



CASES for DTU course "Knowledgebased Entrepreneurship"

This case was developed with economical support from "Fonden for Entreprenørskab" by Dorte Wiene, CEO, Aditus, Karen Murdock and John Heebøll, DTU Management Engineering, 2011-2012.

Thank you to the founders and the company for smooth collaboration and for making the information available for educating and training future technology based entrepreneurs.

Mingoville Two markets - two strategies: make your choice

November 2012

Background

Stephan Stephensen founded Mingoville in 2003 upon returning to Denmark after working abroad for many years. During his last assignment pricing exotic derivatives for large Swiss and British banks in London, he developed an interest in the internet and e-learning. He came home with clear ideas of products that he thought would be relevant including E-learning, Danish as a second language, and the desire to do something in the children segment.

The new company started out as a consulting firm with an e-learning platform and developing tailor-made products for third parties. These early activities allowed the company to finance the development of the company's own private-products which were introduced soon after.

Investigation indicated that the market for language learning software was enormous and growing. In 2006, the company launched its first 'private' product "Teach English to children". The target group for this product was parents.

Product & Market

Mingoville's line of educational products has expanded since 2006. It now comprises three main products.

1. *School Math* is a math curriculum for grades 1 – 9 which provides interactive storytelling as a means of explaining math topics to help kids understand and learn.
2. *Mingoville English* is an interactive English language learning program teaching kids aged 6-12 years the English language in a funny and engaging way.
3. *Mingoville Pre-school* is an introductory English vocabulary training program for kids aged 4 – 6 years of age.

All these products are offered in virtual worlds, Mondiso, Hexaville and Pitropolis where topics are explained in short animated movies and followed up by interactive exercises and games with new game releases on a regular basis.

Mingoville has more than 1.5 million registered online users worldwide. Furthermore, the products are approved and used by the Chilean, Danish, Portuguese and Faroe Islands' Ministries of Education. More than 160.000 Danish students (25% of all Danish schools) actively use the products which are installed on more than 500.000 Classmate computers.

The company's iPad educational Apps have also been rated #1 in Apples Education App store. Mingoville sells to both consumers (parents) as well as business costumers who are mostly schools. Consumers mainly purchase the pre-school products. Business customers are the biggest customers.

Soon after the launch of its first 'private' product in the Danish market 2006, it became obvious to Mingoville that the sale of its products was significantly correlated to the decisions made by the learning institutions (schools). In other words, schools install the software on their computers for students to access. Parents follow up on this and install the software on their home computers.

General Information

The global market for digital English language learning products and services reached US\$1.3 billion in 2011 and is expected to reach US\$2.56 billion by 2016. Several factors contribute to this increase including consumers' demand for digital language learning products, the digitization formats in academic markets across the globe, government-mandated English language learning initiatives in school systems in many countries and a shortage of English teachers in high-demand countries.

Major digitization efforts are ongoing in the school systems in countries like South Korea, Thailand, China, Brazil, Spain, Singapore, and United Arab Emirates among others. New government mandates for school systems to increase proficiency in the English language have been initiated in around the globe in countries such as China, Brazil, Malaysia, South Korea and Argentina.

The top buying country for digital English language learning products and services in 2011 was USA, followed by South Korea, China, Japan and Brazil. However, this is expected to change in the coming years leading up to 2016.

The challenge

Mingoville now needs to consider its growth strategy and how to choose markets for growth. Should it -

take the existing first product "Teach English to children" and focus solely on international growth in existing and new geographical markets?

Or should it -

develop new e-learning products for teaching other languages like Spanish, German, French; Italian etc.?

Both alternatives would require external financial resources

Expanding the English Language product to new markets would require mainly sales and marketing resources which to some extent are already in place.

Introducing new products would require hiring software developers.

Discuss the pros and cons of the two scenarios taking into consideration:

1. Risk
2. Resources needed versus resources available in the company
3. Distribution channels
4. Venture capital investors' views on the two scenarios
5. Action plans
6. Company competence profile

Conclusion:

The company decided as their first step to pursue the English Language product. The efforts to expand this product into new markets resulted in the company being included in several government tenders which they won – amongst some is worth mentioning the Chilean ministry of Education.

This allowed the company to attract investors successfully and consequently, Mingoville now has expanded the product portfolio

The future strategy includes following viewpoints.:

- Customer loyalty is key. (“Same customer – new products” principle)
- Where can we differentiate ourselves
- Be lean and mean
- Aim at “First mover” advantages
- Look for high revenue opportunities