

Welcome

2013

Education Technology Market Watch

for K-12 and Higher Education

CENTER FOR
DIGITAL
EDUCATION

TechAmerica
WHERE THE FUTURE BEGINS
THE ASSOCIATION OF COMPANIES DRIVING INNOVATION WORLDWIDE

2013 – Pedal to the Metal

- We're Not in Pilot-Land Anymore
- Policies Are Shifting But Not Fast Enough
- Wild West in Digital Content
- Relevancy of Higher Education
- Sweeping Reforms With Common Core and Assessments Engulfing K-12



Impact of the Sequester Nominal


- **The Sequester is a certainly a challenge**
 - Mandatory 5.1% cuts to all discretionary EDU programs
 - Reductions will take effect in July
- **Federal Funding is a Small Piece of the Pie**
 - Federal funding only represents roughly 10% of public education spending
- **Stability in IT Investments**
 - Transformation is powered by IT and will continue to be funded

2013 Technology Spend

Public Education IT Spend

\$20 Billion

| | K-12 Education | Higher Education |
|-------------------------|------------------|--------------------|
| Technology Spend (2013) | \$9.7 B (+2%) | \$10.3 B (Flat) |
| Textbook Spend (2012) | \$7 B | \$7.8 B |



2013 Funding Outlook

What's New?

- Department of Education requesting \$69.8 billion budget FY 2013, an increase of \$1.7 billion, or 2.5% from 2012
- Additional \$850 million invested in Federal Race to the Top for 2013

What's Changed?

- E-Rate: This stable networking fund no longer requires a technology plan for Priority One funding requests

What We Expect?

- State budgets are rebounding, California reported an \$851 million surplus for 2013, the first in over 10 years

Five Big Trending Areas

- **Digital Content & Curriculum**
- **Moving to Mobile**
- **Connectivity Challenged**
- **Unlocking Data**
- **Disrupting Higher Education**



Out with the Old...

- 48% of students want faculty to incorporate more digital content into instruction
- 74% of higher education students and 64% of K-12 students use digital content in the classroom
- 65% of school districts currently have a digital content strategy and 28% are developing one

More Devices to Go Around

- **Proliferation of Computing Devices**
 - 65% of districts provide mobile devices for staff
 - 55% of college students use their smartphone in the classroom

Who's bringing their own device?

| | K-12 | Higher ED |
|---|------|-----------|
| Students are bringing a personal device to class and using the campus network. | 60% | 93% |
| Faculty and staff are bringing a personal device to class and using the campus network. | 83% | 90% |

EDUCATION/EXCHANGE

Printing in a Digital World

- A recent study by CDE found that over 75% of districts report a significant rise in demand for targeted printing to save money
- 3-D printing is gaining popularity in Higher Education
- On-site printing center initiatives are becoming more common to control costs and improve efficiencies

Connectivity Investment is Coming

- 87% of K-12 and Higher Education IT professionals say they need to **upgrade their infrastructure** to incorporate digital content
- 55% K-12 and 42% Higher Education say **wireless connectivity** is a key component of that upgrade
- Mobile Devices are pushing existing networks to their limit!

Existing Connectivity is Inadequate

Network Demands will Increase

- A recent CDE study was conducted to find out whether networks could support various applications
- Supporting basic functions like internet (56%) and email (72%) are completely meeting the needs of districts and institutions
- Supporting advanced applications like learning applications (31%), online testing (28%) and video streaming (30%), networks are inadequate

EDUCATION/EXCHANGE

Big Data Aims For Big Results

- 67% of K-12 districts have data dashboards in place and 18% are in the process of implementing them

What is your institution's biggest data-related challenge?

| | K-12 | Higher ED |
|--------------------------|------|-----------|
| Lack of Analytics | 31% | 17% |
| Lack of Storage Capacity | 31% | 13% |
| Capture and Sort | 10% | 3% |
| Backup and Recovery | 5% | 17% |

EDUCATION/EXCHANGE

What's Going on With Storage?

- Over 50% of education IT professionals say they need to make significant investments in server and storage environments
- 46% of K-12 districts leverage shared servers and 37% leverage shared data centers
- 43% of K-12 and 40% of Higher Education IT professionals report cloud computing as a major area of modernization
- 65% of community colleges report data center consolidation is underway

MOOCs Disrupt Higher Education

- The traditional emphasis on in-person classes has brought universities to a price point that does not look sustainable
- With mounting student debt, students are looking for lower cost education that they can access anywhere at anytime
 - In 2012, Stanford's Artificial Intelligence MOOC course drew 160,000 students
- MOOCs have opened up an avenue for continuous improvement that is exerting a lot of conceptual pressure on a lot of institutions

Looking for Security in 2013

IT Security Needs Modernization

- Nearly 40% of K-12 and Higher Education IT professionals indicate that IT security is a required area of modernization

Network Security a Key Focus Area in 2013

- Over 50% of K-12 and Higher Education IT professionals indicate network security as an area of significant investment over the next 12 months

Looking for Security in 2013

What IT Security Measures are you currently considering or implementing?

| | K-12 | Higher Education |
|-------------------------------------|------|------------------|
| Network Security | 60% | 40% |
| Single Sign On | 43% | 33% |
| Back-Up and Disaster Recovery | 31% | 30% |
| Identity Management | 40% | 33% |
| Endpoint and Mobile Device Security | 26% | 33% |
| Content Filtering | 39% | 20% |
| Data Loss Prevention | 12% | 20% |

A Cloudy 2013

What are your institution's plans for cloud adoption?

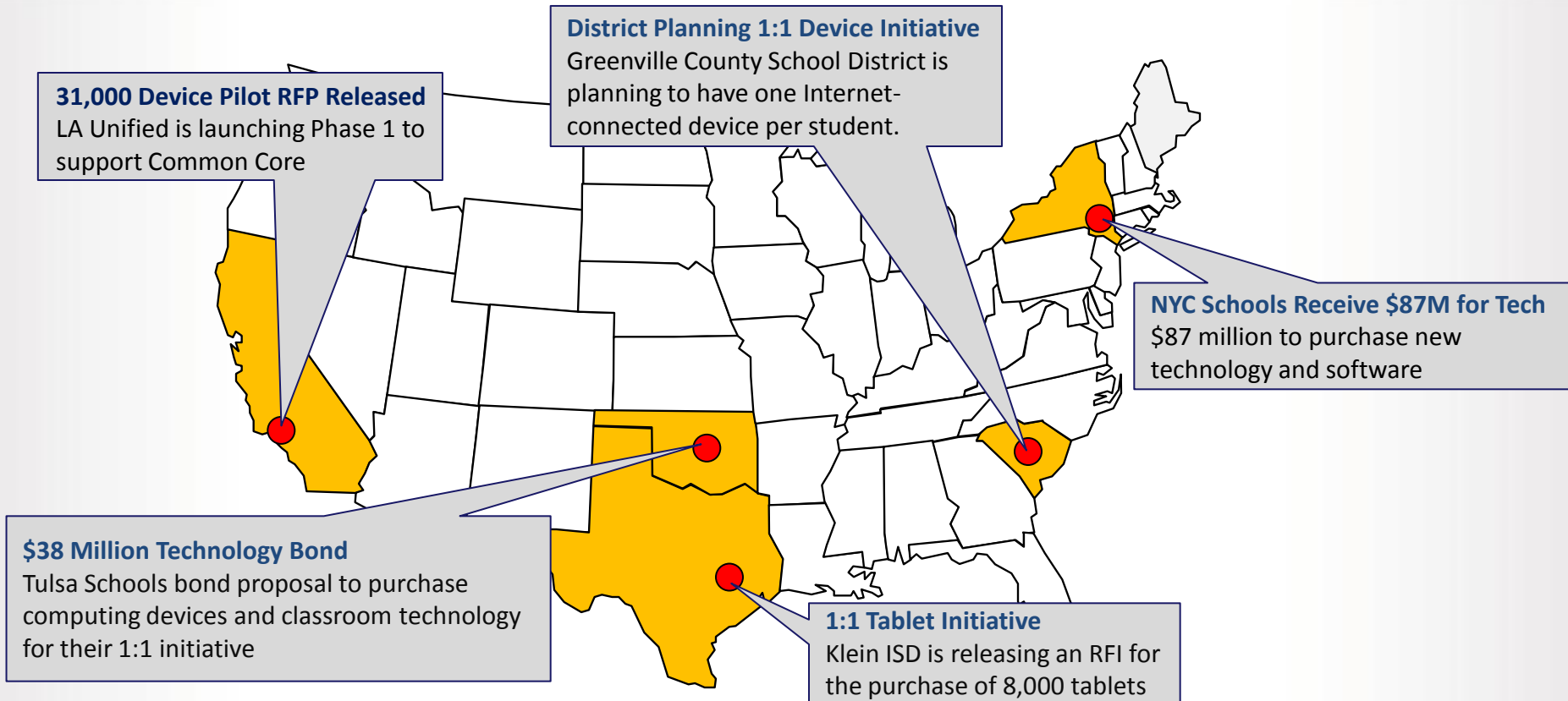
- 25% are already moving forward with cloud adoption
- 23% are in the early stages of adoption
- 35% are currently assessing and evaluating, typical concerns are security related due to privacy laws
- 17% still have no plans in this area

Investments Will Be Made In

Significant Investments Will Be Made In:

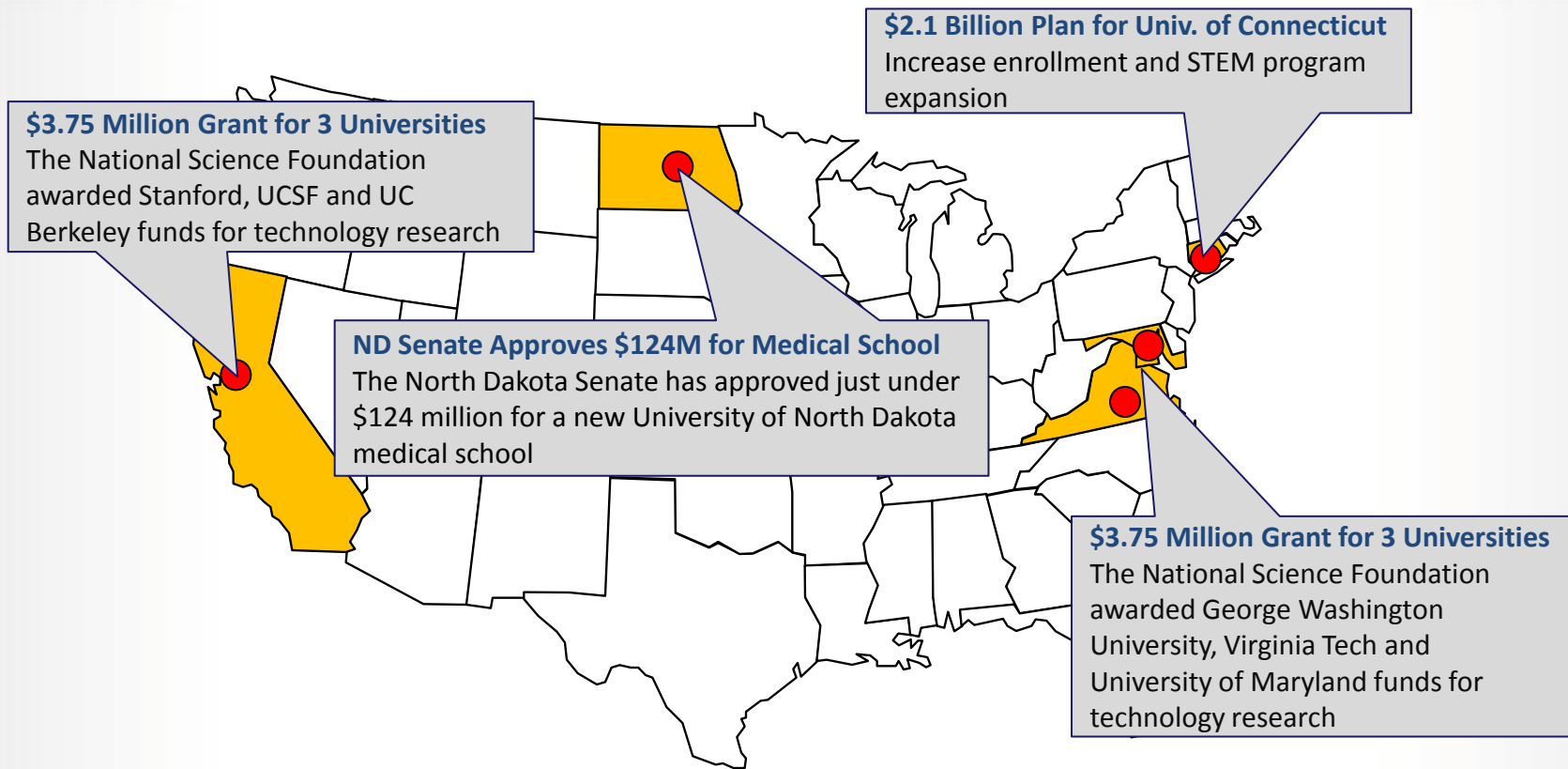
- **Network Infrastructure Upgrades**
 - Districts/Institutions need to bolster their networks for digital content and mobility
- **Addition of Computing Devices**
 - Districts/Institutions need additional devices to deliver digital content and curriculum
- **Digital Content & Curriculum**
 - Pedagogy is changing, districts and institutions are looking for digital education resources to teach in the classroom
- **Online Learning/Applications**
 - Personalized learning and anywhere anytime access to content is expected

Developing Opportunities: K-12



Source: Center for Digital Education, 2013

Developing Opportunities: HED



Source: Center for Digital Education, 2013