

The Company - ELSA Speak



ELSA is a mobile application that leverages machine learning, artificial intelligence (AI) and advanced speech recognition technology to improve English communication skills. Founded in 2015, the company offers a tailored learning experience with the ELSA Speech Analyzer, which provides immediate feedback, and the ELSA AI Tutor, which allows users to design and engage in roleplay scenarios. As of May 2024, the ELSA app has been downloaded more than 50 million times by users in 190 countries.

WEBSITE
elsaspeak.com

FOUNDER
Vu Van

SECTOR
Education
Technology

LOCATION
Global with the largest concentration in Vietnam, Latin America, Japan and the United States



The Investor - Monk's Hill Ventures

Founded in 2014, Monk's Hill Ventures (MHV) is a venture capital firm that invests in early-stage technology companies, primarily through pre-Series A and Series A rounds. As of May 2024, MHV has partnered with over 40 startups across Southeast Asia and has on-the-ground teams in Singapore, Indonesia, Vietnam and the Philippines.

WEBSITE
monkshill.com

FUND SIZE
USD73m

FUND NAME
Monk's Hill Ventures Fund I

TOTAL AUM
~USD505m



The Investor -

Vietnam Investments Group

Vietnam Investments (VI) Group is a private equity firm that provides early-stage and expansion capital to companies in Vietnam and the Greater Mekong Subregion. Founded in 2006, VI Group typically seeks a significant minority investment stake and targets sectors such as education, technology, media, healthcare, FMCG, retail, transportation and logistics.

WEBSITE
vigroup.com

FUND SIZE
USD252m

FUND NAME
VI (Vietnam Investments) Fund III

TOTAL AUM
USD600m

DATE(S) OF INVESTMENT

MARCH 2018, MAY 2018, JANUARY 2019, JANUARY 2021, JUNE 2023

AMOUNT

USD10M

STAKE

UNDISCLOSED

DATE(S) OF INVESTMENT

JANUARY 2021, SEPTEMBER 2023

AMOUNT

USD3.44M

STAKE

3.6%

Synopsis:

Southeast Asian fund managers Monk's Hill Ventures (MHV) and Vietnam Investments (VI) Group believe gender diversity to be an important asset in their investment portfolios, and both were eager to support Vietnamese national Vu Van in her efforts to help fellow non-native English speakers improve their pronunciation using AI technology. As ELSA's earliest institutional backer, MHV has helped Van build her management team and strategize product development, while VI Group—which joined the investment consortium three years later—has expanded ELSA's global reach and business-to-business offering. In addition to creating an affordable and highly personalized mobile application for English learners wishing to access better educational and career opportunities, Van also strives to ensure strong female representation across ELSA's workforce and actively supports female entrepreneurs as they leave the company to launch new ventures.

When Women Lead: MHV and VI Group's Partnership with ELSA

Across Southeast Asia, fund managers are increasingly incorporating gender and diversity in their investment decisions. Venture capital firm Monk's Hill Ventures (MHV) and private equity-focused Vietnam Investments (VI) Group are two examples of firms that have portfolios well represented by female leaders despite not having an explicit gender allocation mandate. As of May 2024, approximately 36% of MHV's portfolio companies have at least one female founder and 28% are helmed by a female CEO, while 53% of VI Group's portfolio companies are run by women. When the MHV and VI Group teams crossed paths with Vietnamese national Vu Van and her English-learning mobile application ELSA, both were keen to invest in her.

The idea for ELSA first came to Van while she was pursuing her MBA at Stanford University. Although she was fluent in English, Van's classmates struggled to understand her—a challenge that followed her into the corporate world. The issue was her accent. Van had grown up in a small province in Central Vietnam and, despite having attended one of the leading colleges in her home country, her pronunciation of the English language was hindering her ability to make her voice heard.

At Stanford, Van had also received an advanced degree in education. After spending several years in management consulting, she found herself longing to build a career that was aligned with her passion for learning. She kept wondering: how could she help non-native English speakers speak confidently and unlock their full potential academically and professionally? A friend of Van's who was working at Google suggested that artificial intelligence (AI) could be the solution. Although she didn't have a background in AI or machine learning, she decided to embark on a six-month long research endeavor to assess the feasibility of applying technology to English learning. The following year, Van met Dr. Xavier Anguera, a speech processing expert with two decades of research experience, at a conference on voice recognition technology. He agreed to become her co-founder and Chief Technology Officer. ELSA (English Language Speech Assistant) was born in 2015.

By 2016, ELSA had five employees scattered across three countries building an in-house database of non-native accents to train its proprietary AI systems to evaluate pronunciation, grammar and tone. It was at around this time that Van met the partners at MHV. She recalls, "Monk's Hill believed in us from the very beginning. However, I didn't want to take institutional capital until I was confident that ELSA was something I could truly build and grow."

Van continued to bootstrap the company until it developed its earliest prototype. ELSA's big break came in March 2016 at Austin's South by Southwest annual conference when it won the SXSW EDU Launch Startup Competition for early-stage enterprises in the



Founder Spotlight: Vu Van

Van graduated from the Foreign Trade University in Vietnam and spent several years working for a Danish shipping company before obtaining her MBA and MA in Education from Stanford University in 2011. Van was one of the first students in Vietnam to get accepted to an advanced degree program without first moving to the United States. At the time, Vietnamese students would typically transfer to a US-based high school and then apply to local universities. Van became active in helping other students, who were inspired by her story, follow a similar path. In addition to starting ELSA, Van co-founded VietSeeds, a non-profit organization that provides college scholarships to low-income Vietnamese students, in 2011. As of May 2024, VietSeeds has sponsored over 550 students.



STEM education for women in Southeast Asia has not been prioritized to the same extent that it has in the United States, and I often hear women say they don't believe they possess the technical skills to be a founder. However, I want female entrepreneurs to know that you don't need to have a technology background to start a company. Anyone can do it if you have the right people around you.

Vu Van
CEO and Co-founder of ELSA Speak



education space. Following its win, the ELSA app had more than 30,000 downloads in 24 hours. The company was primed to begin marketing and distributing its app with the sudden influx of data, and Van was finally ready to engage investors.

Creating Value with Private Capital

In March 2018, MHV led ELSA's USD3.2m pre-Series A funding. Although ELSA was at an earlier stage of development than MHV's typical investment, Van had proven the ability to monetize the product and had a unique opportunity to serve an estimated market of 1.5 billion English learners. ELSA's technology was firmly rooted in language learning science and could differentiate between pronunciation mistakes and underlying accent. In addition, many of MHV's team members related to ELSA's mission, having faced similar situations of struggling to be understood in a different language.

Several venture capital and private equity firms followed MHV in providing funding for ELSA as interest in the edtech sector grew. According to GPCA Research, just under USD28b was invested in edtech-focused businesses across Southeast Asia, South Asia, China, Latin America, Africa, Central & Eastern Europe and the Middle East between 2018 and the first half of 2024.

Van notes, "We have always been very intentional about raising capital. I don't see fundraising as a milestone for success; rather, we raise money when we have a specific need and that need determines the investors with which we want to work." For example, Google's AI-focused fund Gradient Ventures invested in ELSA in 2019, leading its USD7m Series A with the intent of helping the company strengthen its AI positioning.

ELSA's reach began expanding globally. While most of its users were still from Vietnam, downloads were growing in Thailand, Japan, Indonesia and India. In Latin America, new users were popping up in Brazil and Mexico. By the time the company was ready for its next financing round, Van's goals had shifted from product development to finding a partner that could help the company scale internationally while developing a business-to-business (B2B) strategy.

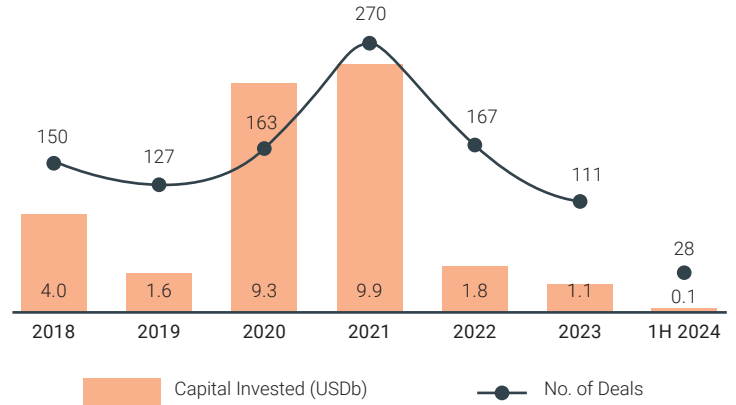
VI Group's Managing Partner David Do met Van in 2020. He notes, "We look for gender diversity when evaluating potential investments because it aids companies in identifying both risks and opportunities, and that ultimately results in better returns for our investors." In January 2021, VI Group led ELSA's USD15m Series B round alongside global trading and technology firm Susquehanna International Group (SIG). The VI Group team then introduced Van to UOB Venture Management, the private equity arm of Singapore's UOB Bank, which led ELSA's Series C valued at USD22.1m in September 2023. At this time, the company rolled out ELSA AI, a generative AI tutor that enables users to simulate real-world scenarios such as preparing for an interview, practicing a presentation or replicating a conversation with a friend.

Much of ELSA's growth has been organic with word-of-mouth being the leading reason new people join the platform. Internal qualitative user surveys indicate that over 90% see an improvement in their English pronunciation—with the greatest improvements seen in the first six months. Justin Nguyen, General Partner at MHV, observes, "Being able to speak clearly and confidently in English is fundamental to improving people's livelihoods. When an employee works for an international company and isn't properly heard, she isn't going to

get a seat at the table. Studies have shown that people with easily understood accents are viewed as more trustworthy and are more likely to be paid a fair wage."

As of May 2024, ELSA has been downloaded more than 50 million times by users in 190 countries, up from just over 1.7 million downloads in 2018. Between 2018 and 2023, ELSA's revenue has increased 9.5 times, generating approximately USD1m per month in 2023. The company is forecasted to reach its financial break-even point by 2025.

Private Capital Investment in Edtech in GPCA Markets, 2018-1H 2024



Source: GPCA. Data as of 30 June 2024.



In the last five years, the landscape in Southeast Asia has changed significantly for women in hypergrowth sectors. Across our portfolio, we are seeing leadership happen at a much younger age in comparison to more traditional industries like manufacturing or healthcare, where it is more challenging to build a business over a short period of time. There are lots of new business ideas in the technology ecosystem with light capex requirements, which creates more opportunities for equality.

Viet Nguyen
Head of Technology Investments of VI Group





Inclusive and Sustainable Growth

ELSA's workforce has grown significantly, from 16 employees in March 2018 to 100 employees in January 2021 to over 230 employees as of May 2024. Over half of ELSA's full-time employees and managers are female.

"We are very intentional in our recruitment efforts when it comes to diversity," remarks Van. "With any open position, I want to see that the panel of job seekers is well represented in terms of gender. If it isn't, we will ask our recruiters to take another look and come back with a broader selection. I don't necessarily offer the position to the female candidates—I hire the best person for the job—but I do need to see diversity within the applicant pool."

Van also supports female leaders beyond their time at ELSA according to VI Group's Head of Technology Investments Viet Nguyen. "Vu is a rare individual as she has been instrumental in creating a new generation of female CEOs across the region. A significant number of women leave ELSA to launch their own businesses with Vu's encouragement." As examples, Natalie Do, who was ELSA's Head of Commercial & Business Development, started an energy bar company. Tu Ngo, who was with ELSA from the beginning, co-founded Yola, a Vietnamese English language school, and launched Touchstone, a local early-stage venture capital firm. Ruby Nguyen, ELSA's first country manager in Vietnam, became the COO of a tech-enabled media startup and founded an edtech company.

Outlook

ELSA's leading priorities over the next few years are to further develop and deepen its B2B partnerships while scaling its AI capabilities. As of May 2024, ELSA has partnered with dozens of corporations to help them upskill employees by improving their English conversational skills and pronunciation in a scalable and cost-effective manner. ELSA is also partnering with educational institutions, viewing the mobile app as a supplement to the learning taking place in a classroom.

ELSA's initial efforts are generating results as companies have been able to see how the mobile app is directly improving customer satisfaction scores. While B2B represented just 5% of revenue at the time of VI Group's investment in 2021, the segment accounts for approximately 15% of ELSA's business as of May 2024. By the end of 2024, B2B is projected to represent nearly 25% of annual projected revenues. In the last three years, ELSA expanded its office locations from its main hubs in Vietnam, Portugal and San Francisco to include small, on-the-ground teams in Bangalore, Jakarta, Bangkok and Tokyo that primarily focus on B2B partnerships. Looking forward, the company is also exploring the possibility of penetrating deeper into markets such as Taiwan, the Middle East and Turkey.

Beyond B2B efforts, ELSA continues to improve its AI platform. "AI is truly changing the world and our team is constantly watching the market to see where it is heading next," Van notes. "We must always be building and innovating as much as we can to make our solution the most powerful English learning tool available on the market. ELSA is not seeking to replace humans but to provide a solution for those who wouldn't have access to a live tutor otherwise due to convenience or lack of funds."

Although MHV and VI Group have different time frames to exit, both firms are thinking about how to set ELSA up for success. MHV's Nguyen states, "ELSA is in a strong technology position having been operating in this space well before the AI explosion hit. We have already received numerous indications of interest from strategic players and if we can help ELSA go from a USD50m business to a USD500m one with the right partner, as fiduciaries, we must entertain that option. However, for now, our goal is to make sure ELSA becomes cash positive and to continue investing in the business on the B2B and B2C side."

VI Group's Nguyen remarks, "ELSA will be attractive to a lot of companies who want an international reach given that it already has a large global customer base, deep content library and advanced technological capabilities."