

# 'Training Has to Become Definite for True Impact'

As startups blossom and technology changes the way businesses are run, NIIT's MD **Vijay Thadani** says his talent development firm is transforming itself and its clients by creating multi-skilled programmers

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**N**IIT Ltd, a global leader in skills and talent development, is sharpening its focus on the digital services space to offer better solutions and benefits to its clients and to ensure sustainable

margin expansion for itself. At present, digital services contribute about 15 percent of the company's revenues. For the fiscal year 2015, NIIT posted consolidated revenues of Rs 9574 crore and a net loss of Rs 138.5 crore.

In an interview to *Forbes India*,

Vijay Thadani, vice chairman and managing director of NIIT, says the plan is to exit less attractive businesses and focus on asset-light, growth-oriented ones.

The company recently unveiled a first-of-its-kind programme

called StackRoute to address the versatile talent requirements of the rapidly growing startup sector. It is also changing the way its centres look and operate to cater to the millennial learners. Edited excerpts:

**Q Why is there so much emphasis on digital services?**

Social media is changing the way we lead our lives. Mobile technology is transforming our lives. This is generating new types of data and much of this information is in text, video and pictures; there are tools which are becoming valid to analyse. Big data, analytics and cloud computing are putting all this together in a decipherable language. I call it SMACS (social, mobility, analytics, cloud and cyber security). SMACS, when put together in a way that affects an organisation, is a whole new domain of digital services. When we say NIIT is transforming, we are actually helping organisations transform. When this type of disruption takes place in digital services, two things happen—your current set of people need to be re-skilled, and while that is happening, organisations are realising that a nimble firm can do this much faster. Therefore, there is a boom in startups. A startup will create one little product which will go and fit into the digital services play of somebody. NIIT is always anticipating the needs of the industry and society.

**Q How are you addressing this new need? How is NIIT transforming?**

We created this new curriculum which we call StackRoute. It is an expression of a new NIIT. StackRoute aims to create multi-skilled and multi-disciplinary programmers who can become key members of high-performance teams in top-notch product engineering companies and startups. It is just one component, an expression of how boldly the

organisation is trying to transform itself to meet this new need. It's not just a new programme, it's a new NIIT because of the way our new centres have been created. These look very different. A StackRoute centre is a new concept; in some ways, it looks a little more disorganised than our traditional old centres... it looks more like a coffee shop rather than a centre. Remember that digital as a need is a new need. But the learner is also new. We now have a millennial learner, whose attention span is small, who wants instant results... hence learning styles are different. They have already read the lessons you are going to teach them in class the previous night on Facebook. It's also a new business model because as a part of

## “OUR STACKROUTE CENTRE IS A NEW CONCEPT; IT LOOKS MORE LIKE A COFFEE SHOP THAN A CENTRE.”

this programme, not only is a person getting a certificate but he's also building a new intellectual property. At the end of the programme, you will also have a product.

**Q Is it true that you are turning away from domestic government projects?**

That statement is for a particular type of service. It's a scheme of the government called ICT@Schools. Under this scheme, there is a government school and in this school, you come and invest in technology and provide teachers. The government pays you for the technology, teachers as well as content in monthly fees because at that time, the government

does not have the funds to invest in technology. This is the business model that we are moving away from. That was an asset-intensive business model.

**Q How is your order book looking at the moment?**

It is growing very well. In fact, our managed training services, which is our solution for corporate entities, has done exceedingly well and has a 60 percent growth rate. Organisations are saying training is strategic for their survival. Training has to become definite for its true impact; it has to be more measurable to become more efficient. These are the areas where we have built our expertise over the last 34 years. In the quarter ended March 31, 2015, fresh orders of \$89 million (Rs 600 crore) were secured leading to \$295 million worth of orders executable over the next 12 months.

**Q How will margins in your business improve?**

We are taking many steps to improve our margins. The assumption that there is a cap on margins in education is not correct. In the conventional model of education, there is a fixed operating cost and a variable cost. In case of fixed operating cost, when you are below the breakeven point, margins are low. But when you cross that, margins have a hockey-stick growth... the growth can be exceptional. In the case of NIIT, let's say 40 percent cost is fixed. So, if I operate with less than 40 percent utilisation, there is hardly any margin, but if I go above 40 percent utilisation, every rupee I earn is my margin. Our margins were challenged due to global headwinds. Going forward, our new developments are very asset light, so we should be able to improve margins faster. Brick and mortar is asset heavy. Technology is more cost effective and needs less space while delivering the same results. That will be our new focus. **T**