

Client Profile

Learn how real businesses achieved success in their industries through innovative strategies such as expansion into new markets, new and differentiated product and service offerings, enhancing operations and cash flow management.

Educational software company Udutu got ahead of the curve and stayed there

Sometimes businesses fail because they are based on innovations that are ahead of their time, but Udutu Learning Systems simply waited for the rest of the world to catch up and have been thriving ever since.

The British Columbia-based company pioneered a lot of the online learning concepts that are in widespread use today and were offering cloud services before the buzzword was ever coined.

“From the get-go we were a web application, even before terms such as software as a service and cloud computing came into play,” said Roger Mundell, CEO of Udutu Canada. “We were originally one of the very few web applications out there. The advantage of that was that we really only had to concentrate on maintaining and developing a single instance of the application.”

The company’s main product is an online authoring tool that allows customers to create learning courses for the web. It is typically used for companies that need to train new employees or meet regulatory requirements to train existing staff. Rather than sell the software like its original desktop competitors did, Udutu made the decision to not charge a cent for its authoring tool.

“We actually give away our primary product for free, no strings attached,” said Mundell. “That decision quite quickly built us a very large user base and we concentrated on marketing our pay services to that existing user base.”

Mundell said that part of the rationale for making it free was they had seen how free blogging platforms created a legion of would-be writers and free music software inspired an army of amateur musicians.

“You can go further back and argue that spreadsheets and word processors changed people because once those tools were widely available, talent that previously would not have been noticed could now rise to the top so that was the reason we thought we shouldn’t put a restriction on authors,” said Mundell.

Today, Udutu has just over 79,000 active registered users of their authoring tool with 161,000 courses in their system built by people from all over the world, primarily in Canada, the United States, Europe and Australia, but with a smattering from other countries, including some promising interest in Asia.



“The interesting thing about the training industry is that practically everyone everywhere in the world at some point in their lives needs to learn something so the total market is huge and thanks to the internet you no longer have to focus on local markets,” said Mundell.

Udutu’s roots are in academia where Mundell and other researchers developed various online learning tools at Victoria’s Royal Roads University that eventually inspired the authoring tool they give away today. The group left the university to found the company in 2005 and have been rewarded for their patience with revenues of about \$2 million annually.

“We were overly optimistic in 1996 about how quickly small businesses would adopt this technology so initially we ended up accumulating much larger organizations as clients such as governments and Fortune 500 companies who had a more pressing need for online training,” said Mundell. “We still have many of those kind of accounts, but our marketing efforts are really focused on this emerging market of the small to mid-sized companies. It was slower to evolve than I had hoped, but it is now evolving rapidly.”

Udutu has to constantly be on top of online trends and potential disruptions to their business model. As more online authoring tools begin to appear in their space, Mundell says they are transitioning Udutu from a service company based around the free authoring tool into a hosted learning management company that derives passive revenues when end users take their training online.

“Learning Management Systems have traditionally been an enterprise software solution sold at significant expense to larger organizations,” he said. “Ours is available to any size organization, hosted, so instantly available, and starting at free for very small businesses with fewer than five people and then it charges per active user on a monthly subscription basis. This revenue will hopefully overshadow the service revenue by the end of the year, and we expect it to grow the company significantly.”

Udutu only employs 10 to 12 people at any given time along with a small group of contractors, but Mundell says that one of the advantages the company has is its location in Victoria on Vancouver Island.

“Our biggest asset that we have is that we live in Victoria,” said Mundell. “Of the staff that I have now, none of them want to leave Victoria even though there are sometimes attractive offers from further afield. We also have three higher education institutions nearby and there’s a fairly good stream of co-op students we work with and quite a few of our employees began as co-op students.”

Judging from the success they are currently enjoying, Udutu is proof that if even if an idea is ahead of the curve, it will eventually succeed as long as it’s a good one.



CIBC Tips – Successfully Execute Your Unique Idea

Create a Business Plan: Do you have an innovative product or service? Are you addressing a niche market need? Whatever your idea, draft a thorough business plan that has assessed the product or service need, addresses the competitive environment and articulates how you will viably bring your concept to the marketplace.

Do Your Market Research: To ensure the success of any idea, it is important that you talk to your clients. Understand their wants and needs and gather their input. This will help you validate the feasibility of your concept and allow you to address their input before releasing your product to the market.

Be Open to Growth and Change: After releasing your product, to ensure you remain relevant, continuously explore new opportunities for product development. Changes to your offering can help provide new value to your customers and generate new revenue streams.

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As seen in the Financial Post

Published Oct 25, 2017 in English. This story was produced by Postmedia's Content Works commercial division in collaboration with CIBC to promote awareness of this topic for commercial purposes. Postmedia editorial had no involvement in the creation of this content.

