Market Intel

May 12, 2016

Rising K-12 Interest in Software-as-a-Service Brings Changes to Market

Districts Are Turning Increasing to Cloud-Based Services for Academic and Instructional Needs

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The idea of software-as-a-service is simple.

Rather than licensing software, receiving it on a physical disc, and installing it on

school computers, a district or schools buys a subscription to software that sits on computers in far-away data centers (i.e., the cloud) and accesses it over the Internet.

It's an idea that holds obvious appeal for many school technology directors. No more time-intensive installation and maintenance of software; no more massive upgrades over the summer. Just pay the subscription fee and you're done.

Software-as-a-service, or SaaS, is also an attractive model for vendors–and their investors–because it's more likely to yield a steady, reliable revenue stream and typically requires a low investment in tech support and services.

> *Many school officials believe software-as-a-service systems will reduce their tech-support burden–a critical area of need*

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Or not. Low costs in tech support may be true for free or inexpensive cloud-based programs like Google docs or mobile apps for smartphones. But as schools adopt SaaS-based products for more important uses–like crunching student data and providing adaptive instruction–they need more service and support than vendors originally expected.

In response, companies are reconfiguring their SaaS offerings to help schools implement the technology, provide more tech support, and train teachers and other staff on how to use their programs.

"Vendors are starting to realize that what is obvious and intuitive to them may not be so obvious and intuitive to their customers," said Suhail Farooqui, the founder and CEO of K12 Insight, which sells a SaaS-based program designed to help schools survey and build relationships within their communities.

Until recently, the only SaaS-based software in schools was either free cloud-based email and storage services or software for back-end administrative

functions, like learning management systems. But now, districts are relying on cloud-based systems for a variety of academic and instructional functions. *(See chart, below.)*

Unlike corporate America, which embraced SaaS because of its attractive pricing, schools are drawn to SaaS because it promises to lessen their tech-support burden, said Lee Wilson, the president of Headway Strategies, a consulting firm that advises vendors.
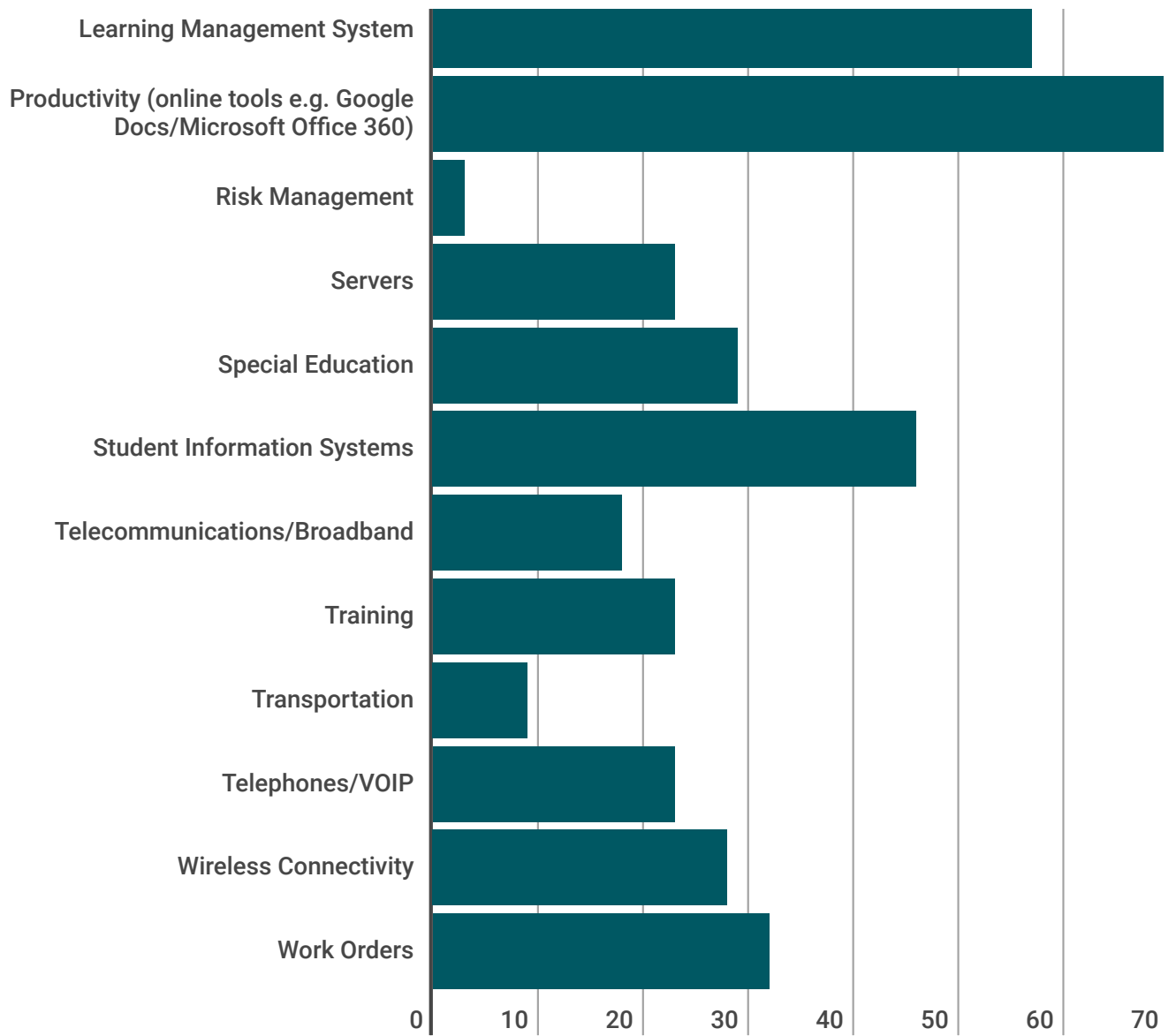
"Schools have only 10 percent of the IT support that businesses have," he pointed out.

The Beaverton, Ore., school district, a fast-growing system with 40,000 students in 51 schools, has in the last year rolled out two SaaS programs–an automated mass-notification system and a student academic-performance-management system, according to Steven Langford, the district's CIO. It just started its third SaaS implementation, a learning management system.

Into the Cloud

Districts are increasingly relying on cloud services to fulfill various functions, a recent surve technology leaders found.

Category	Value
Learning Management System	59
Productivity (online tools e.g. Google Docs/Microsoft Office 360)	72
Risk Management	4
Servers	24
Special Education	31
Student Information Systems	48
Telecommunications/Broadband	19
Training	24
Transportation	10
Telephones/VOIP	24
Wireless Connectivity	29
Work Orders	34

SOURCE: Consortium for School Networking, 2016 IT Leadership Survey Report.

The cost was not much different from that of traditional software, Langford said. But there were other important benefits, one of which was that SaaS freed up the time of the district's tech-support staff.

"Moving to SaaS has made us more responsive," Langford said. "We are able to focus our staff on other work that the organization needs because we've been able to capitalize on the vendors' training materials and support."

In Shifting to SaaS, Schools Need Support

Companies working in the K-12 market are focusing on meeting schools' specific SaaS needs.

McGraw-Hill Education in the past year has reorganized its tech services to better support its SaaS-based products, most of which are hybrids including both print materials and subscription-based software, says Christine Willig, the president of the company's K-12 group.

The company is sending more support staff into schools, providing "feet on the street" to help with implementation and professional development, she says.

"One of the critical things about the digital experience is making sure that our customers are using it," says Willig. "A tremendous amount of the value–especially in the adaptive experience–you won't get unless you are interacting with the technology."

In each of the three SaaS implementations in Beaverton, the district's tech staff relied heavily on technical help from the vendors, particularly to make connections between the district's in-house systems and the vendor's cloud-based software, Langford says.

Schoolrunner, a SaaS-based student-data system, has been used so far only in charter schools. But as the vendor gets ready to sell to public schools, it needs to change its fee structure so it can provide more support, says Charlie Coglianese, the company's founder and CEO.

"Districts are much more interested in us showing up in person, doing some of the training ourselves, and working with leaders in their organizations to

Digital Wave

The shift from print to tech-based academic materials continues to play out across school districts. Eighty-eight percent of K-12 IT leaders surveyed this year said they expect their instructional resources to be **at least 50 percent digital** in the next three years, the Consortium for School Networking says. That's an increase from 84 percent a year earlier.

That shift is being fueled by state policy, not just local decisionmaking. Twenty-two states have **changed their definition of textbooks** to include options for digital-materials adoption; and 24 states have their own digital-resource repositories, says COSN, citing research from the State Educational Technology Directors Association.

help define the right processes around the software," he said.

Schoolrunner plans to charge a lower subscription fee and offer a package of training and service for an additional fee. That price structure also better matches district budgets, Coglianese notes, because it shifts part of the cost into the category of training and professional development.

K12 Insight's Farooqui says: "Vendors that are [successfully selling SaaS] are not just building software. They are providing training, professional development, support, and thought leadership."

As K12 Insight has learned more about the education market, for example, it has structured its product into three components. First is the software served from the cloud. Second is implementation expertise.

"We actually help them implement it," says Farooqui, "rather than just throwing it at the IT director and saying, 'Here's your subscription, you figure it out.' "

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Suhail Farooqui
CEO, K12 Insight

And third is professional development. K12 Insight believes that third component is key because schools often need training on how to effectively survey their communities. For example, the company offers a webinar called "Why Most School Surveys Suck and Why Yours Don't Have to."

Mike Guerena, the director of educational technology for the Encinitas Union,

Calif., district, which has 5,400 students in grades K-6, depends on vendor-provided training.

Encinitas is transitioning to an entirely Web-based curriculum and has procured about a half-dozen different SaaS products from different vendors, Guerena says. Especially in the beginning, vendors collaborated with district staff to provision accounts and connect the cloud-based software to district's systems, he says.

And nearly every vendor has sent representatives to train teachers in person. While that's great, it can lead to problems in scheduling training sessions for seven different programs, Guerena added.

It's a different model from the training used for standard printed textbooks, but one that will be increasingly needed as schools move to more Web-based curricula, he says. It's also an opportunity for vendors, he said to generate profits above and beyond their subscription revenue.

Indeed, most vendors are charging for this extra service, but schools seem to think it's well worth it. "Schools are in a transition," said Willig of McGraw-Hill Education. "We have to help them through that transition."

See also:

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- What Mark Zuckerberg's Pivot to Personalized Learning Means for the Ed-Tech Market

- Affordability is Top Digital-Content Challenge for Educators

- Implementation Woes Can Doom Ed-Tech Sales to Districts

Tags: cloud services, curriculum, Ed-tech, learning management systems software

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