

Axonify injects fun into e-learning

Lisa MacColl, Special to The Record

Carol Leaman, president and chief executive officer of Axonify Inc., has a lot to celebrate these days. The company, a startup that develops software that delivers workforce training in short, fun bursts, won Fortune magazine's Brainstorm Tech Startup Idol competition in July. In August, it announced that Toys R Us chose it to provide training to the retailer's employees through its eLearning platform. Earlier this year, Axonify secured \$2 million in venture capital financing.

That's impressive for a company that had four employees when Leaman came on board in 2011, the same year the business was founded under the name 17 muscles.

Axonify, which now has 17 employees, combines games with brain science to develop what the company describes as "the next generation e-learning platform."

"E-learning typically is done in a pull environment," says Christine Tutssel, Axonify's vice-president of sales. "Employees take an online course, write a test and promptly forget everything. We are able to push learning through small snippets of information repeated at regular intervals in a quick and fun way. We're turning e-learning on its head."

Employees play games that include quizzes on topics they should know. The 90-second games provide a personalized knowledge map to strengthen an employee's knowledge and provide short information boosts to reinforce problem areas. The games can be customized to suit a client's corporate culture.

"Research shows that if you tell an employee something once, the retention rate is less than 10 per cent, 30 days later," says Leaman. "If you repeat a concept six times over 30 days, the retention rate jumps to 90 per cent. Repetitive reinforcement leads to automatic recall."

Employers using Axonify's platform can provide rewards for participation such as points that can be redeemed in an eBay-type auction, gift cards for Starbucks or Tim Hortons, or a cash incentive that is deposited to their pay.

"Corporate training in North America is a \$300-billion market, and \$30 billion of that is spent on e-learning platforms, which consists primarily of passive webinars," Leaman says. "If employees are having fun while they are learning, they are going to be more willing to participate."

The company's name incorporates the word "axon," which refers to a nerve fibre that transmits electrical impulses. The firm was founded as 17 muscles, but changed the name to Axonify to better represent how its software bridges knowledge gaps in training. "We are creatures of habit," says Leaman. "We tend to do things



DAVID BEBEE, RECORD STAFF

Carol Leaman (left), chief executive officer of Axonify, and Christine Tutssel, the company's vice-president of sales, say Axonify's technology is turning corporate e-learning on its head by combining fun and brain science.

the same way all the time. Our platform programs the axons in the brain to make the right thing the default action."

Workplace safety and loss prevention are two key areas Axonify targets.

Leaman says retailers spend millions of dollars a year on accidents and injuries. But when it comes to training about workplace safety, part-time employees are often overlooked or they receive inadequate training. "A memo in the lunchroom doesn't cut it," says Leaman. "Employees end up doing what they think is right, and they get hurt. One lawsuit will wipe out the cost of the training. Our reports show a 30-per-cent reduction in accidents. That's a tangible return on investment."

Loss prevention is another area Axonify's platform is designed for. Leaman notes that 60 per cent of retail theft is done by employees. By teaching employees to look for signs such as merchandise that is in the wrong place and by highlighting incentives for reporting theft, Axonify's platform helped one customer reduce theft by 50 per cent, she says.

"Employees who don't steal keep a closer eye out for employees who do," she says. "Employees who do steal will be more aware of others watching them and will be less likely to commit the theft because they know they are being watched. It produced an immediate positive reduction and a tangible return on investment for the training module."

The e-learning platform is designed so that a customer's training department can customize the contents, highlight and prioritize information, and decide on the timing,

the games and the rewards. Alternatively, Axonify's instructional designers can pull out key learning points and create effective questions for a client. The platform can be customized by job title or procedure. It is designed to be completely plug and play.

"We want to be recognized as the market leader in corporate learning," says Tutssel. "We're changing how e-learning is done."

Leaman initially joined the company in an advisory capacity. She came with a proven track record of building technology businesses. A chartered accountant, her technology career goes back to Fakespace Systems, a Kitchener-based provider of 3-D virtual reality systems that was owned by Electrohome Ltd. As president, she helped build the business from annual sales of \$3 million to \$30 million before orchestrating its sale to Iowa-based MechDyne Corp. in 2003.

After leaving Fakespace, she became chief executive officer of RSS Systems, a Kitchener company that provided enterprise software to optimize shop floor operations. In 2006, RSS was sold to Visiprise Inc., an Atlanta-based company that was acquired by SAP in 2008. Most recently, Leaman was CEO of PostRank, a Waterloo startup that developed a web app that measured audience social engagement. It was sold to Google in 2011. "We had sold PostRank to someone else the day before Google came calling," Leaman says. "Google was a much better fit, and a great company to deal with."

Leaman, the 2011 winner of the Waterloo Region Intrepid Award for Entrepreneurship and the 2010 win-

ner of the Sarah Kirke Award for Canada's leading female high-tech entrepreneur, says Waterloo Region is the ideal place to launch a tech startup. The University of Waterloo is "pumping out computer science grads who understand technology best," she says. "We have a community of leaders who are all about helping and supporting each other. I can call anyone in the region and they will help me whether they know me well or not and vice versa. We also have Communitech and the Accelerator Centre that have a mission to support and foster early stage technology startups in this region."

As a serial entrepreneur, Leaman insists that successful entrepreneurs need to believe in what they are doing even when critics say their idea or business won't work. And getting a business or product off the ground is 10 times harder and takes 10 times as long as you expect, she says. Entrepreneurs also need to trust the people around them. "I've never thought I was the genius in the crowd," says Leaman. "I know what I know and what I don't know. I have no qualms with allowing the people I work with to give their advice to make the product better. Entrepreneurs don't know everything. They need other people to have big voices in the conversation. Many entrepreneurs have big egos and don't make as much progress because they don't listen to the people around them."

Leaman says there are many great ideas out there, but not all of them are viable from a business perspective. There may be issues with the marketability of the product or significant hurdles to raising the capital needed to develop and grow the business. "If no one is willing to pay money for it, it isn't going to succeed," she says. "Entrepreneurs need to do more market analysis. How can you target a market if you don't know what you do? You need common sense and a realistic idea of how they are going to raise capital. Not all businesses suit venture capital investors."

Winning the Startup Idol competition was a big deal for Axonify, says Leaman, because it "validated the concept and validated the market."

Earlier this year, the company secured \$2 million in venture capital funding from California-based Bridgescale Partners and the Ontario government's Investment Accelerator Fund. The money allowed Axonify to re-engineer the technology and hire more staff.

"We will be profitable next year," says Leaman.

"We're going to build a successful company that is based on a simple principle. When anyone says Axonify, people will know who we are. We'll have done enough great things that we will be a brand name in this community. If you do the right things to build the business, people will take notice. We want to be a name that people know."