

## **SIIA 2010 Ed Tech Business Forum (November 29-30, 2010; New York, NY)**

### **EdNET Conference 2010 (September 26-28, 2010; Boston, MA)**

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Sometimes, the best way to get the feel for the internal state of an industry is not to see what's said at one conference, but to see what's common across industry conferences.

Two conferences were bookends to the education publishing and technology industry in the last quarter of 2010. The EdNET (Educational Networking) Conference, a mainstay of the past 22 years and hosted by industry direct-marketing powerhouse MDR, is more tightly aligned to traditional education publishing. The Ed Tech Business Forum, part of the Software and Information Industry Association's Education Division programming, marked its tenth anniversary and is more closely aligned to education technology.

EdNET 2010 was held at the Renaissance Boston Waterfront Hotel in Boston, MA September 26-28, 2010. More than 550 industry execs and others attended under the tag line, "Reflect and Renew: Retooling for the New Education Marketplace." The full program, and presentations, are archived at <http://www.schooldata.com/ednetagenda.asp> .

SIIA's Ed Tech Business Forum was held at The Princeton Club in New York City November 29-30. The conference itself sold out with more than 270 in-person and online attendees. ETBF's tag line: "Re-Inventing Business Models." The full program and presentations are archived at <http://www.learningtimes.net/siia/edtechfall2010/program/> .

These notes, drafted in January 2011, represent highlights. They're based on the live-tweeting of both conferences by [@FrankCatalano](#) and his additional observations, and only represent sessions attended (all general/keynote sessions; see the full agendas for details of both). Any analysis, commentary or errors are his alone.

### **Policy and Funding Issues**

Not surprisingly, a major emphasis of both conferences was the overall landscape for education in light of continuing state budget woes, adoption of the Common Core State Standards by more than 40 states, and the pending reauthorization of the federal Elementary and Secondary Education Act (known under its current reauthorization as the No Child Left Behind Act).

Former West Virginia **Governor Bob Wise**, now president of the **Alliance for Excellent Education**, mused during his EdNET keynote on the challenges education technology faces when it comes up against politics and policy:

- Seventy percent of the American public have no contact with public school boards;

- Government policies need to be more flexible to deal with changing technology, as tech development always outpaces policy development – the current NCLB law has edtech limitations that make it, “a compact disc in an iPod world;”
- Education technology needs and uses have to be made tangible to lawmakers since “all members of Congress are human.”

Not surprising, money to pay for education was top-of-mind at both conferences. During EdNET’s “Climbing Back from the Downturn” session, **Michael Griffith**, senior policy analyst for the **Education Commission of the States** titled his presentation, “Eight Minutes of Hell.” As he put it, “Things are bad. Things would be worse without the federal (stimulus) money, but they will get better ... eventually.” Without the stimulus funding, Griffith estimates the education picture would have been 50% worse in a number of states. Data points and highlights of the EdNET session:

- Griffith noted it takes 18-24 months after general economic recovery for state budgets to recover. This means they won’t recover until at least a year from “now” (September 2010): 2011-12 will be a bad budget year and recovery isn’t expected until 2012-13 in most states. It could take until 2013-14 in the Rust Belt states, California, and any states affected by tax cuts.
- **Mitchell Chester**, commissioner of the **Massachusetts Department of Elementary and Secondary Education**, preferred not to estimate when funding will get back to “normal” pre-recession levels, instead suggesting now is the time to reconfigure how education dollars are applied and that, overall, he’d prefer not to go back to the old “normal.”
- **Donna Harris-Aikens**, director of NEA Education Policy & Practice with the **National Education Association**, said current levels may be the new normal for state education spending and it may take a long time for spending to fully recover, if ever.
- **Dr. Paul Shaw**, superintendent of the **White County (GA) School System**, estimated on the subsequent EdNET panel, “Education Executive Advisory Board,” that education funding’s recovery wouldn’t happen until 2015-16.

**Anne Wujcik**, editor of EdNET News Alert and education market analyst at **MDR**, mapped the speakers’ projections to a recent EdNET member survey in the “View from the Catbird Seat” session. Overall, the estimates meshed: recovery would be two-to-three years out. But it’s worth noting that one speaker, **Din Heiman**, COO and general manager, **BrainPOP**, thought the recovery would occur at 1998 spending levels. Anne added the member survey showed longer sales cycles and more RFP processes in 2010 than in the previous year.

At the SIIA Ed Tech Business Forum two months removed from EdNET, both Joel Rose of the New York City Department of Education and Mike Pitroff of Baltimore City Public Schools said that current funding problems will have a long-term, structural impact in how they do business.

## Customer Needs

Both conferences fielded panels of actual education customers. EdNET's group was represented on its "Education Executives Advisory Board" session, while SIIA's team was on the "Where Are We Going to Spend Money?" panel. Highlights from five prominent district leaders:

- **Judith Johnson**, superintendant, **Peekskill City (NY) Schools** (EdNET) won't purchase any edtech product without one-to-two years of sustained professional development: "It's not enough to purchase a product and say, 'good luck.'" Johnson said free webinars were just as useful as on-site professional development.

Johnson added that parents can be an impediment to education technology since new tech can be alien to their remembered school experience. When some parents see clickers used in schools, they ask, "What are they doing with their thumbs?"

- **Dr. Edgard Hatrick**, superintendant, **Loudoun County (VA) Public Schools** and president, **American Association of School Administrators** (EdNET) said a challenge with many edtech products is scalability. They may work in a small school but when a district loads in 63,000 students, "the whole thing just melts before your eyes." Hatrick said, despite edtech's promise, "we are still, as a nation, textbook bound." As some textbooks have grown to seven- or eight-hundred page tomes, Hatrick notes these are "not very interesting to the kids we teach."

As to help with edtech and innovative approaches, Hatrick noted, "Many times it's the 25<sup>th</sup> year teacher who needs the mentor more" than the new teacher. And sometimes there is a "this too shall pass mentality."

- **Dr. Randy Mohundro**, superintendant, **De Leon (TX) Independent School District** (EdNET) said a big issue is getting state legislators to understand "that just because it's digital, it's not free." If he has to cut budgets, he added, "we will start looking at online instruction as an alternative."
- **Joel Rose**, CEO, **School of One, New York City Department of Education** (ETBF) said while live student performance data was nice, integration of that data into the school was more important than whether it was live. Rose said School of One only uses digital curriculum, but it's from 50 different providers. Still, this gives them the opportunity to do analytics to compare and then they "will purchase based on effectiveness." Size of a company isn't an impediment; he noted that small is preferred since it's nimble.

Rose said he wouldn't be surprised if, at School of One, they've moved entirely to iPad-like tablets "in three years."

- **Mike Pitroff**, chief information technology officer, **Baltimore City Public Schools** (ETBF) said disparate data systems keep him up at night, and they need to be brought together to provide "a single source of truth." A criticism heard from his educators is that they feel they can't trust the data they're getting, and they need to be able to rely on what the data is telling them.

Unlike New York City's School of One, Baltimore has mostly a print curriculum. Aside from math, he can't find digital content that works with their systems, though he says Baltimore has the infrastructure and mechanism to deliver a digital curriculum.

## Product and Company Trends

What is changing in products, companies and investments in both?

At EdNET, the "Key Trends in Product Evolution" session had **Scott Traylor**, chief kid, **360KID** and **Marie Bjerede**, VP wireless education technology, **Qualcomm**, agreeing that usability and the "one-click" experience are two lessons education technology could still learn from consumer technology. Bjerede noted that innovations need to occur in the consumer space, then make their way to schools. As if to amplify, Traylor pointed out that 62% of kids have cell phones when they're in school, but they can't use them in class.

**Steve Midgley**, deputy director of the **Office of Education Technology, US Department of Education**, added that "maker tech" has exciting implications for education, and referenced a just-completed conference, Maker Faire in New York (<http://bit.ly/avzWDE>).

At ETBF, changes at the company level were represented during "How We Are Reinventing Our Business Models." Executives from Pearson, McGraw-Hill, and Houghton Mifflin Harcourt stated the (somewhat) obvious: Services and technology bundled together trump products alone. **James Behnke**, chief learning officer for **Pearson Education North America**, said his company was seeing a "total reset" in K-12 schools, and that higher education technology and business models were making their way into K-12. These days, he noted, "you don't win though strict proprietary approaches" with digital data and content.

**Hendrik Kranenburg**, group president for higher education, **Professional and International, McGraw-Hill Education**, sees more convergence between K-12 and higher ed as well as higher education institutions moving more toward institutional purchasing.

And the money – that is, the investors in the companies that make the products? At ETBF's aptly named "You Want Me to Invest in What?" session, **Robin Warner**, education specialist with **Atwood Advisors**, said companies seeking capital better show a "must have" rather than be a "nice to have" capability. Investors in edtech, she added, are all "smart money." In the Q&A, when asked what some of those must-haves might be, the panelists said products that directly affect outcomes; digital content plays that drive device sales; and products or services with teacher-centric models.

Not surprisingly, the drive-device-sales answer came from panelist **Sita Vasan**, director at **Intel Capital**. Vasan said the market was looking for "a better model of classroom that fits today's digital age," and that model wasn't there yet.

Fellow panelist **Chad Johnson**, managing director at **Cherry Tree & Associates**, said schools are now showing an affinity for subscriptions, not just outright purchases of software products. But companies need, in addition to the usual scalable business model / strong management / visibility-to-future-success

requirements, both competitive differentiation and proven education results – two requirements for investor interest that were not considered musts a decade ago.

**Sari Factor**, managing director – education, **Weld North**, stated that if the company CEO can't do a product demo, it's too complex for buyers ... and investors. She made it clear that K-12 is "not a hockey-stick business" and investors will question any hockey-stick financial projections. (Or, as a panelist at a previous year's ETBF put it, K-12 education is a "get rich slowly" business.)

All three noted that a direct, company-owned sales force is seen as a positive by investors, especially in making initial sales. That doesn't mean other sales models are ignored, but they have to be proven.

### **Additional Thoughts**

Sometimes off-hand comments speak volumes in a handful of words:

- **Din Heiman, BrainPOP** at EdNET on what the forthcoming end of federal stimulus funding for education means for the industry: "If we're going off of the funding cliff, at least we're going off of it together."
- **Mitchell Chester, Massachusetts Department of Elementary and Secondary Education**, at EdNET on innovative education technologies: "The best applications are not happening in state education agencies," they are happening in education companies.
- **Tom Carroll, NCTAF**, at ETBF introducing NCTAF Learning Studios during SIIA's Innovation Incubator session: "Education technology is like the Wright Brothers being asked, 'That's great. How will this fix the railroads?'"
- **Liz Strauss, SOBEvents**, at EdNET on how education companies should view their social media efforts: "It's not if you build it they will come; it's if THEY build it they'll bring their friends."

SIIA 2010 ETBF presentations, audio and video are on the conference website (<http://bit.ly/ggeFD8>). EdNET 2010 presentations and audio are on the EdNET website (<http://bit.ly/9xYGpR>). An essay summarizing Frank Catalano's ETBF presentation on recommended marketing spending for startups and emerging companies can be found on the [Intrinsic Strategy](http://bit.ly/flhVSX) blog (<http://bit.ly/flhVSX>).

EdNET 2011 will be September 25-27 in Denver, CO. SIIA's 2011 ETBF will be November 28-29 in New York City.

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