



EDUCATION

BUSINESS MODEL DIRECT-TO-CONSUMER  
BOP IMPACT LEARNERS OF ENGLISH AS A SECOND LANGUAGE  
CONNECTIVITY LOW TO HIGH SPEED

# Urban Planet Mobile

## Affordable English Courses via Phones and the Internet for Learners from the BOP in 38 Countries

Urban Planet Mobile (UPM) is a for-profit social business founded in Delaware in the United States in 2007 that provides daily learning activities at low cost, making quality educational content more accessible and affordable to poor people. Its main service consists of up to three-minute English lessons delivered once or twice a day on clients' mobile phones. Today, UPM is present in 38 countries and delivers over 250,000 English lessons per day. Its service has delivered over 60 million lessons since its commercial launch in 2010.

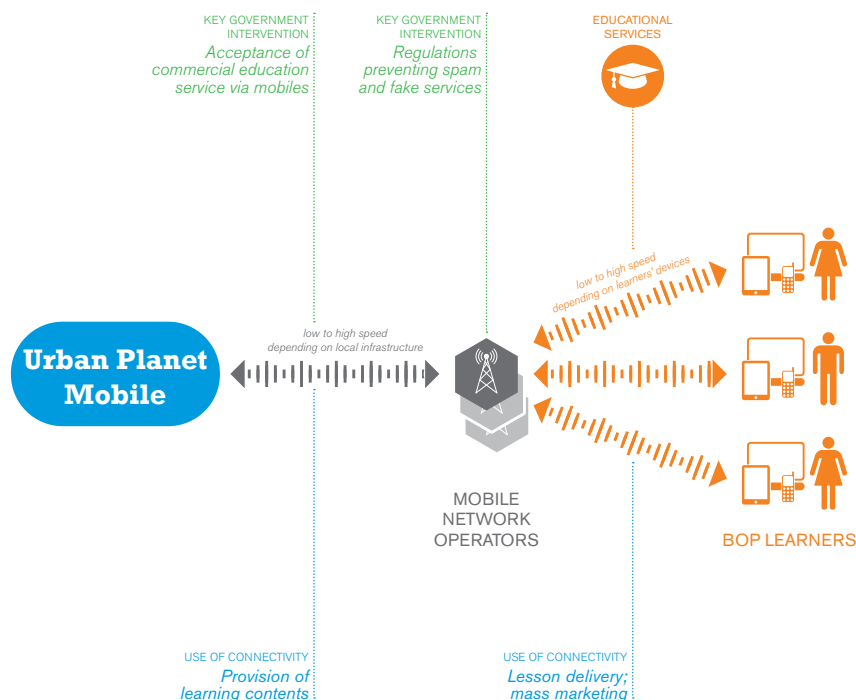
### Role of Broadband and Data Connectivity

The use of ICT and broadband is central to the services offered by UPM, contents being delivered via SMS, wireless application protocol, interactive voice response (IVR) systems, and online platforms. Due to UPM's ability to highly compress data (to ~250KB per lesson), services are available on very basic mobile phones, making them accessible to people from the BOP (constituting ~80 percent of the client base), who as a result improve their English skills and increase their chances of finding jobs and generating higher incomes. UPM also offers "Writing Planet," an Internet-based tool for writing assessments to prepare for key exams, and recently launched "Urban English Express," a new service that uses broadband to deliver a full program for learning English on smartphones, tablets, and computers.

### Key Success Factors

Using existing levels of connectivity to target web-enabled devices and basic phones allows UPM to offer its services to a wide audience and enable a mobile micropayment system (through credit on pre-paid SIM cards). Its careful process of selecting mobile network operator (MNO) partners

## System Diagram: Urban Planet Mobile



Project-owned connectivity and infrastructure	Other connectivity and infrastructure	Key government intervention	Base-of-Pyramid (BOP)	Connection speed	Service to BOP
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ensures their commitment and increases the likelihood of success. Further, pre-launch product testing, together with the MNOs, allows UPM and the MNOs to adapt their strategy (marketing, pricing, billing frequency) to each market individually.

### Implications for Policymakers

The openness of governments to accept an education service offered via mobile and based on a commercial business model is crucial for UPM and its MNO partners. Also, governmental regulations have proven to be helpful in preventing ripoffs of customers through spam ringtones and services.

### Website

<http://www.urbanplanetmobile.com/>



## Description of Business Model

### History of Organization

Urban Planet Mobile (UPM) is a for-profit social business co-founded in 2007 by Brian OliverSmith and M. Catherine OliverSmith, J.D., to provide daily educational contents at low cost. In 2009, UPM developed a digital library of English language learning lessons designed for mobile delivery consumption. In 2010, UPM launched its first and most popular service, “Urban English,” in Indonesia, delivering lessons via SMS on clients’ mobile phones. In 2012, UPM added “Writing Planet” to its product line, an online platform offering automated English writing assessments. In 2012, Urban English expanded to over 12 countries globally. Combined, UPM products are available in 38 countries. In 2013, UPM piloted the MobiLiteracy Uganda Project as part of the U.S. Agency for International Development’s (USAID) All Children Reading Initiative, providing mobile phones and daily literacy activities through SMS. In 2014, “English for Champions” will be available, delivering daily English lessons on football-related topics, as well as “Urban English Express,” a cross-device, multi-media learning program.

UPM was awarded a Frost & Sullivan Award for Most Innovative App and received two major international awards in 2011: The Gartner Cool Vendor Award in Education and

the GSMA Global Mobile Award for Best Mobile Education Innovation. In 2013, it won the U.S. Commercial Services’ Export Achievement Award and the Moviforum Latin Mobile Award. As of 2013, UPM had delivered over 5 million Urban English lessons each month, reaching ~250,000 subscribers daily.

### Value Propositions

UPM cooperates with local MNOs to provide low-cost access to English learning contents for users of ICT devices. To date, UPM has launched two main lines of products: Urban English (for both web-enabled and very basic mobile phones), and Writing Planet (for advanced Internet-connected media devices). These products address the needs of different clients:

**Non-native English learners:** UPM provides a comprehensive range of English learning content at low cost in countries with limited or no access to quality educational contents:

*Urban English:* Learners get access to daily English lessons, delivered as a highly compressed audio file (i.e., similar to a ringtone) if they own a web-enabled phone, or through an IVR system if they own a basic phone. Users can choose between up to 12 courses offered by their MNOs (out of 25 developed by UPM), with different levels and for different purposes,

from basic English to special-purpose English (e.g., for taxi drivers). Each course includes 60-90 daily lessons, including vocabulary and grammar content. Lessons are free for a 3-5 day trial period, and then available for a subscription fee of US\$3/month on average (prices depend on local context), paid daily or weekly, prior to content reception.

*Writing Planet:* Advanced learners get access to over 200 web-based and individualized writing assessments that help them prepare for writing exams or TOEFL/TOEIC/ILT and SAT exams. Exams are scored using underlying automated essay scoring technology with results available virtually immediately, providing writers with feedback on areas needing improvement. The system then suggests appropriate video tutorials for students to practice and improve. Features include over 50 video lessons and tutorials as well as multiple-draft functions for process-based writing and progress tracking. Yearly subscription costs are US\$40 at maximum, and US\$24 on average (prices depend on local context).

**Pre-literate children and parents (service in pilot phase):** UPM offers “MobiLiteracy,” a mobile service providing literacy activities empowering parents to create a literacy-rich home environment for their children to develop the underlying knowledge that leads to literacy. Parents of pre-literate children receive daily activities to engage their children in listening comprehension, word sound recognition, letter recognition, and familiar word spelling. Activities are delivered via SMS and embedded audio files, so far free of charge (pilot phase costs are borne by USAID).

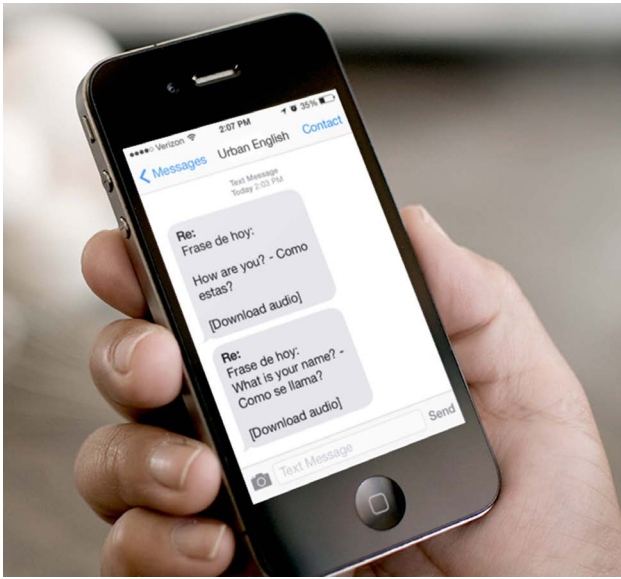
**Educational personnel and institutions:** Writing Planet saves teachers' time due to its incorporation of automated assessment technology. Through an online portal, teachers post assignments, comment on essays, and track students' progress (individually and collectively). Thanks to the automated assessment and feedback functions, teachers focus on contents, and decrease their workload while increasing their effectiveness. Subscription fees for institutions depend on the number of final users (students and teachers).

Urban English is often the first English learning content and sometimes the first mobile education content to be launched in a new market, making UPM a global leader in the development of mobile educational products.

### Technology Aspects

The products offered by UPM are all based on the use of connectivity (broadband when available) and ICT devices. Urban English lessons are 1-3 minute audio files, highly compressed to the size of an average ringtone and thus using very little data volume (~250 Kb). The data is mostly transmitted through wireless application protocol push (depending on local infrastructure). In countries where people are used to IVR and/or where feature phones do not have sufficient penetration, UPM makes its service available via IVR (by sending the user an SMS with a number to call), available on even the most basic mobile phones (30 percent of all users).





Writing Planet is cloud-based, requiring users to have access to an Internet-connected computer or other web-enabled devices. Users can reduce dataflow by pre-writing essays offline, but need to connect to the web to upload them and receive assessments or to use other functions. Assessments are conducted via Project Essay Grade, an automated assessment technology developed and trademarked by Measurement Incorporated.

At the central level, the organization uses broadband and SMS to manage subscriptions and payments. To check if subscribers have sufficient phone credit, a ping message using Mobile Termination SMS (depending on the MNO) is sent out twice a day before lesson delivery. If credit remains insufficient or the user stays inactive for 5-7 consecutive days, users will be automatically unsubscribed. As for data security, security formats are implemented at the distribution and MNO levels to protect Urban English contents against piracy, while Writing Planet is web-secured through unique user name and password combinations.

## Business Design

**Operations and distribution:** In each of the 38 countries where it operates, UPM cooperates with one or several local MNOs (22 in total) that offer Urban English as a value-added service to their clients. Partnerships for future distribution are set up in another 37 countries. UPM is very careful in its choice of partners and only works with MNOs that:

- See the value of providing an education service at low cost and agree to charge relatively low prices (compared to other value-added services).
- Agree to waive data, navigation, or IVR charges (no other charge than the service cost).
- Agree to bear all marketing costs (after receiving marketing support from UPM).

UPM recommends that its MNO partners (and supports them) test their strategy (marketing message, price point, billing frequency, etc.) for a month before launching the product commercially.

**Staff training:** At the UPM level, staff members of the Technology Division receive training on educational and pedagogical aspects related to the products, while the team of educational content developers receives training on technological aspects. At the MNO and partner level, UPM trains staff members on its products and how to implement the service.

**Marketing and consumer education:** UPM develops marketing materials to support distributors, partners, and MNOs interested in carrying UPM products. These include images, written materials, tools for testing the market, and information on product-specific marketing strategies. To attract new Urban English users, partner MNOs are responsible for conducting marketing activities, i.e., at a minimum SMS broadcast to their client base (with success rates as high as 3 percent, or twice the industry average) or sometimes additional activities such as mass media marketing (wireless application protocol banners, TV and billboard ads), giveaways (scholarships for English language schools, or more simply phone credit or ringtones), or direct marketing activities (e.g., events in schools).

To foster customer loyalty, Urban English clients can receive discounts on their second Urban English product purchase. In the case of Writing Planet, customer loyalty (e.g., at universities) comes from the relationship built by UPM, which offers to develop additional materials, curricula, or tools tailored to their needs.

**Business model:** Pricing levels are determined by the distribution partners depending on local markets. For Urban English, UPM recommends a price point at 20-40 percent of the market average revenue per user. Writing Planet fees are categorized into different levels, depending on the number of end-users (if purchasing group licenses) and local markets. Urban English subscription fees account for 70 percent of UPM revenues and Writing Planet for the rest. Urban English subscriptions are pre-paid on a daily or weekly basis via users' airtime credit. Subscriptions end upon the user's request via SMS or due to lack of phone credit. Writing Planet services are paid online by credit card.

**Policy and regulations:** Governments have controls in place to protect customers from spam and fake services. Regulation also covers sign-up for paid services and how to unsubscribe. To date, there is little or no regulation regarding education programs, as they are nascent in mobile. Any controls are the same as for other services, such as horoscopes and trivia. UPM is committed to working on best practices for the industry regarding quality and affordable educational content available for mobile users.

## Evaluation Framework

### Is the project solving the problem?

#### Problem Magnitude

Affordable access to quality educational content is scarce in many countries and particularly for people at the BOP. English skills are crucial when looking for a job or aiming for a higher income, especially in tourism-based economies.

#### Solution Provided

*Tool quality:*

- Urban Planet: Robust mechanism to deliver lessons in any country, as lesson format is adapted to existing network and usage. Flexible use thanks to ability to work on wide range of devices.
- Writing Planet: Assessment system (to rate users) shows high accuracy and agreement with user raters in 97 percent of cases.

UPM monitors quality via customers' participation in surveys and tests (for which they receive service giveaways).

*Service comprehensiveness:* Offering lessons for all levels and linguistic competences: basic Urban English courses (four in total) and basic-to-intermediate-level course of English for Special Purposes (10 in total) available in 22 languages; and advanced courses in English only (eight in total). Writing Planet offers additional services for educational personnel and administrators.

#### Scale and Reach

*Service delivery:* Over 5 million Urban English lessons are delivered each month via mobile phones (as of end-2013); UPM aims to deliver 40 million lessons in 2014.

*Users:* 250,000 daily subscribers for Urban English (Guatemala, the country with the most subscribers, has 110,000 active daily subscribers, or over 4 percent of MNO Tigo's user base in the country); and 7,000 yearly subscribers to Writing Planet in 16 countries.

*Distribution:* Products are available in 38 countries across five continents through cooperation with 22 MNOs.

*Growth rate:* Since the launch of Urban English in 2010, over 60 million lessons have been delivered, with 21 million in 2013 alone. If the current trend continues, the number of lessons delivered in 2014 will double compared to 2013. UPM also plans to expand to over 100 MNOs in 2014.

#### Acceptance and Usage

*Acceptability:* Product format and marketing message are tailored and tested in each new country to match people's habits. For Urban English, the micropayment system fits people's habits of topping up phones with rather small amounts.

*Usability:* High usability with basic lessons delivered in native language and intuitive technological design (Urban English).

*Churn rate:* 13-17 percent of customers unsubscribe within the first week in the try-and-buy model (compared to 25-30 percent average in the industry of phone value-added service).

*Loyalty:* Average subscription period for Urban English is seven months, and for Writing Planet it is three to six months (almost twice the industry average); 20-25 percent of Urban English clients subscribe to more than one product.

#### Socio-economic Impact

*Social outcomes:* Access to quality English lessons, improved English skills (a study on the SAT Remix course showed significant vocabulary retention). New services such as the MobilLiteracy pilot show potential to empower parents to help their children develop reading skills through similar programs.

*Economic impact:* Subscribers develop better chances of generating greater income.

*Gains in efficiency due to technology:* Use of Writing Planet and embedded Project Essay Grade technology lead to higher efficiency in teachers' assessments and potentially higher teaching effectiveness.

#### Economically sustainable?

UPM is a for-profit social business and would have reached operational sustainability and broken even in 2013 if it had not re-invested in new projects and expansion.

#### At the BOP end-user level (Urban English):

*Initial cost:* No registration costs.

*Direct cost of services:* On average US\$3/month for Urban English (UPM recommended pricing is 20-40 percent of average revenue per user). MNOs waive their broadband/data charges for service access.

*Additional indirect cost:* Cost of phone.

*Ability to reach the poorest:* ~80 percent of Urban English users belong to the BOP.

#### At the educational personnel or institutional level (Writing Planet):

*Direct cost of services:* On average US\$24 per year per student.

*Additional indirect cost:* Costs of computers and Internet service.

#### At the MNO level:

*Revenues:* 40-60 percent share of total Urban English revenues (e.g., in one country, close to US\$150,000 of revenues in 2013, including US\$90,000 for the MNO).

*Costs:* Waiving of Internet/data charges and IVR call costs plus marketing costs (e.g., in same country as above, ~US\$8,000 of marketing costs for the operator, or a gross profit of over 90 percent on MNO share of revenues).

#### **At the central organization (UPM) level:**

*Number of people employed:* 27 in total (10 employees at headquarters, six at the regional level working with carriers, and 11 developers/contractors around the globe).

*2013 revenues:* US\$900,000.

*Profit margin:* Negative due to re-investments.

*Cost-recovery level:* UPM started earning revenues in 2010 and would have broken even by 2013 if it had not re-invested in new projects and expansion.

*Initial and ongoing funding:* Initially funded by private investors. UPM revenues finance current scaling-up of operations. USAID grant for MobiLiteracy was accepted with particular interest in governmental alliances and support.

#### **Scalable?**

##### **What have been the key challenges and success factors to date for the project?**

*Partner channel education:* Often UPM is the first to launch mobile education contents in its targeted markets, and MNOs are reluctant to enter the education market. Most other educational products and services are developed for the top 14 percent of the pyramid, meaning that partners need to be convinced that investing in a BOP service can be a successful and scalable business strategy.

*Partner organization structure:* Since Urban English is a new product in any given market, and since the concept of mobile learning itself is a new idea for the operators, there are either unclear or too many decision-makers within one MNO who need to approve UPM before launch (e.g., in some countries there is no digital product division, or there might be one that is different from the value-added service department). The lack of coordination and communication among divisions, central and regional offices, etc. makes for a long process before launch.

*Pricing:* Some MNO or distribution partners want to set prices as high as possible instead of focusing on the long-term payoff of offering mobile education at a low price.

*Mobile payment collection:* Micropayments often fail because clients do not have sufficient credit on their pre-paid phones, resulting in user churn and/or low billing success rates.

## **Scale and BOP Reach**

Urban English lessons make low-cost English learning via mobile affordable to 250,000 daily subscribers, of whom 80 percent belong to the BOP.

## **Sustainability**

UPM is a for-profit social business and would have reached operational sustainability and broken even in 2013 if it had not re-invested in new projects and expansion. End-users access lessons at a fraction of the costs of in-person English classes.

## **Replicability**

UPM has already replicated its model in 38 countries and has high potential for further replication as a "turn-key" service to MNOs willing to launch educational value-added services.

#### **Replicable at scale?**

##### **What are external prerequisites for the project to be replicated in a new country?**

*Commitment:* MNOs must have a strong commitment to make this business model work, and prove it by accepting the revenue-sharing agreement (50/50) and relatively low product pricing, as well as waiving data charges and accepting responsibility for marketing (with UPM support).

*Regulatory framework:* Governments must be open to accept an education service via mobile, and let it be a commercial model. They should not stop the flow of education products over the Internet by being overly controlling of access, stripping content, or blocking content. Governments must also implement policies that make it easier for content providers, particularly in education, to work with local distributors and MNOs to get valued services to the end user.

## Additional Information

### Sources:

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### Contact person for the project:

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## Brian OliverSmith

Co-founder & CEO

With 24+ years of sales and marketing expertise working for Fortune 500 companies and entrepreneurial business development, Brian OliverSmith leads Urban Planet Mobile as its president and CEO. He is a member of TESOL, the American Society for Training and Development, the Audio Publishers Association, and the Cellular Telephone Industry Association.

### What are your next steps and future plans?

*In 2014 we will start two new projects. First, we will pilot our new service Urban English Express (across platform, multi-media, self-study learning system). It will be accessible through Android smartphones and tablets and available on computer. The program will be available through both institutions (i.e., schools) and MNOs. Additionally, right on time for the World Cup in Brazil we will launch CR7 Video Club, a program for the 120+ million fans of Cristiano Ronaldo, two-time Ballon D'Or winner and the world's most recognized and highly valued sports personality. With this launch will be a line, English for Champions, that teaches English through soccer/football.*

### What recommendations would you give to an entrepreneur willing to replicate your model in Latin America?

*We are marketing in Latin America and taking our model throughout the region. It is a very complex endeavor and necessitates understanding of the market, education, mobile operators, pricing, regulations, limitations of the device and delivery methods, and significant up-front investment and engagement. Anyone looking at developing a complementary product line needs to have a long view of where they want to go as this is not a short-term commitment.*

### What recommendations would you give to a Latin American policymaker who wants to encourage replication of your model?

*If governments want sustainable models to survive, they should recognize the strategic value of a for-profit business approach and make sure not to undermine the market with free offers that won't last. In Tunisia, we supported a government project to create English lessons delivered via mobile phone. Against our recommendation,*



*the provider initially launched the service as a free service, resulting in half a million users. Several months later the service was changed into a subscription service with a much too high price and subscriptions dropped significantly to just over 1,000. It is key to present the service as commercial from the start and let the customer determine the inherent value of the service to ensure long-term success and sustainability.*

### What support would you request from a public or private donor?

*We are most interested in working with governments and NGOs looking for widely deployable, affordable, and sustainable solutions. A sustainable solution must generate enough income to support itself and needs little or no ongoing overhead. The end-users will pay for high-demand information and content for which they perceive a net gain from the exchange, such as English language learning. While providing information about recycling, civic engagement, and public health information would readily lend itself to a mobile program, the end-user is less likely to be willing to invest money in getting this information. At this point, this is a program that will need ongoing support, which impacts the scalability and/or sustainability. This information could be created as an English lesson, providing the information that the donor wishes communicated while teaching English. UPM has done such a program with civic engagement in the past.*