

# Electronic Education Report



Simba  
Information

Business Intelligence on Opportunities in the Educational Software Industry

## CompassLearning to Be Sold After RDA Bankruptcy

The Reader's Digest Association (Pleasantville, N.Y.) will sell educational software provider CompassLearning (Austin, Texas) to Marlin Equity, an affiliate of private equity firm Marlin Equity Partners (Los Angeles), in a \$31.8 million transaction expected to close before the end of the month.

The sale comes as RDA received approval from the U.S. Bankruptcy Court for the Southern District of New York for a plan of reorganization that will allow RDA to emerge from bankruptcy by the end of the month. RDA, a direct-marketing company selling books, magazines, home entertainment products, online networking Web sites and educational products, filed for Chapter 11 in August, hurt by a heavy debt load, the recession and its impact on advertising and subscription revenue.

[See 'CompassLearning' on p. 4](#)

## Digital Teaching Platform Options Increase

Digital teaching platforms combine curriculum with tools and tips for managing instruction, and that emerging segment of the educational technology market saw new entries and enhancements to current programs as 2010 began.

Time To Know (Dallas) this month launched a curriculum system specifically designed for the instruction of students in a one-to-one environment. Brought to the U.S. after two years of testing in Israel where Time to Know was founded, the program includes an interactive core curriculum aligned to state's standards and a platform for classroom instruction, assessment, planning and collaboration.

The core curriculum program offers open-ended explorations and tools

[See 'Digital Platform' on p. 6](#)

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## Student Access to Technology-Enabled Education Lags, Survey Finds

Schools have nearly universal Internet access, but opportunities for students to experience anywhere/anytime access to technology-enabled learning continue to lag, according to *Educational Technology in Public School Districts: Fall 2008*, a study from the National Center for Education Statistics released last month.

While prior federal surveys focused on computer and Internet access, national data on the availability and use of educational technology in public schools collected during fall 2008 explored a range of educational technology resources, leadership and staff support. Questionnaires were mailed to 1,600 public school

### EER PULSE

#### Mobile Media Ownership By 8- to 18-year-olds in 2009

- 76% own an iPod or MP3 player, up from 18% in 2004
- 66% own a cell phone, up from 39% in 2004
- 29% own a laptop computer, up from 12% in 2004

Source: *Generation M2: Media in the Lives of 8- to 18-Year-Olds*, a Kaiser Family Foundation Study

## PROFESSIONAL DEVELOPMENT IN ED TECH TOPICS OFFERED AND REQUIRED BY SCHOOL DISTRICTS

Topics	% Offer	% Require
Integrate technology into instruction	95%	39%
Use multimedia digital content for instruction	86%	14%
Use content-specific software tools for instruction	86%	16%
Use Internet resources and communication tools for instruction	91%	15%
Develop curriculum plans that include using technology to address standards	85%	37%
Apply technology in assessing student achievement with respect to standards	82%	40%
Use technology to assess or manipulate data to guide instruction	83%	32%
Use student assessment and evaluation strategies that involve technology	74%	27%
Use technology to support collaboration	80%	16%
Internet safety	89%	55%
Intellectual property and copyright rules	77%	45%
Use technology to support dialogue on student performance indicators	72%	20%
Create or use digital portfolios	51%	5%
Teach via distance learning	47%	4%

Source: Educational Technology in Public School Districts: Fall 2008, December 2009 report from NCES



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districts and the unweighted survey response rate was 92%.

The survey found that 92% of public schools were connected to a district network. Among those schools, the type of connection included direct fiber, 55%; T1 or DS1 lines, 26%; and wireless connections, 16%.

#### Teacher Access Much Higher than Student Access

A high percentage of teachers have access to technology, according to the survey:

- 92% of teachers have access to online district resources;
- 87% of elementary teachers and 95% of secondary teachers have access to electronic administrative tools;
- 82% of elementary teachers and 83% of secondary teachers are offered server space for posting web pages or class materials.

Access for students to technology resources was more limited. Less than half of elementary or secondary students had opportunities for distance learning over the Internet or through videoconferencing, according to the responding districts:

- all elementary students have access, 30%;

- some elementary students have access, 22%;
- all secondary students have access, 46%;
- some secondary students have access, 31%.

A question on access to online curricula generated somewhat higher percentages:

- all elementary students have access, 47%;
- some elementary students have access, 19%;
- all secondary students have access, 53%;
- some secondary students have access, 25%.

Despite the talk about 24/7 learning, a very small percentage of districts reported students have remote access to software used in their classes:

- all elementary students have access, 9%;
- some elementary students have access, 10%;
- all secondary students have access, 12%;
- some secondary students have access, 13%.

A majority of districts have developed policies on acceptable student use of technology-enabled communication tools:

- Email, 84%;
- Social networking web sites, 76%;
- Wikis and/or blogs, 52%;
- Other Internet use, 92%.

Additionally, 100% of districts surveyed kept student data in an electronic data system, although the type of data kept there varied. One hundred percent kept attendance data, 89% kept state standardized assessment scores and 85% kept district-wide assessment results. ■

## **Options for Whiteboards Are on the Rise**

As 2010 begins, a number of companies have product launches, enhancements or price reductions that should lead to increased use of electronic whiteboards.

Whiteboard market leader SMART Technologies (Calgary, Alberta, Canada) last month launched the SMART Slate WS 200 Wireless Slate, which enables teachers and students to interact with digital lessons projected on a screen or interactive whiteboard from anywhere in a classroom. Price is \$349.

This month, SMART upgraded its classroom clickers making text answers a standard feature. The SMART Response PE interactive response system, which replaces SMART Response, allows students to submit text answers of up to 20 characters. Teachers can use the system to create quizzes and tests and also have access to several thousand questions correlated to standards via the SMART Exchange online community.

SMART Response PE can be ordered in packs of 24 or 32 remotes, priced at \$1,599 or \$1,999 respectively.

SMART this month also enhanced the SMART Table interactive learning center designed specifically for early education that it introduced in 2008. The Table now has improved display characteristics, built in Wi-Fi and support for an increased number of learning applications. The enhanced software makes it easier for teachers to create and preview activities on their computer and easier to transfer content between the computer and the Table.

More than 500 schools in North America and the U.K. have installed SMART Tables. The U.S. price has been reduced to \$6,499.

Interactive classroom solution provider Promethean (Alpharetta, Ga.) also is looking to the younger grades, last month introducing National Geographic Young Explorer ActivLessons, interactive whiteboard lessons for kindergarten and first-grade students. They include group activities, narrated stories, printable worksheet and teacher guide.

This month, Promethean partnered with video-on-demand provider Safari Montage (Wynnewood, Pa.) to add a digital media manager solution that will allow users of their whiteboards to align, store and share instructional resources. Educators who use Promethean's ActivClassroom will be able to seamlessly integrate Safari Montage resources into lesson plans and classroom activities.

Safari Montage last month expanded its content bringing the total number of videos to over 7,000 and images to 20,000. Additions include more resources for grades 7 and 8 in science, foreign language, math, art, music, social studies and health. Existing customers will receive the new content through automatic activation on their present drives or by purchasing new drives at reduced prices.

Korea-based multimedia schools solution company Nuribom last month introduced an interactive whiteboard system for distribution to the U.S. market by sales and marketing firm SYNET (Little Ferry, N.J.). The system includes the Chalk Box writing recognition program and the Nuribom Pen for writing on a touch screen. ■

### CompassLearning, cont'd. from p. 1

Seeing a lack of synergy between CompassLearning and its other businesses, RDA put the unit up for sale to generate cash as it moves through bankruptcy. Under the terms of the approved plan of reorganization, RDA will reduce its total debt by 75% from more than \$2.2 billion to approximately \$555 million. Under the plan, holders of RDA's senior secured debt will receive equity, essentially transferring ownership of RDA to the lender group.

In educational publishing, RDA still holds the Weekly Reader Publishing Group, which will relocate to White Plains, N.Y., when the company moves most operations to New York next month. Generations of students have learned about current events from *Weekly Reader* magazine. This month, WRPG launched Weekly Reader Connect, a multimedia online program that taps the

### CompassLearning Through the Years

**1974:** Founded in Springfield, Ill., as Prescription Learning Corp. to provide customized, computer-based learning laboratories for schools.

**1986:** Bought by Jostens Inc. and moved to San Diego.

**1999:** Private investment firm Ripplewood Holdings acquired Jostens' educational software division, which was renamed CompassLearning, and created WRC Media as the umbrella organization for its educational properties.

**2001:** The acquisition of K-3 courseware provider ChildU provided the technology to develop the Odyssey content management system.

**2006:** CompassLearning relocated to Austin, Texas, and became part of Reader's Digest when Ripplewood bought Reader's Digest Association.

**2010:** Bankruptcy judge in New York approved the sale of CompassLearning to Marlin Equity.

growing penetration of interactive whiteboards for delivery and incorporates a framework of reading comprehension skills for students in grades 1-6.

### Long Run in Educational Technology

CompassLearning, which has about 250 employees, has been a competitor in the educational market for more than 35 years. The company's technology-based K-12 curriculum, assessment and management tools are used by an estimated 11 million students in 20,000 schools.

CompassLearning's flagship Odyssey line assesses students' understanding of key objectives and prescribes a personalized learning path based on those objectives. In elementary school, Odyssey is often used as supplemental material reinforcing teaching. At the high school level, there is more whole-class instruction and use in one-to-one computing environments. In 2009, Compass began offering schools the option of an unlimited user license to broaden access.

The auction sale of CompassLearning drew bids from online education provider K12 Inc. (Herndon, Va.), Vector Capital Group, Gores Group and Monitor Clipper Partners. The bidding started at \$20.3 million. Marlin Equity's winning total bid was \$32.3 million reduced to \$31.8 million when incorporating a credit for reimbursable expenses. ■

### Race to Top Applications In, Impact Already Felt

Forty states and the District of Columbia last week submitted applications for the first phase of the \$4.35 billion in Race to the Top funding the Dept. of Education will distribute in an attempt to reshape American education and better prepare students for success, but even before the first dollar goes to the states Race to the Top is affecting educational funding and policy.

President Obama last week said he would propose an additional \$1.3 billion for Race to the Top in his fiscal 2011 budget request next month, moving Race to the Top from a one year boon to an annual budget item. The proposed 2011 funding would open a competition for individual school districts, so systems in states that did not apply for funding will be able to make their own requests.

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States from Rhode Island to California are reworking policies to move towards raising standards, measuring teacher effectiveness, using data to guide instruction, closing failing schools and providing families the choices like charter schools that Race to Top envisions.

Illinois, Louisiana and Tennessee lawmakers raised caps on charter schools or expanded the pool of students eligible to attend them and Illinois Gov. Pat Quinn signed a law last week overhauling the state's educator evaluation system. California passed two laws, one reworking the state's educator evaluator system and another allowing parents to move children out of low-performing schools in advance of its application.

### Measuring Teacher Effectiveness

While *No Child Left Behind* focused on whether a teacher was qualified to be in the classroom, Race to the Top emphasizes whether a teacher is effectively educating students. Some teacher groups question whether teacher effectiveness can be measured by classroom results like standardized test scores. Teachers unions in Michigan, Minnesota and Florida advised districts against signing on to their states' Race to the Top applications.

State memorandums differ in how closely they would hold districts to proposed teacher-evaluation policies. In Ohio, more than 200 charter schools and school districts—including Cleveland which required added detail specific to that district—signed a memorandum of understanding pledging to work together in situations where Race to the Top requirements conflict with existing teacher work agreements.

Minnesota's application calls for a school reform approach that includes professional development, annual teacher evaluations, a career-ladder initiative, and an alternative salary schedule based partly on student performance. The voluntary program permits individual districts to determine what portion of the pay component is based on student achievement results.

Massachusetts memorandum says reform plan elements can be implemented if agreement is reached by local districts and the unions, while Florida's memorandum requires districts and unions to adhere to the state plan or forfeit their grants.

Sixty of Florida's 67 school districts, including Miami-Dade and Palm Beach, signed on. Among those that did not is Broward, where the school board voted 5-4—against the recommendation of the school superintendent—to reject signing on to the state's application making the district ineligible for the \$34 million it could have received. Broward took issue with a reform that would link teacher pay to student performance on the Florida Comprehensive Assessment Test.

Applying states see Race to the Top funding as a way to expand educational initiatives already under way as well as a means to try new things. If Wisconsin receives the \$254 million it could under Race to the Top, Gov. Jim Doyle would like to build on work that has been done over the past seven years on early childhood development, addressing the achievement drop-off between middle school and high school, and developing good teachers and principals.

In his state of the state address last week, Nebraska Gov.

Dave Heineman proposed a Nebraska Virtual High School and \$20 million in funding for creation of that school is included in the state's Race to the Top application. Even if that funding is not received, the state will look to work with the University of Nebraska to open the school as a path for high schools to offer more rigorous academic courses including foreign languages and advanced math and science.

### Some Say No

States that did not apply for Race to the Top funding are Alaska, Maine, Maryland, Mississippi, Montana, Nevada, North Dakota, Texas, Vermont and Washington. However, seven of those states—Alaska, Maine, Maryland, Mississippi, Nevada, Vermont and Washington—have given some signals they may apply for the second stage of funding.

Texas would have been eligible for up to \$700 million, but Texas Gov. Rick Perry called Race to the Top an unacceptable intrusion on states' control over education. Texas is one of two states, along with Alaska, that last year declined to participate in a National Governors Association effort to write common curriculum standards.

Winners of the first Race to the Top awards will be announced in April. A second round of applications will be due in June 2010, with winners expected in September. States that apply but are not chosen in the first round may reapply in the second. ■

### Digital Platforms, cont'd. from p. 1

for collaboration intended to deepen student understanding and strengthen problem-solving skills. It is initially available for grades four and five in math and reading/language arts with plans to expand to additional grade levels and subject areas. Time To Know also includes tools to streamline classroom management, create a smooth flow between individual and group instruction and deliver differentiated instruction to every learner.

"Many of Time To Know's key benefits directly align with the core reforms of President Obama's education policy, in particular, helping teachers strengthen their skills and quickly helping the lowest performing students succeed," said Time To Know general manager Ziv Carthy.

The research-based, nonprofit Mind Research Institute

(Santa Ana, Calif.) this month previewed its Web-delivered Integrated Instructional System, which includes K-5 instructional math software and integrated teaching and learning tools, including online professional development modules. The program will be available in summer 2010 and sold to schools as a site license.

The core of the product is more than 200 games featuring virtual manipulatives that illustrate math standards, help students visualize problem structure and identify paths to a solution. The system helps teachers deliver instruction on interactive whiteboards, assign homework and pre- and post-tests and evaluate student progress through data-driven reports. Districts, schools or teachers can order and sequence the content to match a textbook, pacing guide or benchmark schedule.

The virtual learning environment appeals to young students, while the technology-assisted classroom features helps teachers, said Ted Smith, chairman of Mind Research Institute.

Mind Research also introduced ST Math: Fluency, which uses virtual manipulatives to help students achieve quick retrieval of basic math facts. It, too, will be available as a site license in summer 2010.

### Existing Product Updates

Plato Learning (Bloomington, Minn.) in December launched a major software upgrade for Plato Learning Environment, the subscription-based platform that manages and delivers Plato's instructional content and assessments. The upgrade includes a new intuitive user interface, enhanced reporting capabilities, and streamlined workflow for teachers—to help them more easily individualize instruction—and for administrators who can more easily integrate SIS data and control system-wide access. All existing customers will receive a free upgrade by the end of July.

Archipelago Learning (Dallas) this month released version 3.0 of its core Study Island product, developed to help K-12 students master grade-level standards adding tools for instruction, collaboration and planning. A new custom assessment builder helps teachers develop reading and math assessments and generate ongoing data to inform instruction, while the new parent notification system can schedule and send updates on student performance, assignments and suggested topics for study at home. ■

## Florida's K-12 Math Adoption List Leaves Out Computer-Based Programs

A list of 75 recommended titles covering elementary math to Advanced Placement Calculus from 10 publishers awaits final approval from Florida education commissioner Eric Smith for the state's K-12 math adoption, but the two computer-based programs submitted did not find a place on the list.

Kinetic Books (Seattle) Algebra and Algebra II programs and Pearson's (New York and London) Prentice Hall Math XL for School, the only computer-based programs submitted, did not make the recommended list. A number of other Pearson programs, including the print-based Prentice Hall Algebra series and the popular multimedia, interactive enVision Math, were approved for the adoption.

Other notable omissions from the approved list were all programs from Carnegie Learning (Pittsburgh); Carolina Biological Supply's (Burlington, N.C.) inquiry-based kit program for K-5; and Houghton Mifflin Harcourt's (Boston) Saxon programs in K-5 and 6-8.

### Carnegie Appeal

A Carnegie Learning spokesperson said the company has requested a review of the decision from the Florida Department of Education, and, as of last week, was going through the appeal process. Carnegie Learning math programs are currently adopted in 14 states and the company is optimistic about the Florida appeal.

As of last week, the state Department of Education did not know when Smith would give final approval, but school districts in Florida already have begun reviewing potential selections.

The Florida K-12 math adoption is expected to be one of the largest sales opportunities in 2010 for publishers, although funding decisions made when the state Legislature meets in March will impact just how big the opportunity is.

The adoption is a significant one because the state changed its K-12 math standards, incorporating much of the Singapore math philosophy of presenting fewer major concepts and going over them in greater depth. There also is a strong focus on pre-algebra in eighth grade for students not taking Algebra I in that grade. As a result, the focus of purchasing is likely to be in grades K-8 with districts purchasing in grades 9-12 as they are able to fund new textbooks.

The rejection of the computer-based submissions slows the momentum technology providers have seen recently in adoption states. In 2009, states, including California, Indiana, Texas and West Virginia, took steps to inject technology into the process of acquiring instructional materials. Digital programs made the cut in October when North Carolina approved math materials for grades 6-12 and when Oregon approved its first digital basal instructional materials for its 2010 science adoption. ■

## EER STOCKWATCH

Share Price Values for Instructional Software Publishers, Jan 4-15, 2010  
(Jan. 4 opening prices; Jan. 8 and 15, closing prices)

	Ticker	Jan. 15	Jan. 8	Jan. 4	% Chg 1/4-15	% Chg. YTD
Archipelago Learning	ARCL	\$19.21	\$19.80	\$20.85	-7.9%	-7.9%
Cambium Learning	ABCD	\$4.02	\$3.95	\$4.19	-4.1%	-4.1%
K12 Inc.*	LRN	\$19.83	\$20.19	\$20.31	-2.4%	-2.4%
Plato Learning	TUTR	\$4.16	\$4.30	\$4.43	-6.1%	-6.1%
Renaissance Learning	RLRN	\$11.99	\$11.83	\$11.59	3.5%	3.5%
Scientific Learning	SCIL	\$5.11	\$5.23	\$5.15	-0.8%	-0.8%
Average for Group		\$10.72	\$10.88	\$11.09	-3.3%	-3.3%
NASDAQ Nat'l. Mkt. Composite Index		2,287.99	2,317.17	2,294.41	-0.3%	-0.3%

\*K12 is listed on the NYSE; all others listed on NASDAQ  
Sources: Yahoo! Finance; Simba Information

## People...

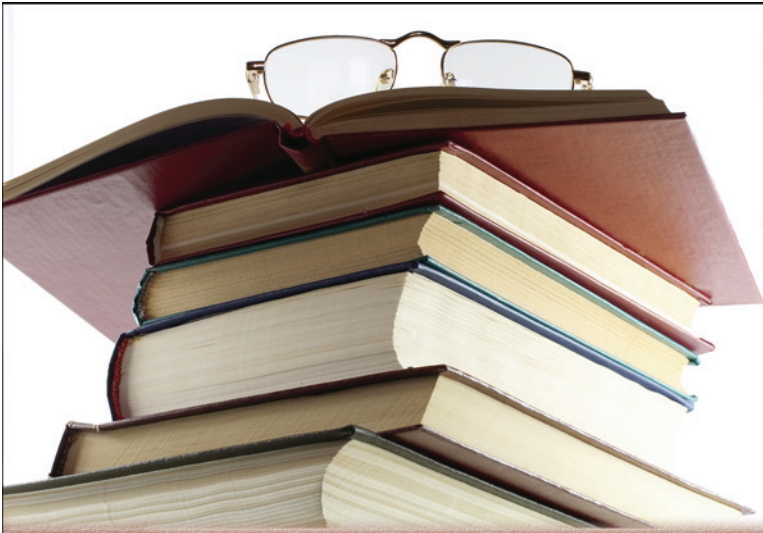
- ▶ **Renaissance Learning** (Wisconsin Rapids, Wis.) this month named **Franklin Smith**, who was superintendent of schools in Washington D.C. and Dayton, Ohio before beginning a sales career, senior vice president of urban accounts.
- ▶ **PCI Education** (San Antonio), a provider of resources for special needs students, last month named **Erin Kinard** vice president, product development/publisher, reporting to **Lee Wilson**, president and CEO. Kinard began her career as a classroom teacher and has worked at **Houghton Mifflin Harcourt Supplemental Publishers** (Austin, Texas) and **Scholastic** (New York).

## News Briefs...

- ▶ **Pearson** (London and New York) this month launched Ready to Read!-Revised, now supported by norm-referenced standardized scores.

A 10- to 15-minute screening of children 3- to 5-years-old helps educators identify what steps to take to build a foundation of literacy skills.


- ▶ **Inspiration Software** (Portland, Ore.) this month launched Inspiration 9 updating the visual learning tool with new capabilities for creating presentations and helping students develop 21<sup>st</sup> century skills. The addition of Map View helps students think in mind maps, a visual learning methodology intended to promote better understanding of relationships, connections among ideas and retention of information.
- ▶ Global classroom community **ePals** (Herndon, Va.) this month joined with **Heinle ELT**, a unit of **Cengage Learning** (Stamford, Conn.) that provides materials for English-language teaching, to create the Heinle Community, a worldwide virtual workspace for students to practice English through collaboration on projects.



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