learns in the same way both in a classroom and at home, which is a flawed assumption from the get go. Understand the need for context while designing the product and that learners behave differently based on the environment.

Learn From Your Consumer In The Context Of The Problem You Are Solving

When posed this question, the response is typically, "Looking at higher end schools, but we can gradually sell to APS and Govt. Schools". Unfortunately, it isn't as that easy to straddle across the three segments.

If Indian FMCG giant, Cavin Kare, had to rethink a commodity like shampoo and introduce it in sachets when selling to rural customers, it's only fair to assume that the same product that is sold to the top 25k schools, would not be applicable in the same design for the balance ~1.25M schools.

Think of how you would re-design the product, so that the consumer sees value in it and is willing to pay for it.

One Size Fits All Will Not Work While Selling To Different Segments Of Schools

“I am going online,” if that was your answer to the third question above, have you thought of what kind of behavioural habits you will be changing of the consumer? If you have developed insights based on blended learning in a classroom or face to face after school tuition, then rethink your approach.

Understand That The Mode Of Delivery Drives The Product Content And Design

Unlike e-commerce which has demonstrated customer’s willingness to pay, online education continues to struggle with willingness and repeatability when it comes to payment. There have been limited successful models in India and being cognisant of how much wallet share of your customer you are targeting is critical.



Think Of The Consumer’s Total Spend (Both Education & Non-Education)

And from which portion do you require a slice.

Selling to schools has been a big beast and the cause for many a startup’s downfall. If the economics of your product does not justify the presence of a direct sales channel, do not invest in one

If,
Average ticket size of a contract * No. of institutions converted/salesperson < Annual Salary of Salesperson, fire your salesperson.

In this scenario, you are better off partnering with vendors who are already selling into schools/colleges, partnering with marketplace players, textbook publishers etc., where there is a natural synergy of your product with their distribution channel.

A better-than-average salesperson will not be able to convert more than 10-12 institutions annually. Do not extrapolate your sales prowess to your entire team, they are not as motivated or vested as you are in the product. Understand product-market fit, before hiring a full-fledged sales team in a new geography.

Do not invest ahead of the cycle without having done the ground work else be ready to see cash depleting faster than you earn. Have you planned for what your salesperson will do when she is not selling to school (beyond the three-four months core sales cycle), can he or she double up for sales to corporates?

TIP: Always underestimate the sales pipeline in your edtech startup, conversion percentage and the contract sizes and overestimate the time to close out a contract and the cost of hiring salesperson.

WRITTEN BY: *Sunitha Viswanathan*
Sr. Investment Associate, Unitus Ventures

*This is the first part of the series of articles on **Essential hacks for Edtech startups**. You can read the second part on how to scale an Edtech startup PDF in the folder enclosed.*

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Essential hacks for Edtech startups

PART 01

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