

# Business Models

## *Business Model 2: India*

### Overview of JV in India:

- **DHG predecessor company** established a 50:50 JV with S. Chand, one of India's oldest and strongest education companies, in March 2009
- **Goal:** to provide HMH content combined with S. Chand's leading market position in India to create innovative and technology-based solutions
- **JV Target Markets** - Two business models were created:
  - i. Center-based tutoring (via RISE-branded tutoring centers; Pre-K/K focus.)
  - ii. Digital curriculum / technology services market (via S. Chand Harcourt-branded digital assets and digital infrastructure services)
- JV operated from 2009 to mid-2012, ceased operation in 2013 and was dissolved in 1H of 2014 to focus on other markets /territories
- S. Chand agreed to purchase a perpetual license from RISE for \$1.8 million to continue former JV operations as its own captive solution
- **Content Provided** - HMH IP leveraged was ~25% of total content; key programs included Destination Reading & Math, Edmark, Holt Math, Holt Science and Holt Elements of Language<sup>1</sup>

### Summary of Model:

- **Result:** proves that the intellectual property provides the basis to syndicate partnerships on a global presence
- Potential acquirer could replicate model with remaining HMH portfolio of products throughout the addressable markets through contribution of the IP and modest working capital.
- The India JV created a complete K-12 digital curriculum and was able to generate ~\$5mm in top-line revenue
- Partnership dissolved in 2013 based on a corporate strategic decision to focus resources on other markets and territories; largely a function of JV tactical effectiveness and competency rather than strategy
- RISE Global successfully divested its share to S. Chand
  - Sold the license rights for \$1.8mm (treated as rights transfer with shares for tax purposes)
  - S. Chand maintained elements of the content for its core business

<sup>1</sup>The Destination and Edmark series will be retained as RISE assets, but may be available on a "white-labeling" basis in select countries excluding China.