

# Corporate Day-Care Centers

Investment Opportunity – Early Years

EDUCATION – April 2022





# Corporate Day-care Centres

**OPPORTUNITY DESCRIPTION:** Invest in KSA's education sector by establishing Corporate Day-care Centres

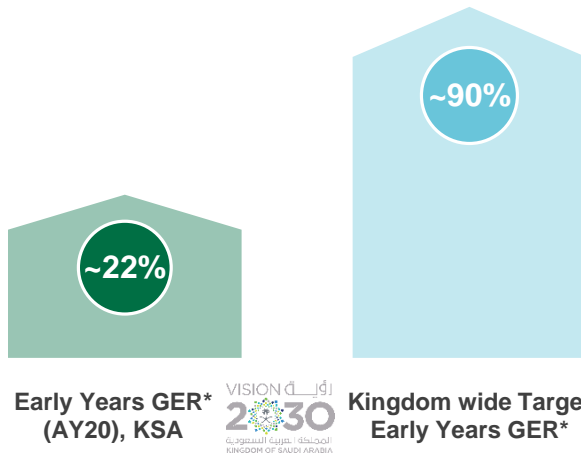
## OPPORTUNITY OVERVIEW

### Overview of Early Years education in KSA



The Early Years GER in KSA is **low (~22%)**; KSA government has set targets to **increase the GER to ~90% across the Kingdom by 2030**, outlining headroom for growth

Early Years Adoption in KSA



Growth in Early Years enrolment in the Kingdom is being driven by multiple reasons



Increasing household affordability



Increased urbanization and migration to T1 / T2 cities



Rising female workforce

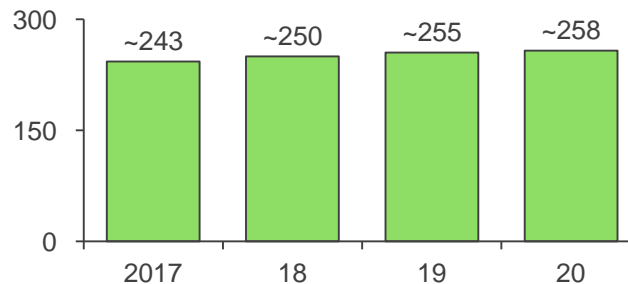
### Need for Corporate Day-care centers



**Increasing number of female executives and companies** in KSA will potentially drive future demand for corporate day-care centers in the Kingdom

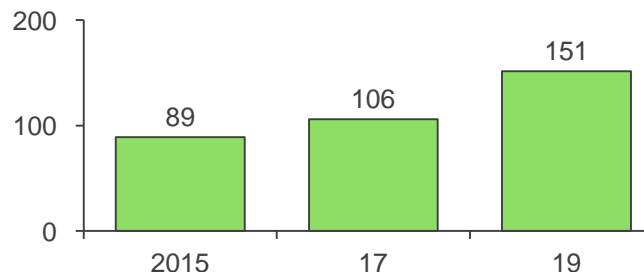
Rising female workforce

Total Female Executives\*, KSA (2017-20); Thousands of person



Increasing # of companies

Number of Limited Liability Companies, KSA (2015-19); Thousands of companies



### Benefits of Corporate Day-care centers

The **benefits / convenience** offered by Corporate Day-care centers, coupled with **rising awareness and workforce participation rates** will drive future demand in KSA



Corporate Day-care Centres provide **affordable and quality** childcare to the employees without burning a hole through their pockets



Companies are benefited by on-site Day-care Centres to due **increased productivity of employees** who do not have to bear the complete burden of childcare themselves



Institutional childcare centres also **ensure safety of children** by virtue of their authenticity and proximity to the working place of parents who avail the facilities



Employer-supported childcare **enhances the diversity** within the firm and **contributes to the overall wellness of the society** by virtue of the support provided to the employees

Note: \*Lawmakers, directors, business managers, specialists and technicians in professional, technical, and humanitarian fields



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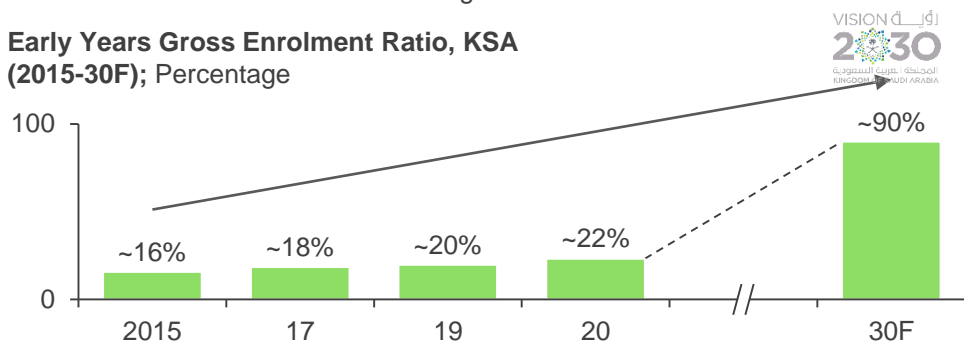
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## OVERVIEW OF EARLY YEARS EDUCATION IN KSA

### Early Years Education in KSA

The Early Years GER in KSA is **growing**; KSA government has set targets to **increase the GER to ~90% across the Kingdom by 2030**, outlining headroom for growth

Early Years Gross Enrolment Ratio, KSA (2015-30F); Percentage



Growth in Early Years enrolment in the Kingdom is being driven by multiple drivers

- 1 Increasing Household affordability levels** with disposable incomes expected to increase at ~4% p.a. over the next decade
- 2 Investment in infrastructure projects** across the Kingdom by the government which is resulting in **urbanization**
- 3 Increasing participation of women in the workforce** and rising awareness of Early Years education

### Gap in Early Years Education in KSA

The early years enrolment in Saudi Arabia is concentrated in age group 3-6 provision; **provision for ages 0-3 is currently negligible**, and hence presents a large **whitespace** opportunity

	Early Childhood Educational Development (ECED)	Pre-primary education	Early Years Education
Age range	0 – 3 years old <sup>1</sup>	3 – 6 years old <sup>1</sup>	0 – 6 years old <sup>1</sup>
KSA designation of education levels	Nursery	Kindergarten	-
Number of students enrolled (AY20)	<5K	~395K	~400K
Total relevant population (AY20)	~1.8M	~1.8M	~3.6M
Adoption rate (AY20)	<0.5%	~22%	~10%

The lack of provision in the 0-3 age group highlights an **untapped opportunity with strong potential of growth**; **corporate day cares** have the potential to **bridge the gap** in this sub-segment



**Description**

**On-site childcare facilities** (ranging from care for infants and toddlers to educational programs for children aged between 3 and 6 years)



**Target Segment**

Parents in **middle to senior management** roles with children aged between 0-6 years (e.g., Business Heads, Directors, Managers, Specialists, Technicians, etc.)

Note: 1--Age 0 to 3 refers to Age 0, Age 1 and Age 2; Age 3 to 6 refers to Age 3, Age 4 and Age 5; Age 0 to 6 refers to Age 0, Age 1, Age 2, Age 3, Age 4, and Age 5

Source: OECD, UIS UNESCO, Euromonitor



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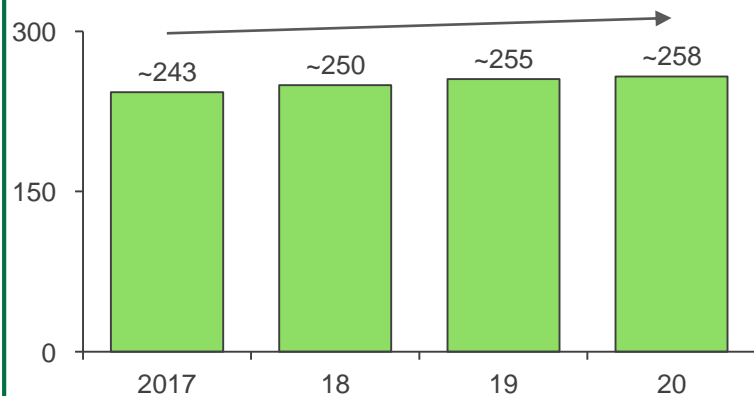
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## NEED FOR CORPORATE DAYCARE CENTERS IN SAUDI ARABIA

### Increasing female executives in KSA

The **growing number of female executives** in KSA can potentially create an increasing demand for day-care centers

**Total Female Executives\*, KSA (2017-20);** Thousands of person

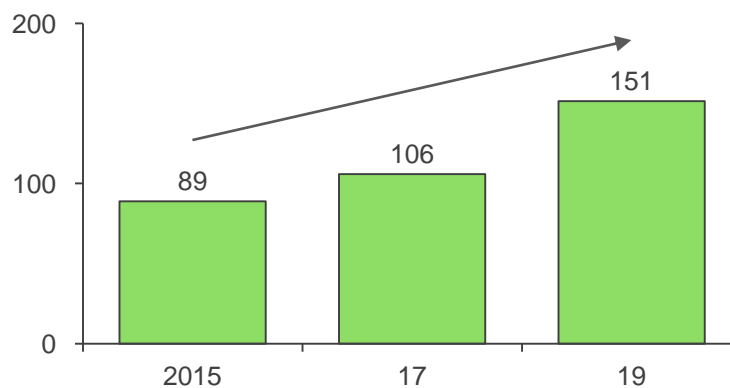


The Kingdom is witnessing increasing number of women entering the workforce, especially as managers, directors, etc. as a result of empowering policies and initiatives

### Increasing number of corporations in KSA

Large companies in the Kingdom can aim to attract quality talent, by the provision of **on-site child-care services** in the form of corporate day-cares in the country

**Number of Limited Liability Companies, KSA (2015-19);** Thousands of companies



40+ regional headquarters as of 2021



480 regional headquarters by 2030F

### Benefits of Corporate Day-care

Corporate day-care centers offer **multiple benefits** because of which they will be **potentially favored model** for care of ages 0-3 in the Kingdom



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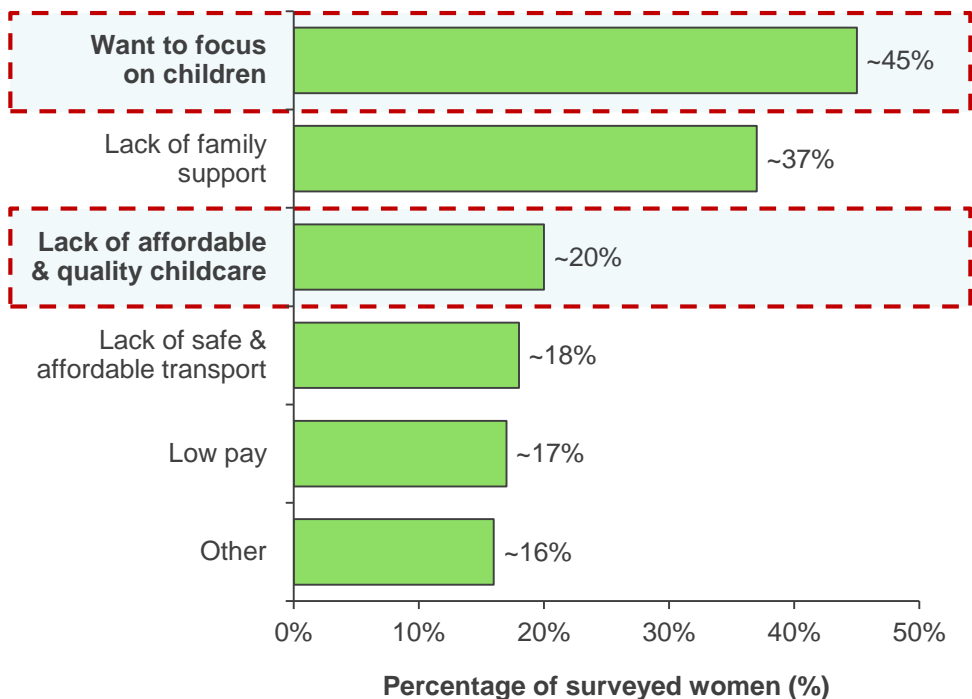
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## NEED FOR CORPORATE DAYCARE CENTERS IN SAUDI ARABIA

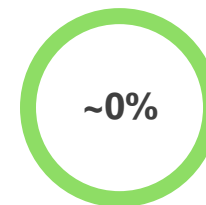
### Impact of Corporate Day-care on working executives in the Kingdom

Most working mothers in the Kingdom prefer to self-finance childcare if they cannot take care of the children themselves, which acts as a potential barrier for women from the middle economic strata to enter the workforce. The presence of quality daycare, potentially in the form of corporate day-care centers can help drive workforce participation as well as uptake of early childhood education in the Kingdom

Reasons unemployed women in KSA choose not to work (2018); Percentage of all respondents (N=2,000)



% of surveyed working mothers who relied on expensive domestic help for childcare



% of surveyed working mothers who used firm-based care facilities (with the exception of teachers)



Working time lost by mothers with children less than 3 years old

- Majority of unemployed women in the Kingdom choose not to work because of the **need to focus on their children** and **lack of quality and affordable childcare options** that can be availed
- Working mothers with young children lose productive time potentially due to **the need to take time off to cater to childcare responsibilities and needs**
- With increasing MNCs and female workforce in the Kingdom, there is a **window of opportunity to set up corporate day-care centers**

Source: "If women receive more childcare support, will they work?", Harvard Kennedy School (December 2018) - Survey of ~2000 mothers aged between 18 and 40 years old from across Dammam, Jeddah, and Riyadh



Appendix



# Corporate Day-care Centres

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## CASE STUDY – BRIGHT HORIZONS

### Company overview and business model



Founded	CEO	Location	Revenue	EBITDA
1986	Stephen Kramer	USA	~\$1.9B	~\$0.2B

Contributes to ~83% of revenue

Full-service centre-based childcare

~75% centres operate on P&L model

Profit & Loss model

Cost plus model

Revenue

Priority enrolment for employer students and fee charged at par with general public

Fee is paid by an employer client for managing a child care centre on a cost-plus basis

Risk

Profitability is subject to enrolment levels and seasonality

Centres are profitable from the outset and payment is taken in advance

Location

Office building of the client or nearby localities

Centre funding

Development cost is typically funded by the employer and a multi year contract is entered into

### Competitive strengths



**Broad geographic reach:** ~6x more employer sponsored centers than the next closest competitor



**Higher employee satisfaction:** Awarded as "100 Best companies to work for" by Fortune 18 times



**Customer satisfaction**



**Efficient employee training:** Combination of in-center and online training for employees



**Diverse customer base:** ~1,100 clients across diverse array of industries



**Limited investment:** Employer sponsors fund the majority of the capital



**Quality commitment:** Exceed rating standards of NAEYC\* and OFSTED\*\*



**Successful acquisitions:** acquisitions of 434 childcare centres in the USA, UK and the Netherlands

### Quality infrastructure



Note: \* National Academy of Early Childhood programs; \*\* Office of Standards in Education, UK

Source: Bright Horizons website



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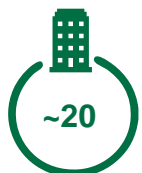
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## CASE STUDY – SUNSHINE PRESCHOOL & DAYCARE CHAIN

### Company overview and business model



Founded

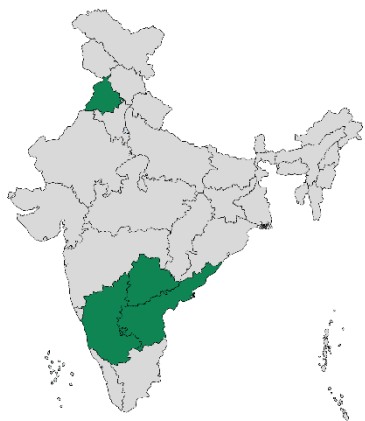


# of corporate centres



# of children served (till date)

Sunshine Corporate Centres have a presence in the Indian states of Punjab, Karnataka, Andhra Pradesh, and Telangana



Type of centres

Corporate on-site centres (~20)

Company-owned centres (~6)

Franchisee Centres (~11)

### Key offerings

- Day-care facilities for children aged between 2 and 12 years
- Dedicated teachers' toolkit for maintaining quality and ensuring children's development
- Tie ups with supplementary education providers
- Safe and secure campuses with CCTV access for parents and hygiene standards
- Holistic all-round development



### Key clients





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