

## InsideTheDeal

# TutorVista: Investor steps up after hints of rivals sniffing around

### DealData

**The CEO:** Krishnan Ganesh.

**The investors:** Sequoia Capital India.

**The money:** \$2 million.

**The deal:** Series A.

**The low down:**

TutorVista had plenty of VC-bait in its tackle box, a successful serial CEO, an appealing consumer Internet business model, and a company that takes advantage of the global workforce. But it took the threat of other VCs snapping at the startup to finally reel in Sequoia cash.

**Up Next:** The 100-person online tutoring company, which has its U.S. headquarters in San Francisco, plans to grow to 800 employees. Most of the new hires are part-time teachers in Bangalore, India, expected to be brought on in the next 9 to 12 months.

There's nothing like a little rivalry to motivate alpha investors.

**Krishnan Ganesh**, a successful serial entrepreneur, had plenty going for him when he sought a first round of venture funding for his startup, **TutorVista.com**, this spring. But it still took some competitive name-dropping to get Sequoia Capital VCs to close the deal.

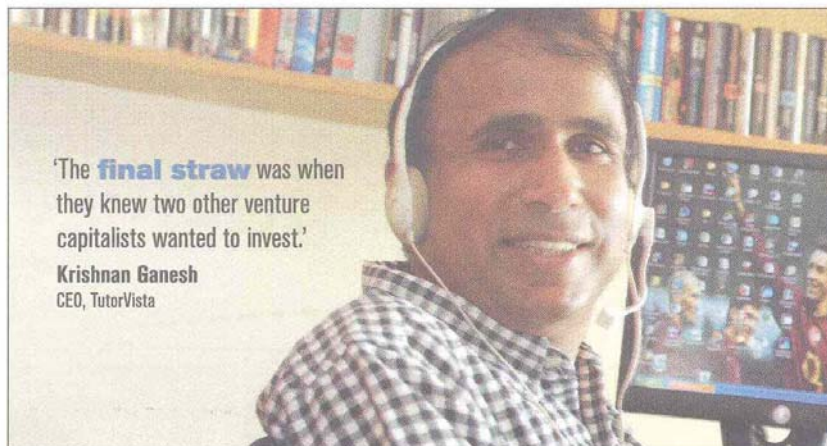


**Adrienne Sanders**

Sequoia partners surmised that TutorVista, a firm that pairs students in the United States with tutors in India, was promising. It had a solid revenue stream, charging most of its students about \$100 a month for unlimited tutoring in multiple subjects. Ganesh had already made money for many VCs as founder and CEO of several top Indian IT services firms including IT&T

Ltd. And like his former companies, TutorVista took advantage of the global workforce by using lower-cost remote workers. This one also tapped into the consumer Internet realm, which is currently hot with investors. And to quell expected VC concerns about whether an Indian company could pull off a consumer play, Ganesh spent several months improving the 24-hour-a-day service, which launched quietly in November 2005.

TutorVista hired an American educator to familiarize Indian tutors with American pedagogy, which teaches through the application of ideas rather than repetition — the Indian model. Teachers also learned about American teen slang, pop culture and social differences. For



example, students here may call tutors by their first name, rather than "sir" or "madam" as is done in India, without intending disrespect.

Ganesh also spent a few months tweaking the web site's technology, making sure large numbers of tutors and students could talk with each other online in real time via webcast, instant messaging and use an erasable "white board" function.

Ganesh met with Sequoia and other VCs in Silicon Valley in February and continued conversations with Sequoia General Partner **K.P. Balaraj** in Bangalore until April.

"The final straw was when they knew two other venture capitalists wanted to invest,"

Ganesh said. "It's a very small close-knit community so other VCs had spoken to them and I dropped not-so-subtle hints."

The investors quickly wrapped up the deal, which included Balaraj joining the company's board and was announced in June.

TutorVista — with its 500 students ranging in age from 6 to 42 (most are in high school) — is using its new cash to market its service heavily online. It will also hire about 700 more part-time tutors, bringing the company's headcount to 800.

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