Forward

SIIA is pleased to launch this second report in a new series of *Behind the Data* publications. This report is an extension of our annual vendor survey reports on the *PreK-12 U.S. Education Technology Market* where we provide vital data for companies and the education community at large. In analyzing the data for these annual reports, we identified trends that prompt further questions about the purchases and uses of software, digital content, and related digital services in schools. In the most recent report there was a significant increase in sales for online courses, which prompted questions about the reasons for this growth.

This report — *Behind the Data: Online Course Market—A PreK-12 U.S. Education Technology Market Report*—summarizes the experiences, insights, and analyses of industry executives for a more thorough understanding of the online course market in PreK-12 education institutions. We are thankful to the authors at Consulting Services for Education for delving into this project and obtaining answers for the industry. And, we especially appreciate the work of all the contributing companies who responded to our calls and provided additional information about the work they do. Without their participation, this report would not be possible.

With this work behind us, we’re moving on to additional reports based on the data we collected in our 2014 PreK-12 Market Survey. Please contact us if you would like to participate or support this effort.

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VP and Managing Director, The Education Technology Industry Network (ETIN) of The Software & Information Industry Association (SIIA)
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Executive Summary

The PreK-12 Online Course market segment has experienced a remarkable increase over the last three years. This growth has occurred in challenging economic times during which there was an overall PreK-12 budget and spending decline. Behind the Data: Online Course Market digs deeper into the reasons for this surge and analyzes the trends for the Online Course market segment. This report is based on extensive interviews with 25 industry executives from 21 companies, almost all of whom had reported Online Course revenue in the SIIA 2014 U.S. Education Technology Market: PreK-12 survey.

In our annual survey we found that revenues in the Online Course category grew 320%. There are several reasons that explain this noteworthy increase: some large companies are reporting revenues in this category for the first time and many more companies overall are participating in this market segment. The total number of companies reporting revenue in the Online Course category in our market survey over the past three years has almost doubled from 14 and 13 companies reporting income in this category in 2012 and 2013, to 23 companies in 2014. In addition, we found that some of the larger companies that have been in this space are reporting year-over-year growth rates of 30 to 40%.

Although this growth is undeniable, in our judgment it does not account for the 320% increase. Many of the companies responding to our annual survey have expanded the “Online Course” category to include any fully digital curriculum even when delivered face-to-face and in the classroom.

Our interviews also showed that four important contributing factors resulted in greater market acceptance for online courses:
1. The technology infrastructure is in place;
2. The quality of online courses has improved;
3. Online courses are filling gaps in the standard curriculum; and
4. There is real market demand in niche areas.

We found that there has been a shift in the pedagogical models for teaching online courses. The first implementations of online courses were mostly virtual and asynchronous or lecture capture. They were offered at a distance, and students moved through the course by passing gating assessments.

Over the last five to ten years the pedagogy has evolved to include more dynamic teaching models, such as:
• Synchronous • Facilitated
• Blended • Hybrid
• Flipped

This expansion has served to make interactive online courses more flexible.

This evolution of pedagogical models and language is a direct result of the print to digital transition. As more content is delivered digitally, the role of the traditional print textbook is diminished. New pedagogical models are evolving, and the classroom structures are more complicated necessitating significant changes in the ways in which teachers orchestrate classroom activities.

At some point it may make little sense to discuss terms such as “flipped” and “blended,” as online learning of various kinds is completely integrated into mainstream educational activities. This integration has also blurred the lines separating curriculum, delivery system, embedded assessment, and personalization.

One surprising result is the decline in the reporting of revenue from Learning Management Systems (LMS), even as almost all online courses depend on them.
Opportunity to Participate
2015 U.S. Education Technology Market
PreK-12 Survey Open

The 2015 U.S. Education Technology Market: PreK-12 survey gathers sales information directly from education technology companies. The SIIA reports have become more comprehensive each year as more companies participate.

Why Participate
1. The more companies/products participate, the more accurate the data.
2. You will get one copy of the full report for free – a $1,500 value.
3. The data is aggregated so it really is confidential and anonymous.
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5. The survey is short. It should only take 10 minutes as long as you have your sales data.

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If you would like to participate and receive the next report for free, simply fill out the online survey with your company’s annual revenues in the requested categories at www.siia.net/education/marketsurvey.

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• All the information—from every category—aggregated in the final report.
• Information that helps you gauge your product’s market share in a given category and understand the education technology market more fully.

Questions?
Contact Karen Billings at kbillings@siia.net or 202-789-4487.
About SIIA

The Software & Information Industry Association (SIIA) is the principal trade association for the software and digital content industry. SIIA provides global services in government relations, business development, corporate education, and intellectual property protection to more than 850 leading software and information companies.

ETIN – the Education Technology Industry Network of SIIA – serves and represents over 200 member companies that provide software, digital content, and other technologies that address educational needs. ETIN shapes and supports the industry by providing leadership, advocacy, business development opportunities, and critical market information. The Division provides a neutral business forum for its members to understand business models, technological advancements, market trends, and best practices. With the leadership of the Division Board and collaborative efforts with educators and other stakeholders, the Division undertakes initiatives to enhance the use of education technology and the success of SIIA members.

For more information, see: www.siia.net/ETIN/.

About CS4Ed

Consulting Services for Education, Inc. (CS4Ed) provides business planning services, market research, product analysis and evaluation, and product development to publishers, technology developers, program managers, and educational organizations (www.cs4ed.com). CS4Ed’s senior staff has experience in both PreK-12 and higher education and the realities of publishing, product management, business development, and research. The company combines academic quality with product development experience.

CS4Ed’s business services include:

• Strategic guidance for education vendors, institutions, and policy makers
• High quality, comprehensive market research
• Planning the launch and commercialization of products and services
• Arranging partnerships and distribution agreements, and exploring market opportunities
• Identifying and securing high quality materials or resources

CS4Ed teams specialize in evaluating the design, effectiveness, and impact of educational products and services. CS4Ed consultants have the comprehensive and specific knowledge to help solve business problems, and they have extensive experience in the development and execution of business plans and strategies.
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