Evaluating the Outlook for the Ed-Tech Industry in 2015

By Michele Molnar on January 16, 2015 4:37 PM | No comments

With 2015 underway, ed-tech businesses are watching a host of issues and trends—funding sources, the global market, student-data-privacy legislation, interoperability and integration, and common core implementation—as they guide their businesses.

We asked three ed-tech leaders and influencers to share their opinions about what education companies will be keeping an eye on this year. Steve Pines, the executive director of the Education Industry Association; Mark Schneiderman, the senior director for education policy at the Software & Information Industry Association, also known as the SIIA, and Sara Schapiro, the director of the League of Innovative Schools.

Here are their top picks, by category:

Student-Data Privacy: On Monday, President Obama proposed federal legislation that would govern how students' data privacy must be ensured by education companies. "We expect continued attention on this area, as the sector updates its practices," said Schneiderman. For its part, the industry supports strict standards, but is concerned about competing layers of regulation between existing state laws and the proposed federal legislation.

Procurement: Ed-tech companies are looking for changes in this complex and often confusing area of business-school interactions. "We're still very active and watchful in the whole notion of procurement, and how those transactions between buyers and sellers can be made more efficient, saving time and money for districts and vendors," said Pines, whose organization partnered with Digital Promise and the Johns Hopkins University Center for Research and Reform in Education on a comprehensive study of district procurement practices and vendors' experiences with procurement. The study was released late last year. (Pines recently announced he will be stepping down as the executive director of EIA.)

Pilots and a focus on efficacy: Districts want proof that a product works, which often means conducting pilots or research that provides meaningful measurement of learning outcomes. "If having better evidence of efficacy can help the discovery process, or help in district decisionmaking, then it behooves vendors to obtain reliable data about products' efficacy," Pines said, pulling from one of the procurement report's findings.

Transforming District-Business Relationships: Districts are looking for companies to become "thought partners," acting as partners—not sales-driven engines—with districts, said Schapiro. Companies will be trying to figure out how to fill that evolving role.

Interoperability and integration: "Districts want open, user-friendly tools that incorporate content from many different sources. They don't want closed systems anymore," said Schapiro. Increasingly, companies will be required to provide integration, and their digital products will be expected to be interoperable, which means they follow a set of standards that allow the products to work within a shared content-delivery ecosystem. The SIIA's Schneiderman agreed that companies will be evaluating which technical standards districts choose.

Marketplace shake-out? Pines expects to see some companies fail, as many newer ed-tech companies established in the last three or four years have used up their initial investments, and face the prospect of getting more capital to keep going. "This will be a very interesting period with some shake-out," he predicted. Pines believes some investors will be disappointed with how their investments have fared, and will pull back from sinking more money into the K-12 market. Other companies will be acquired by larger brands, so merger-and-acquisition activity should continue to be a force to watch in 2015, he said.

The lure of the global marketplace: As ed-tech companies established here look to expand, the global marketplace is waiting, Schneiderman said. "We're seeing increased [Internet] access around the world leading to increased interest" in products, he said.

Ongoing common-core uncertainty: To what extent some states' push back against the Common Core State Standards will impact companies' products remains in question, but companies will be watching states that continue to debate the issue. "Developers of instructional technologies don't determine learning standards," said Schneiderman. "Whatever those standards are, they will adjust. But whenever [standards] change, those investments of time and resources are lost. It's problematic for any stakeholder to have objectives changed in the middle of the game."

E-rate funding impact: The Federal Communications Commission's decision to raise the E-rate's annual spending cap to $3.9 billion, from $2.4 billion, represents a major infusion of funding for expanded broadband support and wireless connectivity. Using these funds to address access issues for schools improves opportunities for businesses that provide digital content. (See how FCC Commissioner Jessica

Rosenworcel thinks E-rate funding could impact digital content.)

The digital-device debate: Districts are continuing to make technology purchases and weighing a variety of options, especially for digital devices. **Chromebooks outpaced sales of iPads to schools** for the first time in the 3rd quarter of 2014. "Our members will continue to look at the evolution," said Schneiderman, noting that most SIIA members produce web-based products that work on either device, and some have developed apps for mobile devices.

Follow **@EdWeekMMolnar** *and* **@EdWeekIandI** *for the latest news on industry and innovation in education.*

Categories: E-rate   Ed-tech   Procurement   Public-Private

Tags: common core   Digital Promise   E-rate   Education Industry Association   global marketplace   interoperability   League of Innovative Schools   procurement   SIIA   student data privacy