

The Economic Crisis Faced by One of the Biggest Ed–Tech Companies in the World: The Case Study on Byju’s Layoff

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EXECUTIVE SUMMARY

The Indian startup ecosystem has hit funding winter, leading to significant layoffs, leaving thousands of employees without jobs. In the 1st half of 2023, more than 16000 employees were laid off from different start-ups. Start-ups that used to depend on external agencies for investment had to sack employees because of funding shortages. One such example is Byju’s, the leading ed-tech firm. This case study examines Byju’s, a prominent player in the Indian education technology (EdTech) sector, and its recent layoff decision in response to the challenges posed by rapid market expansion and evolving dynamics. In 2023, the company implemented a significant layoff affecting more than 60% of its workforce, which aimed to optimize costs, streamline operations, and maintain competitiveness. This study explores the reason behind the layoff, its outcomes, lessons learned, and its implications for the EdTech industry, highlighting the importance of adaptability, employee welfare, and strategic focus in navigating dynamic markets.

INTRODUCTION

In last few years, the Indian education technology (EdTech) sector has witnessed remarkable growth. One such growth was marked by a very popular start up called Byju's. Byju's was considered as one of the prominent emerging players in the market. Byju's, founded in 2011 by Byju Raveendran, began as a small tutoring service but quickly transformed into one of the world's largest EdTech companies. It gained recognition for its interactive learning app that offered a wide range of subjects and age groups, making education more accessible to millions of students across India and other countries. Byju's enjoyed rapid growth, raising substantial funding from investors and acquiring several EdTech startups, further expanding its offerings. It touched all the heights during the two dreaded pandemic years when the entire world was receiving service through online platforms. During that time, it suppressed almost all its competitors and became the most popular in the market.

BACKGROUND OF THE COMPANY

Byju's is one of the prominent EdTechs in India. It started as a tuition platform that offers online and app-based tuition to a specific group of students. It offers tuition on various subjects starting from classes 1-12 and for different competitive exams as well, held in India. It started operating in the year 2011 after being founded by Byju Raveendran and Divya Gokulnath. Since then, it never failed to mark its success in all the domains, be it revenue or be it HR policies. In April 2023 the net worth of the company became \$5.1 billion. and the number of registered students was over 150 million. It started working as a freemium model, which means after a certain time of using the free access students will have to register to avail themselves of the full service. It started operating fully in 2015 after receiving seed funding from Aarin Capital in 2013. It also has a philanthropy initiative called 'Education for all'. In 2018 it became India's first edtech unicorn.

CONTEXT

However, like many companies in the tech sector, Byju's faced significant challenges during a period of rapid expansion and evolving market dynamics. It started facing challenges the moment the world started settling after the pandemic and the craze for online education was fading gradually. Recently, Byju's became the center of attention because of its layoff drive. It sacked almost 1000 employees. It was also

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