

# aeioTU

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The Care Economy  
Knowledge Hub

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# Profiling Businesses in the Care Economy

The care economy consists of paid and unpaid labor and services that support caregiving in all its forms. In Africa, Asia and Latin America, women spend between three to five times as many hours on unpaid care and domestic work as men. This represents 80 percent of a household's total hours devoted to unpaid care work.

Care economy businesses can help recognize, redistribute, reduce and reward – also known as the 4 Rs – unpaid and paid care and domestic work in the following ways:



**Recognize:** Initiatives that increase visibility and recognition of paid and unpaid care and domestic activity as "productive" work that creates real value and contributes to economies and societies.



**Redistribute:** Services and initiatives that redistribute care work from individuals to public and private sector entities, and redistribute care and domestic work within the household.



**Reduce:** Products and initiatives that reduce the time spent on and burden of unpaid care and domestic work.



**Reward:** Products, services and initiatives that ensure that care and domestic workers are paid fairly and have professional growth potential. This provides them with financial reward and security.

The Care Economy Knowledge Hub aims to address the knowledge gap around care businesses by showcasing various business models and creating a resource base for relevant stakeholders. It also aims to raise awareness and increase knowledge of the state of impact-driven care economy business models and attract a broad range of funders to invest in care economy solutions by showcasing opportunities. These business profiles are intended to showcase said potential investment opportunities. They have been created from information and data provided by the business itself.

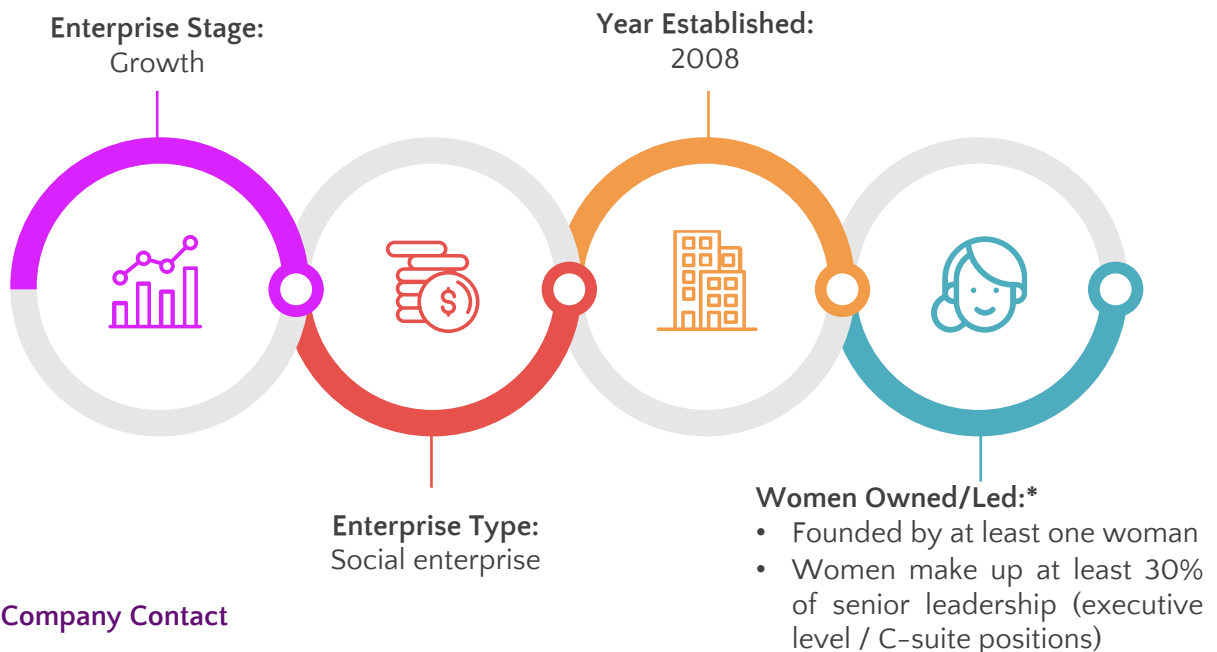
This project is supported by Canada's International Development Research Center, in partnership with the Soros Economic Development Fund at the Open Society Foundations. Building on their track record and commitment to transforming the care economy and mobilizing finance for gender equality, they have jointly launched this action research program to help transform the care economy through impact business and investment.

## Executive Summary



aeioTU is a social enterprise that works with public and private actors to provide high-quality, comprehensive care and education to children throughout Colombia. The organization runs two types of daycare centers: 1) private centers for middle and high-income families in Bogota, and 2) public daycare centers in low-income areas that receive government and grant funding. In addition to daycare centers, aeioTU revenue streams include consulting, special projects, and aeioTU digital – a platform for caregivers, educators, and families to increase their knowledge and improve childcare skills.

To date, aeioTU has directly served more than 30,000 children and 6,300 educators and caregivers through its daycare centers, and indirectly served around 400,000 children and 16,600 educators and caregivers through third parties. In 2021, aeioTU generated a revenue of US\$ 7 million and currently employs 267 individuals.



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\*According to 2X “women entrepreneurship” and “women leadership” criteria; [2X Challenge Criteria](#)

# 1. About The Enterprise

## 1.1 Problem

Approximately 2.5 million children in Colombia live in poverty. Their families have no access to formal childcare<sup>1</sup>. Most working families, especially women-headed households, lack affordable, convenient, and high-quality childcare options that suit their location and schedules. As a result, in order to avoid dropping out of the labor market many resort to informal childcare options, such as neighbors without adequate childcare training. aeioTU addresses four main problems: 1) limited access to formal and convenient childcare options; 2) the absence of affordable, conveniently located, and high-quality childcare alternatives; 3) lack of early childhood education and care training for informal caregivers, educators, and families<sup>2</sup>; and 4) women's childcare burden, which limits their participation in the labor market.

## 1.2 Solution

aeioTU offers nine strategically located, high-quality, and low-cost early childhood education centers across five Colombian cities. These institutions seek to address the issues of limited access to formal and convenient childcare options, the absence of high-quality and affordable childcare alternatives that target low-income families, and the burden of childcare often borne by women. The organization uses the Reggio Emilia educational approach<sup>3</sup>, which actively integrates families and communities into childrens' education. The model assumes that, beyond the daycare center, community members are responsible for caring for and educating children. Given this philosophy, aeioTU provides tools and activities for all caregivers to stimulate children's learning ability and redistribute the care burden from families to a third-party organization. Because aeioTU recognizes that every household has its own caregiving needs, it seeks to tailor its educational approach and curriculum to every family's particular context (e.g., flexible daycares schedules) and culture. For example, in areas with a high presence of Venezuelan migrants, aeioTU trains migrant women to be formal caregivers and educators and to design activities and games based on their customs and traditions.

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<sup>1</sup> Bernal, R., & Fernández, C. (2013). Subsidized child care and child development in Colombia: Effects of Hogares Comunitarios de Bienestar as a function of timing and length of exposure. *Social Science & Medicine*, 97, DOI: 10.1016/j.socscimed.2012.10.029

<sup>2</sup> Britto, P.R., et al. (2017). Nurturing care: promoting early childhood development. *The Lancet*, 389(10064), 91-102. DOI: 10.1016/S0140-6736(16)31390-3

<sup>3</sup> The Reggio Emilia Approach is an education philosophy for pre-school and primary education. It is based on the notion that children are capable of constructing their own learning process through their innate curiosity to understand the world. The basic principle is that children learn about themselves and their context through interactions with others and their environment. Thus, adults are mentors and guides of this process rather than mere caregivers or providers of knowledge, providing opportunities for children to explore their own interests. The approach recognizes many ways to understand the world and express thoughts, and promotes these communication channels within the educational experience, including art, music, dance, movement, pretend play and exploration.

aeioTU addresses the lack of training for informal caregivers, educators, and families via its “aeioTU network,” a free E-learning platform with more than 1,200 videos, podcasts, and workshops to improve childcare skills. aeioTU focuses on “community mothers”: women who offer informal domestic caregiving services for children. These community mothers can increase their knowledge through continuing education courses on strategies that allow them to improve the quality of childcare they provide. Those who achieve completion certificates are eligible to be hired as caregivers or some start independent in-home daycare centers where supply is limited, such as in rural areas.

aeioTU provides consulting services and special projects for institutions interested in learning from its educational experience in providing comprehensive early childhood education and care services. aeioTU also supports other providers and professionals through staff training and custom childcare solutions to address institutions' needs.

Overall, aeioTU’s business lines, consisting of daycare centers, the aeioTU network, consulting services, and special projects, contribute to redistributing childcare responsibilities to institutions while reducing women’s burden of care.

### 1.3 Customer Segment

Customer Segment	Product / Service Provided	Paid / Unpaid
Households	<b>Public and private early childhood education centers:</b> Private daycare centers target high and middle-income families, while the public centers target low-income families. The organization guarantees the same high-quality early childhood education for children from zero to five years old in both its private and public centers.	<b>Paid:</b> Families in private daycare centers pay a monthly fee.
Private companies, foundations, NGOs, educational institutions	<b>Consulting services:</b> Consulting services include capacity strengthening for educational institutions, training, mentoring, program development, early childhood curriculum design, training, programs with families, and on-site and virtual internships for caregivers and educators..	<b>Paid:</b> Organizations pay for these services.

Customer Segment	Product / Service Provided	Paid / Unpaid
Multilateral organizations, foundations, NGOs, educational institutions	<b>Special projects:</b> These are on demand and vary according to an institutions' needs. Some of the aeioTU special projects cover program and curriculum design, training of caregivers, developing and implementing early childhood education solutions and daycare centers in low-income areas, and designing physical caregiving spaces that stimulate brain development and learning.	<b>Paid:</b> Organizations pays for these services.
Caregivers, educators, and families	<b>aeioTU network:</b> This is an online platform that compiles all aeioTU developed content to promote training, upskilling, and reskilling. It offers free access to videos, podcasts, and workshops for all families and caregivers. Some content is available via WhatsApp to make it easier for people with limited internet connectivity. For specialized content, such as courses in preventing and detecting child abuse and certificates in cognitive development strategies, individuals pay a fee depending on the course length and topic.	<b>Paid and unpaid:</b> Some content is free; other is available for paying members only.

aeioTU also advocates for the prioritization of caregiving policies, and played a fundamental role in the 2016 approval of the national Early Childhood Comprehensive Development Policy called "From Zero to Forever". aeioTU consistently advocates for more robust early childhood education programs that redistribute the caregiving burden to trained professionals.

## 1.4 Team And Governance Structure

aeioTU currently employs 267 people, of which almost all are full-time (262). Women represent 89 percent of the team while men comprise 11 %. The executive director and 80% of the leadership team are women. There is one woman on aeioTU's advisory board made up of eight independent members who are leaders of prestigious business organizations and foundations.

## 1.5 Enterprise Policies

Policy	Yes / No
Overall HR Policy	Yes
Non-discrimination / Equal employment opportunity / Diversity and inclusion policy (gender, LGBTQ, PWD, etc.)	Yes
Anti bullying and sexual harassment policy / Respectful workplaces	Yes
Whistleblower policy / Employee grievance mechanism	Yes
Maternity / Paternity leave policy	Yes
Safeguarding policies for vulnerable groups (children, elderly, PWDs)	Yes
Safeguarding policies for the environment or to reduce detrimental impact on the environment (covers reducing carbon footprint, reduced water consumption etc.)	No

## 2. Impact

### 2.1 Mission Statement

Through high-quality early childhood development, aeioTU transforms communities by using innovative and sustainable methodologies to develop children’s potential from zero to five years old.

### 2.2 Intended Impact

aeioTU's model benefits families, especially women, while generating the following impact:

- It **recognizes** the importance of caregivers and educators and advocates for shared care responsibility between families, including men, and all community members. aeioTU also advocates with government for better and more comprehensive caregiving policies and programs

- It **redistributes** households' care burden to a third party (e.g. daycares) and among all community members
- It **reduces** the time families, especially women, dedicate to unpaid care work
- It **rewards** care workers by improving their working conditions and by offering them competitive salaries

Benefits of aeioTU's Reggio Emilia approach go beyond daycare and ultimately benefit the community. aeioTU uses this method to encourage caregivers, educators, and all community members, including men, to engage in community projects that promote children's wellbeing. These projects consider environmental issues that affect communities. For example, aeioTU guides communities to develop creative projects using recycled material, such as collecting plastic bags from surrounding areas to build porches that become shaded spaces for after-school and weekend activities with families.

## 2.3 Monitoring And Measurement

aeioTU monitors its results in terms of the number of customers its services reach. Some service delivery indicators include:

- Number of children in aeioTU-operated centers
- Number of children served by consultancies and projects
- Number of children served by aeioTU network
- Number of early childhood education centers operated by aeioTU
- Number of certifications issued to caregivers and educators

These indicators are captured monthly through "Connectu," a tracking software to monitor daycare centers. Data from aeioTU network is captured weekly.

aeioTu participated in the first longitudinal study of its kind in Latin America that followed 1,218 children's developmental trajectories between 2010 and 2015 to estimate the effects of a comprehensive educational and nutritional intervention for zero-five years old in Colombia, in the form of aeioTU centers. The research was conducted by The National Institute for Early Education Research (NIEER) using a randomized trial<sup>4</sup>.

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<sup>4</sup>NIEER and Los Andes University. (2018). aeioTU Longitudinal Study. Retrieved from <https://nieer.org/research/aeiotu-longitudinal-study>



## 2.4 Results To Date

aeioTU's customers served results (including all its solutions) from 2009 to 2021 are as follows:

- Parents and caregivers: 814,300
- Children: 457,549
- Families: 377,797
- Caregivers and educators: 31,965

Results from aeioTU's impact evaluation demonstrated that the institution's care intervention contributes to closing the development gap between low-income and more advantaged children. The study also estimated the positive effects of the aeioTU's center-based care intervention on children's overall cognitive, linguistic, and nutritional development. Nonetheless, the study did not suggest demonstrated progress on the 4 Rs.

aeioTU's work is aligned with the following Sustainable Development Goals (SDGs):



## 3. Financials

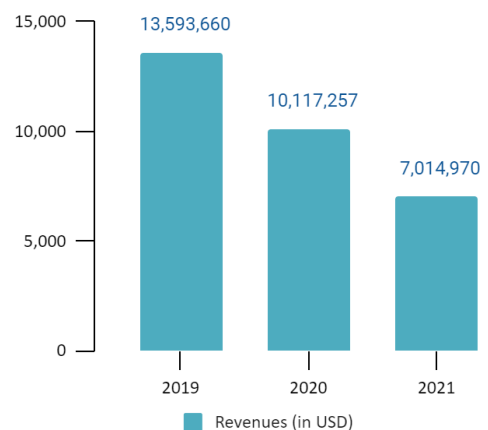
### 3.1 Financial Status

aeioTU has reported that it was financially sustainable in 2019 and 2020, but not in 2021. The COVID-19 pandemic had a significant impact on aeioTU's finances in 2021 for two key reasons. First, the budget allocated by the Colombian Family Welfare Institute (ICBF) to aeioTU for providing early childhood services decreased. Second, demand for private daycare services declined, resulting in two private daycare closures in 2020. aeioTU's financials have been recovering in 2022. The organization estimates that it will be financially sustainable by 2025.

(Amounts in USD)	FY 2019	FY 2020	FY 2021
Total Revenue	13,593,660	10,117,257	7,014,970
Total Expenses	12,938,629	9,967,063	7,899,478
EBITDA OR Profit/ Loss	655,031	150,194	-884,507
EBITDA Margin	5%	1%	-13%

#### 3.1.1 Revenue Streams

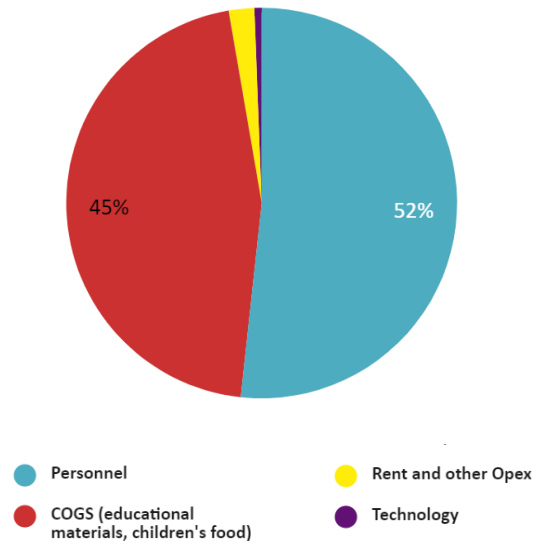
In 2021, 72% of aeioTU's revenue came from childcare services for the Colombian Family Welfare Institute and municipal administrations. Moreover, consulting services and special projects for multilateral organizations and NGOs represented around 25% of aeioTU's income, while 3% was from households with children in private centers, and 2% were donations from private companies and foundations. The graphic below shows the company's revenue for the last three years. From 2019 to 2020, aeioTU's revenue decreased by 26%; from 2020 to 2021, it dropped 31%. aeioTU still forecasts a deficit at the end of 2022, but expects to increase its revenues by 29% relative to 2021.



### 3.1.2 Expenses

The following pie-chart depicts aeioTU's expenditures between 2019 and 2021.

- Personnel: 51.5%
- Technology: 0.6%
- Training: 0.2%
- COGS (educational materials, children's food): 45.4%
- Rent and other opex: 2.1%
- Marketing: 0.2%



### 3.2 External Funding Sources (Past and Current)

aeioTU receives public funding from the Colombian Family Welfare Institute and Medellín's Mayor's office to provide early childhood education services. It also receives donations from large foundations (such as Lego Foundation, Hilton Foundation, and The Social Group Foundation), and grants from multilateral organizations such as the International Migration Organization and the Inter-American Development Bank.

However, it is critical to note that after almost 15 years of operations, aeioTU is now shifting away from a model that heavily relies on public funding to provide free childcare services to low-income families, and shifting towards a social enterprise model of fee-for-service. Starting in 2024, all families, including low-income families, will pay for daycare. The company is currently honing the model, though foresees introducing a sliding scale.

### 3.3 Challenges Faced In Accessing Capital

#### Availability of capital to invest in early childhood care

Reaching pre-COVID-19 revenue has been challenging since the beginning of the pandemic, government and private funding have decreased, and both public and private sectors continue to cut back funding. Most financial support and technical assistance come from companies abroad and not Colombian companies.

## 4. Path To Scalability

### 4.1 Potential Avenues For Growth

aeioTU has identified the following avenues for growth:

- **Geographic expansion:** In the next two years, aeioTU plans to consolidate its presence in Mexico, especially in frontier states where aeioTU has implemented special projects with migrant communities on the United States-Mexico border. aeioTU has been in conversation with Hipocampus Mexico to learn more about companies' on-site daycare centers. aeioTU has identified that employees in Colombia prefer to have daycare centers close to home rather than their workplace, which is a significant difference between the Mexican and Colombian markets. In the next three years, aeioTU aims to expand to Central America, starting with Panama, and then to Hispanic communities in the United States.
- **Holistic solutions for childcare:** aeioTU is moving forward to integrate all its products and services under one business model. The goal is to sell “packages” of holistic childcare and educational services solutions to governments, private companies, and educational institutions. This model will allow aeioTU operations to be more financially sustainable and scalable across Colombia and internationally.
- **Low-cost daycare services for households:** By 2025 aeioTU plans to be financially sustainable by providing low-cost daycare in Colombia rather than free services paid for by grants and/or public institutions funding.

### 4.2 Risks And Challenges

aeioTU has identified the following challenges:

- **Financing challenges:** Financing for early childhood education service providers from the ICBF, donations, and the households with children in aeioTU private centers have decreased. Two private centers were closed last year. The company is working to transform its daycare business model into a low-cost service with affordable fees for all families, adjusted for income. This would decrease the company's dependence on public funding from the ICBF.
- **Operational challenges:** Training local people in different states where aeioTU is beginning operations is costly since it takes time to equip staff with the skills aeioTU requires. In the meantime, the organization still needs to provide services that sometimes require employing a larger team of caregivers and educators. Therefore, the company

launched the aeioTU network to decrease training costs, have a larger pool of caregivers and educators, and ensure that staff members get adequate training tailored to aeioTU standards.

- **Communication challenges:** To position its services in the market, it needs to use communication and marketing, specifically branding and storytelling, to capture a larger market share.
- **Technology:** The challenge is making the aeioTU network's more than 1,500 documents and videos available offline, in concise courses that can be shared via WhatsApp for free.
- **Competition:** Other free care and educational content platforms might have higher market visibility than aeioTU.
- **Regulatory framework:** aeioTU is waiting for the Ministry of Education to approve some of its certifications as "Continuing Education" programs or "Education for Work" so that caregivers' and educators' training is formally recognized.
- **Gender norms (specifically male caregiver recruitment):** The predominant cultural and social norm is that care and educational services are women's jobs; it has been challenging to recruit males for these roles.

### 4.3 COVID-19 Impact On The Enterprise

Given the nature of aeioTU's operations, COVID-19 impacted the organization financially and operationally. Financially, public and private funding dropped, and special projects and consultancies were put on hold until the end of 2021. Operationally, educators and caregivers perceived more pressure and burden. In addition, delays in children's learning and cognitive development due to lockdowns have been challenging for caregivers and educators to manage, and is why aeioTU has invested in providing more specialized training to its team. During the lockdown, the company launched the aeioTU network to provide specific training and certifications for educators and caregivers.

### 4.4 Support Received To Date

aeioTU has received technical assistance and support from:

- Lego Foundation with an in-kind donation that assisted aeioTU to strengthen its strategy and business model.
- Grand Challenges Canada with mentorships with experts, case studies, and experiences exchanges.
- Ashoka via technical assistance to develop aeioTU network.

## 4.5 Inputs Required For Growth

aeioTU requires US\$ 9.4 million to strengthen its operations over the next four years. aeioTU is looking for investment in the form of grants, donations, or similar types of unrestricted funds. This capital is required to develop private and public centers, aeioTU Digital, and to continue funding its research and development unit.

For the private centers, aeioTU requires CapEx<sup>6</sup> to buy physical assets, such as buildings and spaces to establish daycare centers. It plans to extend its model in which public centers are subsidized with revenue from the private centers. It aims to improve its public daycare centers to provide better services. To improve operations it will keep developing the “Connectu” software to become a key part of the centers’ operations. It ultimately plans to sell the software to other enterprises running care centers and educational institutions.

As for the aeioTU Digital line of service, capital is required to improve its marketing strategy; specifically to publicize content, certificates and courses, as well as its service evaluations. aeioTU also plans to develop a platform for children with solid pedagogical content, and needs funding to continue its research and development unit to create and update its pedagogical material.

Lastly, aeioTU must assess and develop its marketing strategy, especially for the digital line of service and consultancy services, and is looking for guidance to improve its monitoring and evaluation processes. aeioTU would like to develop an alliance with companies like Platzi or Domestika to better understand the EdTech ecosystem.

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<sup>6</sup> (CapEx) are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment.