A STUDY ON CURRENT STATUS OF EDTECH STARTUPS IN THE POST PANDEMIC INDIAN MARKET

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Abstract: In the recent years we have seen unexpected boom in the educational technology market. The growth witnessed in the Edtech market during covid 19 pandemic is unprecedented. With educational institutes and student community shifting towards e-learning, Edtech became an attractive market for investors and investments started pouring into this sector. As the pandemic is over, the question is whether Edtech has been able to maintain the same growth momentum. Thus, the study focuses on the current status of the Edtech startups in the post-pandemic market scenario.
Keywords: Edtech, e-learning, post-pandemic market

INTRODUCTION

Teaching and learning through the use of technology is called educational technology or Edtech. The aim of educational technology is to provide quality education. Educational technology is a systematic way of applying modern teaching techniques in execution and evaluation of educational process which includes instructional materials, tools, processes and the theoretical foundations for supporting learning and teaching (Stošić,2015). Effective use of educational technology deploys adaptive content, frequent testing and immediate feedback and effective teachers. Modern Edtech has entered different sectors from preschool level to higher education. At preschool level, there are educational apps, electronic books targeted towards preschool students. Certain Edtech companies even provide coding courses for preschoolers. At k-12 level, specifically in India, parents and students emphasize on STEM fields to have better job opportunities. In order to get admission into reputed HEIs offering STEM courses, students need to score high in competitive exams. Edtech firms at this level are providing courses for such competitive exams. At higher education level, Edtech firms are offering full length courses such as MBA, courses on data science, machine learning, artificial intelligence, marketing, finance , law, etc. These courses are at par with the courses provided in conventional colleges and HEIs.

Integration of educational technology into conventional mode of learning is being seen as a resorting factor for the failing government school system in India. With that hope government, private organizations and private players in the Edtech market is investing heavily on edtech infrastructure (Miglani and Burch,2019). The growing interest in Edtech led the foundation of several Edtech companies from 2014-2015.Over 1000 Edtech startups raised funds over $ 125

million in 2015. Though it was already growing at a rapid pace, Indian Edtech market witnessed miraculous boom during Covid 19 pandemic. In the year 2018, one of the edtech company BIJYU'S became the most valued company. During tough times of pandemic, when schools and colleges were instructed to remain close, Edtech proved to be great help for the students (Brianna et al., 2019). Penetration of Edtech companies signals a discursive and cultural shift based on the prevailing market forces in the education sector (Dhawan,2020). The present study is undertaken to study the current status of the Edtech start ups in the post pandemic market. Apart from that the study also aims to analyse the strength, opportunities and challenges for edtech startups in the current post pandemic Indian market.

Objectives of the study:
1.To find the current status of Edtech startups in India
2. To find out the strength, opportunities and challenges of Edtech startups in the Indian market
Research Methodology
The current research is exploratory and descriptive in nature. Secondary data has been used for the purpose of the study. The data has been collected from various journal, online article, reports published in Government websites and company reports.

Current status of edtech startups in Indian Market:
Edtech sector in India had seen a phenomenal growth during the covid 19 pandemic and it will continue to grow in the near future. The market of Edtech in India is predicted to reach nearly $ 4 billion by 2025 which was valued at $ 750 million in 2020. During the pandemic schools and colleges were closed down and it forced the education community to turn towards digital platforms. This is the period which resulted in the increase of investments in the edtech startups. The rapid growth attracted the interest of investors. In the first quarter of 2020, Byju's raised $400 million and Unacademy raised $100 million in a round led by Facebook according to Business Insider report.
The majority of around US $1,7 billion invested in 2021 went to Byju's, the largest Edtech company in India, Eruditus and Upgrad received $650 million and $ 185 million respectively. Unacademy received a total of $ 449 million in 2021 itself. Byju's acquired a number of companies in 2021, including Blackstone-based Aakash Educational services for about $ 1 billion. Other acquisitions by Byju's include purchasing Mumbai based Toppr, an after school learning platform, for $150 million, Singapore's Great Learning, an online professional and higher education company, and Epic, an online library for children of 12 and younger. Edtech merger and acquisitions taken place in the recent past are-

Acquire	Acquiree
UNACADEMY	CODECHEF
UNACADEMY	PrepLadder
UNACADEMY	Mastree
BYJU'S	WjiteHat Jr.
BYJU'S	Akash
BYJU'S	Toppr
upGrad	The Gate Academy

After breaking all the records in case of fundraising consecutively from 2020 to 2021, funding in edtech startups fallen from $5.82 billion in 2021 to $2 billion till August 2022 according to data provided by Fintrackr. The funding crunch is resulting into huge layoffs by different Edtech companies across segments. Indian startups have laid off 16000 employees in past few months. The reason for this slowdown is said to be overhiring, overspending and acquisitions. Companies like Byju's and Unacademy went out of their ways to spend on promotion by sponsoring high end events. But according to the experts the current slowdown is not a sign of problem as the situation is helping Edtech startups to establish a clearer and more sustainable path towards growth and the present cost cutting is a part of corporate restructuring. Despite the challenges Physics Wallah managed to emerge as a unicorn in June,2022.

Strength and Opportunities of edtech startups Indian market
Based on the literature review the strength and opportunities of Edtech firms in the Indian market are discussed below:
1.   Cost efficiency:
 It was expected that by 2022, the amount spent on private education will rise to $260 billion, 62% of which will be expenditure on school activities and remaining 48% will be on out of school activities (Padale et al.,2021). When compared to traditional education provided in schools, colleges and offline coaching classes, courses provided by Edtech companies are much cheaper. According to a report published by KPMG India, online courses are 53 percent cheaper than offline course. Due to low cost structure, these digital platforms are replacing physical tuition classes and already 0.2 million students have shifted to digital educational platforms.

2.   Quality education
Breaking the barriers of geographical distances, digital platforms are making quality education accessible to students of remotest places of the country. The most difficult challenge for the teachers is to give attention to a large number of students at a time.

According to a report by Niti Aayog, Jharkhand, Rajasthan, Odisha and Madhya Pradesh have an over 40 per cent teacher deficit. Edtech companies with the help of government and non - governmental organisations are making effort to support underprivileged students of underdeveloped areas. In order to provide human touch Ed tech companies are taking steps to use conversational AI bots.

3.   Growing number of job seekers
 Ed tech companies are helping the potential job seekers to boost their career. Along with providing courses for competitive exams such as SSC, Banking and UPSC, etc., certain Ed tech companies are also offering specialized courses on technical knowledge. Data science is evolving as a promising career for many. As data is necessary to understand consumer needs and create customized experience for them, the demand for data scientists, experts in handling and quantifying data is growing. Ed tech companies are offering job aspirants to master in fields like data science.

4.   Government initiatives

Since 2014 government from time to time is taking various initiatives to promote digital literacy in the country. Two Schemes titled "National Digital Literacy Mission" (NDLM) and "Digital Saksharta Abhiyan" (DISHA) were implemented by the Government with in order to train 52.50 lakh candidates in digital literacy across the country. Apart from the two schemes implemented through MeitY, government of India is undertaking various steps through Ministry of Education to reduce digital divide and create required infrastructure for online education.PM E- Vidya, DIKSHA, SWAYAM PRABHA TV, VIDYADAAN, E-Pathshala are among such initiatives.

5) Smartphone and internet penetration

There were 658.0 million internet users in India as of 2022 and total 47% of the population use internet in India as of January, 2022. According to the Annual Status of Education Report, 2020, ownership of smartphones among government student families increased from 30% in 2018 to 56% in 2020, whereas smartphone usage by private school student families grew from 50% to 74%.Due to higher adoption rate of smartphones and internet by people from both rural and urban areas ,Edtech has a high potential for growth in the Indian market. Specifically in tier II and tier III cities, Ed tech has a potential to easily replace physical coaching classes.

6) Large section of young population

India has recently surpassed China to become the most populated country in the world. As reported by Bloomberg, at the end of 2022, India's population stood at 1.417 billion. Nearly two third of its population lies in the working age group. About 43 percent of India's population is under the age of 25. With the exponential growth of young population, the market for edtech startups is also enlarging.

7. Household income growth

The growth of household income is an important driver for edtech growth. Per capita income has more than doubled to 1.97 lakhs since 2014. Rising income means Indians have more money to spend on important areas like education. Indian parents generally spend actively on child education and it constitutes as an important item of monthly budget of a large section of Indian families. About 100 million Indian students receive additional private education apart from school education.

Challenges for edtech startups in the Indian market:
Based on the literature review the strength and opportunities of edtech firms in the Indian market are discussed below:
1.   Digital infrastructure:

Even though internet and smartphone penetration at its high in the country, network latency in India is comparatively higher than countries like US and China, especially in rural areas and tier II and III cities.

2.   High customer acquisition cost

Edtech startups are spending a huge chunk of money on digital marketing. Though people in India do not hesitate to spend their money on online entertainment and gaming platforms, it is a challenge to encourage them to pay for online educational platforms.

3. Slow monetization

One of the easiest ways for Edtech startups to attract traffic to their sites, is by providing free classes and content. While the technique is useful for growth, the real challenge lies in converting these free users to paid users.

4. Behavioural and cultural

Parents are concerned about the screen time of their children as well as they are sceptical about recognition and accreditation of online courses. Online educational platforms are just supplement to conventional classrooms.

5. High competition

The number of Edtech has grown in the recent past. There are a number of edtech players in the market now such as -BYJU'S, Toppr, Vedantu, Unacademy, WhiteHat Jr., etc. The increased competition has impacted fund raising also, pushing the startups to cut development cost, adopt new customer acquisition strategies and forego margin to competitors.

Conclusions and suggestions:

The current downhill in the Edtech market is not a reason to worry because amidst chaos Edtech will continue to grow in the future because it is fulfilling India's dearth of accessible quality education and teachers in the remotest parts. In order to cater educational course to these remotest parts of the country, Edtech companies should focus on developing virtual classrooms conducted in regional languages. Competition in the field can be easily tackled by these edtech firms, if each firms focuses on creating educational product for one particular niche. Test preparation and tuition and tutoring segment constitute 50% of the market. In order to overcome the problem of customer acquisition and retention, Edtech firms need to change the conventional thinking of people that online education is of low quality. Partnering with prestigious institutes for offering courses, may help the firm to change the perception of people. Techniques like Income sharing agreements where students have to pay after attaining the outcome, Mutli-year subscriptions and instalment payment systems can help in increasing the paid user base.

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