



**Merry Christmas, Happy New Year 2021 &**

**Some thoughts on the Covid19 enabled Avatar**

At the outset, I would like to begin by wishing you a great year ending time with friends and family. Let us all try our best to be in the best of spirits as 2020 comes to a close!

At times, force de majeure ends up altering the world forever. Covid19 is definitely the single most paradigm-shifting event since World War II, if not longer.

**Impact on businesses:**

The business architectures have altered. Some, forever. We have no clue when we will see the so-called “post-Covid” era. 2021 might be more severe than 2020! We don’t know yet. In fact, no one knows!

But what do we know? As business leaders, we know that business models have changed. Many initiatives have got fast forwarded by 24-48 months in my estimation. Many consumer behaviors have undergone a generational shift in just two quarters. We, at CL Educate, have witnessed some of these first-hand. We have used this as an opportunity to ask hard questions. We believe we are underway again! And fully charged.

**Digital transformation and the road ahead:**

Our internal incubation of ‘digital-first’ models turned out to be a great blessing in the context of Covid. Based on what we see today, it looks as if we have covered about 36 months of work since the outbreak of Covid. The transformation is complete from being a legacy company that had a strong digital presence into one where digital is the driver and premium service / partner network is the differentiator.

**Career Launcher**

Our consumer EdTech business is on a 3X curve over last year. We are cranking it up to move from a 100,000 digital paid customer eco-system to a million in the next 3 years. Our addressable market is 50 million in India alone.

Our leadership in the aptitude segment (MBA, Law, IPM, etc.) will move more aggressively to disrupt just as a start-up will do. Our gross margins here are in the 65-85 percent range. Can we grow this at the rate of digital economy/companies? That is the question. We believe, we can in the digital paradigm. In the jobs segment, we wish to move from a challenger to a leader in the next 24 months. Our investments will be suitably directed into the jobs (UPSC, Bank, SSB, GATE, etc.) segment. International education and tutoring segments (SAT, GRE, GMAT, FRM, CFA, Math, etc.) is a clear medium-term play that is already a USD 2million segment for us. This can grow 20X through a good mix of organic and inorganic routes.

## **Kestone :**

On the other hand, Kestone has transformed into a digital events company that has got rated among the top 10 global platforms in the 2020 GrandView Research Report. The peers here being a mix of giants such as Microsoft, Cisco and Zoom and start-ups including Cvent, 6CONNEX and VFairs. 100 percent of Kestone's business is digital plus premium this year, of which easily a tenth is just Virtual Events across the globe for over 200 top corporations including Fortune 500 companies.

Next significant milestone:

The world outside has changed dramatically. War chest and digital growth appetite is a necessary condition now. Not desirable. We are up to it. We wish to turbo-charge our growth. After 2-3 years of calibrated engineering, product/platform developments, establishing unit economics, proving viability and profitable growth, our B2C and B2B arms are now ready for the next phase.

## **Private equity for the two arms: USD 50 Million**

We look to bring in external capital through appropriate PE participation in 2021 in Career Launcher and Kestone. The two sides have a competent leadership team that will be incentivized through an exciting ESOP plan like it happens in all start-ups including in CL two decades ago. The exact capital infused will be process driven in consultation with the Banker, the board and with the leadership of these businesses as per their plans. The parent will continue to be interested to co-invest, in principle.

Our capital will go into product/platform development, brand building, Tech/AI investments and scaling the sales/partner organization. In the altered world where geography is history and time is at super-premium, adequate capital could be the difference between a winner and an also-ran! We believe in winning.

We will keep you updated as we cross milestones in our journey in 2021. We continue to look forward to your support and cheer as we transition from an enthusiastic participant in EdTech and MarTech to a NextGen leader. Our resilience and focus on innovation has always allowed us to stay relevant and among the winners over the past 25 years since our birth! We draw our confidence from it without feeling entitled to it!

I will close this year ending SatyaSpeaks with my best wishes to you and your family for a Merry Christmas and also for a cheerful 2021! Do take care of your health and family, above all.

**Satya**