

NIIT: How the four-decade-old brand reinvented itself to stay relevant

Published on September 20, 2018

After training professionals for the ITeS and Banking sectors, NIIT Limited now plans to train professionals for the next big wave in India Inc. – Big Data & Analytics



In the constantly evolving job market with fast changing skill-set requirements, a company that brands itself as a 'skills and talent development corporation' no doubt has to transform itself quickly. NIIT Limited, which has been around for 37 years, was started by Rajendra S. Pawar and Vijay K. Thadani in Gurugram to skill young graduates for the IT revolution that India was about to witness.

The company's current CEO, Sapnesh Lalla, took charge in August last year and has been with NIIT for 25 out of those 37 years. "What worked is that we have found a way to be relevant for each generation with what we have offered," he says speaking of the transformation which the company has undergone. For instance, in 2004, NIIT Board voted to demerge the global corporate solution business into a separate entity called NIIT Technologies. In 2009, NIIT University was set up by Rajendra Pawar as a not-for-profit entity.

As far as NIIT Limited goes, the company posted net revenue of Rs. 850.50 crore while profit after tax was Rs. 62.50 crore in 2017-2018. EBITDA for the same year was Rs.74.60 crore. Trading at Rs. 95.65, the market capitalisation of the stock was Rs. 1,597 crores on September 11, 2018.

Today, the company has three verticals Corporate Learning Group which offers advisory services, content development, business process management etc.; Skills and Career Group that provides soft skills training with India and China being the predominant market; Schools Learning group which provides school ERP programmes, nGuru learning solutions etc to government and private schools.

Partnership with corporates

The largest of these verticals is the Corporate Learning Group (CLG), which accounts for 61 per cent of the company's revenues, and is focused mainly on the U.S. and European markets. Prior to his current role, Lalla headed the CLG vertical. The biggest takeaway in that role for him was to not become complacent with the offerings. "Customers continue to work with us if they feel there is a constant value creation. If we get complacent, it becomes difficult to hold on to them," he says of the long-standing association that is required to build company trust.

"What worked is that we have found a way to be relevant for each generation with what we have offered," says NIIT CEO Sapnesh Lalla.

Skill development and school learning divisions

The second vertical, the Skills and Career Group, has faced headwinds in the past 4 to 5 years. Lalla attributes the challenging time to the uncertainties in hiring in the Indian subcontinent. But, the past 2 quarters to 3 quarters has bucked the trend due to their investments in initiatives like Training.com, he says.

While NIIT was starting out, there were virtually no other players in the market, providing an early bird market. Over the past few years however, well-funded startups have cropped up in the skill development education landscape in the country. So how does the company deal with competition from freshly established companies? "Well, we realised the importance of online education pretty early. We have been working on balancing our online and offline presence," Lalla says.

The Skills group offers programs such as Professional Life Skills, Business Process Excellence, Multi-Sectoral Vocational Skills etc in India and China using a mix of 350 learning centres and their online platform – Training.com which offers around 100 courses online with tie-ups with edX and Digital Marketing Institute (Ireland). They also have NIIT Imperia which offers management programs to working professionals.

The School Learning vertical works with around 1200 to 1300 government and private schools. Until two years ago, their focus was largely on government schools. "We continue to work with private schools though, and look to add a few every year to our clients list," Lalla says.

Under this vertical, the company offers MathLab, Practice Plus, a platform for assessments, Quick School, an education Resource Planning software through an integrated learning platform called nGuru.

The three waves: IT, banking and upcoming analytics

What has worked for NIIT is the ability to capitalise on delivering skills that fuels the economy boom. In the 90s, it was IT and in the 00s, the cropping up of private banks. With these two major waves came the requirement for skilled personnel and employment opportunities. Looking at the potential, NIIT partnered with global IT companies like Cognizant and Microsoft in the 90s and later on with ICICI bank in the following decade.

"In the 90s, when India was focused on the IT boom, we realised there would be a need for a large number of programmers. We saw ourselves as a finishing school for students before they joined the companies for work. At that time, we were affiliated to non-engineering students as well, to make them equipped for the IT industry in various roles," he outlines their positioning.

Then the domestic economy grew and private banks came into the picture. NIIT partnered with these private banks to provide talent for scaling the banking sector. "Looking at the trends has really helped us capture the training space during these two booms periods," adds Lalla.

When asked what would be the next wave in the skill development market that the company hopes to capture, he says "Moving forward, the wider economy has opened up in terms of financial services and analytics. A whole neighbourhood segment has opened up in terms sector-specific jobs especially in insurance and auto."

New-age skill development initiatives

The goal moving forward for NIIT is to train 60,000 youth within the next 2 years to be equipped with new-age skills through offerings like advanced programs in digital marketing and branding, data analytics and predictive modelling, full stack software engineering. They have partnered with institutes like IIM B, Harvard University and University of Edinburgh through their alliance with the online-learning platform edX. In July this year, the company also launched a "Career Navigator Tool" that would cater to students as a counselling platform.

Further, they are also betting on their Talent Pipeline as a Service (TPaaS) that will see them partner up with IT and BFSI industry companies to train around 1 lakh youth in the coming 3 years. Under this initiative, students who complete the training will be placed with corporates in the respective sectors.

"I have always insisted on looking at opportunities from outside in rather than inside out. The priority right now and moving forward is to focus on growth while creating value for our customers," concludes Lalla on the company's focus in the coming years.