



The Princeton Review times their IPO with new market opportunities

The **Princeton Review's** (New York, NY, www.review.com) IPO didn't make a big splash on Wall Street. It was, however, a reasonably successful IPO in a troubled market, and it illustrates some of the resiliency of education businesses in the midst of the dot.com downturn. The June 18 IPO closed at \$9.50 on the following day, 14% down from its \$11 offering price. By mid-July, the stock returned momentarily to the \$11 mark. Despite the fluctuations, the company is pleased to have made the move to the public market and it did raise \$59.4 million.

The fact that The Princeton Review is by no means a pure Internet play is important in the current market. **John Katzman**, ceo, believes the market understands the company's mission of test prep and admissions and does not confuse the company with dot.com enterprises. He explains that the company wanted funding to act on important market opportunities. Simple demographics point to an expanding (continued on page 2)

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Dot.edu encourages higher ed to keep online development in-house The initiative of the **University of Wisconsin System** hosts and supports all services for campuses to offer web courses or web-base course supplements. Dot.edu is now supplying services to other states and non-system institutions within Wisconsin. They also hope to provide a model for others.

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college-age population, and trends show a steadily increasing percentage of the age group going to college. Plus, the move toward accountability in K-12 education coupled with the schools' investment in the Internet creates new opportunity for the company's expertise.

The ability to respond to those immediate market needs, explains Katzman, was more important to the company than waiting for gentler markets and a time when the company is back to profitability. (*The Bloomberg News* reports that Katzman agrees with industry analyst expectations of profitability returning in Q2 2002) "We needed cash to move forward," says Katzman. "In time our price will reflect our performance either way." The company actually first wrote its prospectus in February of 2000 and waited to jump when the markets opened at all.

The Three Product Lines

The company is a long time publisher of books and presenter of ground-based courses for test preparation for tests such as the SAT, ACT, GMAT, GRE, LSAT, MCAT and TOEFL. Over the past two and half years the company has invested more than \$35 million in their two new divisions, K-12 services and college admission services. The Internet is an increasingly important strategic component of each of those three divisions, but still not a revenue driver. The test-prep division is the revenue leader (77%), with most of that from non-Internet activity.

The Internet cannot yet teach as well as a teacher, says Katzman; it cannot see students' eyes to know they are confused or need motivation. Even so, Princeton Review does integrate Internet resources into their ground-based courses. A student can, for example, make up a missed class online or seek out extra exercises.

The two new divisions, K-12 services and admissions services, are the logical place for the Princeton Review brand to go according to Katzman. "They are big markets that we should have a big piece of," says Katzman.

Admissions services allows students to find a major that fits their interests and personality, to find a school, get financial information and to apply online. It is a free service to students with revenues derived from institutions using the online applications system. A new service allows institutions to use the site to recruit student users who match their criteria.

The K-12 services division does rely heavily, but not exclusively, on the Internet to leverage the company's experience with high-stakes assessment. The division's core product is *Homeroom.com*. Sold to schools, it allows online assessment of individual student's strengths and weaknesses correlated to key tests and offers relevant instruction (see *ISEM*, Nov 1999). But, says **Rob Cohen**, executive vp of the Princeton Review K-12 service division, the high-stakes test are not ultimately online, and the division also publishes books and booklets and

provides trainers and seminars on test-taking skills and the high-stakes tests. Cohen believes the Princeton Review will be well situated to be a leader in staying aware of rapid changes to the high-stakes tests and reflecting those changes in their materials.

Homeroom.com test preparation materials are also correlated to major textbooks, and this type of activity is likely to provide a point of expansion for the program. It is possible to correlate to major textbooks independently and not infringe on copyright. The trend is also seen also with companies such as **HotMath** (Kensington, CA, www.hotmath.com) and **bigchalk** (New York, NY, www.bigchalk.com). The Princeton Review is, however, very interested in close partnering with publishers of textbooks and supplemental materials. The goal is to help publishers use *Homeroom.com* to provide users with diagnostics that define how the publisher's resources correlate with needs of students facing high-stakes tests.

Homeroom.com, priced \$5 to \$8 per student, typically sells to districts or individual schools. After-school centers in Florida have also subscribed. A subscription includes every student in a grade mandated to participate in a high-stakes test and it extends to the home with parental access. The company has not yet had a state buy to parallel a state-mandated test, though Cohen believes it is possible. ♦

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Marketing campaign grows University of Phoenix Online enrollment

The **University of Phoenix** (Phoenix, AZ) success story is remarkably simple. Establish a brand over 25 years, improve product based on feedback, and stick to your mission. With this foundation the University of Phoenix Online, though just slightly more than a third the size of the organization's ground-based student-body, is growing rapidly. In September of 2000, the company raised \$75 million for the online division with the introduction of a tracking stock for the University of Phoenix Online. The **Apollo Group** continues to own all assets.

Some of that funding was used for an aggressive marketing campaign that included a mix of television advertising, direct mail and banner advertising. Students also arrive at the University's virtual doors through corporate referrals and referrals from students and alumni. Determining the ad source triggering an inquiry is difficult, but **Tony DiGiovanni**, president of the University of Phoenix Online, has a sense that the television advertising—primarily cable buys on channels such as CNN, MSNBC and Discovery Channel—was particularly successful.

Something worked at any rate. The University of Phoenix Online experienced 86.5% growth in enrollment in less than a year.

More generally, the online division has historically experienced growth of 50% to 60% per year, compared to a growth rate of 12% to 14% for the ground-based courses. The University of Phoenix now has 70,000 students enrolled in the ground-based programs and 25,700 online students. The stock, though not impervious to downturns, has generally climbed.

The University of Phoenix has offered an online program since 1989. The Apollo Group, which owns the University of Phoenix, Inc. as well as **Institute for Professional Development, The College for Financial Planning Institutes Corp., Western International University Inc.** and **Apollo Learning Group Inc.**, has been providing adult education for 25 years and has been a public company since December of 1994.

With a minimum enrollment age of 23 and an average age of 34, the University of Phoenix serves the adult student wishing to further his or her career. The online offering tends to attract a slightly older student. Tuition rates for the University of Phoenix Online are \$400 per undergraduate unit and \$495 per graduate unit. Ground-based tuition varies depending on location, but online tuition is higher. That, says DiGiovanni, is a reflection of the high technology infrastructure costs and students' willingness to pay more for convenience. Online courses also tend to be smaller, averaging 12 to 14 students per class compared to 15 to 17 students in the ground-based courses.

Limited Partnerships

The company has typically chosen to build rather than buy as it has developed its infrastructure for the online University, and that remains true as the recent funding has spawned further investment in infrastructure. The exceptions are few. The financial aid system is based on software from **PeopleSoft**. There are currently partnerships with several publishing houses such as **Pearson Education** and **McGraw Hill** to develop electronic textbooks. Assessment is developed in house, though a testing site is hosted externally. There are only occasional RFPs.

The University of Phoenix also owns all intellectual property rights to their courses so that they are able to repurpose and redistribute content. Instructors retain the rights to any of their own lecture notes they may add to the course.

Changes in Title IV regulations to financial aid for distance learning programs may well give University of Phoenix Online another boost in enrollment, and the organization has been selected to participate in the **U.S. Department of Education's** Distance Education Demonstration Program. The University of Phoenix participates in Federal Aid Programs and offers their own P.L.A.T.O. Loans for up to \$13,000. These can be applied to tuition, books or computer needs. ♦

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eArmyU marks PwC's first move to providing outsourcing of the virtual U

The contract to run **eArmyU** has expanded the reach of the Learning Solutions Group (LSG) of **PricewaterhouseCoopers** (PwC) from corporate training to a virtual university. It is a direction that the consulting firm plans to push forward.

The Army conceptualized eArmyU in the spring of 2000 as part of their effort to recruit and retain young people wanting a college degree and to create better-educated and more technology-savvy soldiers. It allows soldiers to earn a degree anytime, anywhere via the laptop provided with the program. When eArmyU—technically the name of the online portal for accessing Army University Access Online (AUAO) but essentially synonymous with AUAO—is fully implemented, soldier-students will have access to over 100 degree programs and 2,000 courses from 30 colleges and universities across the US. There are certificate programs and associate, bachelors and masters degrees offered. All participating educational institutions are members of the Army's Service Opportunity Colleges, SOC.

With the Army outsourcing this education initiative entirely, PwC has selected vendors for learning management systems, infrastructure and learning support. Now they are responsible for ensuring the systems

interoperate smoothly. Additionally, PwC has arranged credit sharing between institutions with online courses in the program.

Most significantly, PwC must create a solution that can scale. PwC was awarded the eArmyU contract in December of 2000 and the virtual U opened for business one month later in January of 2001. Demand is high. Indeed, soldiers reportedly waited in the rain for a chance at the initial sign up. Currently 4,000 soldiers at three eligible sites (Fort Benning, Fort Hood and Fort Campbell) are taking classes. That number is expected to grow to 15,000 by the end of 2001 and, with the addition of eight new sites, to 80,000 by 2005.

PwC has brought together a number of vendors. Education content providers are free to use the course platform of their choice, but PwC lists **Blackboard, Inc.** as the preferred platform. **Saba** provides course management and **PeopleSoft** student administration. Vendors within the "Learning Support" category including tutoring from **SMARTHINKING**, textbooks from the **BKGroup** and **MBS Direct**, an online library from **UGA Galileo Library**, skills assessment from **Brainbench/EMT** and advisory services from **Michigan Virtual U**. Vendors within the "Infrastructure Support" category include **Compaq** for laptops and printers, **Fiberlink** for the ISP, **Precision Response Corporation** for help desk services, **Intel Online Services** for managed hosting, **LESCO** for logistics and

on-site support and **Stalker** for email services.

PwC now has what they define as "a complete solution," but the web site does allow for potential new partners to approach them for either educational programs or technology, hardware and supplementary service.

PwC Learning Solutions Group and the Virtual U

The Learning Solutions Group managing eArmyU was formed in name less than half a year ago through the combination of PwC's Centre for Performance Improvement and the Higher Education Practices division. **Nicole Gardner**, global leader for LSG, explains that the practice and area of expertise was formed six years ago, when PwC became the first of the "Big Five" consulting firms to dedicate professionals around the world to designing and deploying learning solutions. The formation of LSG also re-focused the company on e-Learning and dropped other back-office consulting for educational organizations.

LSG's services are grouped into three areas:

- Business Transformation Learning Services - this area will be focused on emerging transformational services, which leverage learning as a catalyst for change.
- E-Learning Services - this includes learning systems integration and implementation services, building customized e-Content, e-Learning

diagnostics, and B2E learning solutions.

- E-Learning Exchanges - this initiative will expand and extend the eArmyU education exchange to the public and corporate sectors and explore the new world of operating and running an e-Learning outsourced business.

Gardner regards eArmyU as a seminal event because it is a private virtual university, and PwC has demonstrated that such a model can be assembled and deployed. Other large employers such as the auto industry, she explains, have needs similar to the military. They need to recruit people out of high school and they need to train those people. Gardner hopes to create interest in learning institutions sponsored by industry consortia. She also expects the corporate university, a rapidly growing institution, to become interested in outsourcing e-Learning.

Vendors are chosen based on customer need. PwC does have strategic partnerships with **Alliance, Saba, Docent, KnowledgePlanet, Centra, M2S** and **Inside Objects**. These partnerships call for investing heavily in understanding products, training PwC professionals on those products, going to market together and agreeing to serve clients together. Even so, these are not exclusive relationships. Gardner, in fact, points out that LSG has implemented 7 different learning managements system technologies in the past 18 months.

Vendors interested in being on PwC's LSG radar screen should send information to Nicole Gardner at 1616 N. Fort Myer Dr., Arlington, VA 22209. Software products must be SCORM compliant. ♦

SkillsTutor grows rapidly as a web product

"Anytime, anywhere learning" has long been a familiar phrase to **Garry L. McDaniels**, president of **Achievement Technologies** (Newton, MA with sales and development in Columbia, MD). Now, however, Achievement Technologies' *SkillsTutor*, the web-based version of the popular *SkillsBank* software, is beginning to demonstrate the true power of offering continuity from the classroom to after-school programs, to summer programs and the home. Without continuity, says McDaniels, schools are not extending time, they are extending residential care. "Something needs to follow a kid around," he says.

SkillsTutor is the Internet descendent of *SkillsBank* software. It is designed to assist students struggling with basic skills. Designing originally for a **Timex** computer, McDaniels started what was to become **SkillsBank, Inc.** in 1980. The company later created a product for **IBM's** PC Junior in 1984 and wrote **Apple** and DOS versions in 1985. SkillsBank, Inc. developed *SkillsBank* for adolescents and adults, and *CornerStone* for elementary and middle school students. The

product line grew to be among the most popular educational software lines in the US. It was in 50% of colleges, 20% of schools, 40% of correctional facilities and 60% of community colleges when **The Learning Company** bought the CD-ROM rights to the two products in 1997. When **Mattel Interactive** purchased The Learning Company in 1999, McDaniels and several venture capitalists reserved the online rights to the original CD-ROM content and created the new online version, *SkillsTutor*. They also own the code. Investors are **Thomas H. Lee, Inc., Monitor Clipper Partners**, and **Weston Presidio Capital**.

SkillsTutor can assign tests for students to quickly identify strengths and weaknesses, create lesson plans for students of widely varying skill levels, provide tutorials to aid in mastery of the subject matter, develop the essential skills needed to pass state and national tests, and generate individual or group progress reports. There is not currently an elementary level version of the web product, but McDaniels expects one in the spring. The company has added content to the web-version and created a toggle to offer instructions, though not content, in Spanish.

McDaniels, who has an impressive history evaluating the effectiveness of programs, is also pleased with the program's ability to allow administrators to view usage statistics along with performance information. Generally, pre- and post-test gains

since August of 2000 show a 74% increase in reading and writing, a 59.5% increase in math, a 52% increase in language and a 37% increase in information skills.

Since the program went live in October of 2000, the company has gathered 121,000 registered users. Those users come from site licenses with a per user charge of about \$20. McDaniels says that the new company works with many of the independent dealers he worked with at SkillsBank. He also has an inside sales program similar to the previous company. However, he notes that the buyer has changed. McDaniels says there is something about the web and “anywhere, anytime” learning that takes the purchase out of a teacher’s or principal’s territory and into the level of the superintendent or central office.

Districts buy for both classroom use, use in other programs and home use. Four states—Florida, Missouri, Pennsylvania and Washington—are running pilots for migrant education. In Pennsylvania, the license extends to parents of migrant students. Youth organizations such as **The Boys and Girls Club** also provide a customer base. The company offers free service to all home bound and hospitalized students through any school or district wishing to take advantage of the philanthropic program. ♦

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Dot.edu encourages higher ed to keep online development in-house

The **University of Wisconsin System** is evangelizing high-tech self reliance for higher education. In a model they hope to have imitated by other states, their Digital Online Technology. Educational Design Utility (known as dot.edu, www.uwm.edu/Dept/dotedu) provides all campuses in the system and other educational institutions with the necessary elements to offer online learning such as online courses and online supplements to traditional courses.

Dot.edu, says **Charlene Douglas**, director, was created in the summer of 1999 when central administration realized that 27 campuses were reinventing the same wheel. Dot.edu now offers project management, hosting, course management systems, instructional design consultation, a helpdesk, content development assistance, research and development on products, software training and learner management systems. Accessibility and universal design has recently emerged as a new issue for which they hope to offer expertise. Douglas is also looking at establishing a repository for learning objects.

Two and a half years ago, usage began with faculty posting their syllabi online. Douglas says use has grown by leaps and bounds.

Dot.edu has 80,000 unique users in the UW system (more than half of the total enrollment of 150,000) and 6,000 courses. Douglas is also impressed with the quality of courses as the program has grown.

Faculty, staff or even campuses within the system can purchase these services in a bundle or *a la carte*, and dot.edu hosts all software and course content. The one issue dot.edu stays away from is intellectual property; those agreements are unique to the campuses.

“We want to start franchising this concept,” says Douglas, “to show other state education systems that they are capable of taking care of themselves.” Meanwhile, Dot.edu is providing their services outside of state boundaries to Minnesota and Illinois. They are likely to work with a large customer in Missouri.

The service is also branching out within the state of Wisconsin. Dot.edu has expanded to four independent colleges and universities in the state, four or five technical colleges, five Cooperative Educational Services Agencies (CESAs) offering professional development and a number of K-12 schools. Douglas expects independent and technical colleges as well as professional development agencies to be the next kind of organization to embrace online learning. She sees tremendous interest at the K-12 level—and dot.edu does work with 162 schools in Milwaukee—but she believes that infrastructure problems will slow the desired progress for K-12 schools.

Dot.edu Vendor Opportunities

The show of independence is not all bad news for vendors. Indeed, it creates a highly centralized buying point for products. Dot.edu currently hosts and provides training and support for course building software from **Blackboard Inc.**, **WebCT** and **Prometheus**. The *Prometheus* software, a new addition, is attractive, says Douglas, for its ease of use and features such as compliance with accessibility guidelines. At one point dot.edu hosted and supported *Web Course in a Box*, now purchased by Blackboard and incorporated into their product, and *Learning Space*. The latter, says Douglas, proved too expensive to license and support. Blackboard requires dot.edu to secure a license for each institution. Prometheus and WebCT issued a system-wide license. Users outside of the UW system must license the product independently, though they access it from dot.edu servers.

For authoring platforms and all other services, dot.edu strives to offer their users a choice. Servers are purchased from **Dell** and **Sun**. Agreements with **XanEdu** and **Academic Systems** provide content. A pilot is underway with **Saba** for a learner management system, and Douglas expects to soon issue a request for bid in that area.

Because dot.edu is a part of the UW system, all vendors must go through the request for bid process. Even so, Douglas says vendors can make her aware of products and demonstrate them

outside of that process. One note: the Madison campus has an Academic Co-Lab of the Department of Defense, and the importance of that work has created the requirement that all products must be SCORM compliant—or working toward it.

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EdVentures! extends hands-on learning via the web

PCS Edventures!.COM, Inc., (Boise, ID, www.edventures.com), which markets a new hands-on math and science curriculum supported by the Internet, is going public. The company doesn't plan an IPO in the sense of making securities available to the public, but they will register their current shareholders' existing securities to give their investors an opportunity for liquidity. The company is not raising any cash through the move to OTC trading, but they are in the midst of a private placement.

Tony Maher, ceo, is pleased with the timing. He notes that the education stocks his company watches are all near a 52-week high and that he believes the market will gain momentum in the third quarter.

Edventures!.COM supplies project-based math and science curriculum, with much of that based on **LEGO** projects. It focuses specifically on allowing students ages 7-18 to explore the

basic foundations of mechanical engineering, structures in architecture, and math and science. That curriculum has been time-tested through the company's origins of enrichment learning centers started ten years ago. In 1999, the company divested the learning centers started by **PCS Schools** and focused efforts on creating web-based educational systems utilizing and improving PCS Schools' legacy curriculum. At the same time, the company changed its name from **PCS Education Systems, Inc.** to **PCS Edventures!.COM, Inc.**

The company has three products, only one of which is a pure Internet play, *Edventures!.COM*. That site is a new product marketed to homes seeking enrichment activities and to home schoolers as a \$7.95 per month subscription. It uses objects commonly found in the home as well as LEGOS and other resources for over 200 do-at-home projects to teach concepts in physics, electricity, Internet use, programming, art, architecture and engineering. The site is also designed as a community of learners for subscribers to this product and users of their other-site-based products. It includes online curriculum and assessment, a "Merit System" that tracks progress and identifies appropriate projects, an animated glossary, monitored chat rooms, live interaction with online instructors, and personal email accounts. The company has thus far sold only about 200 subscriptions. Lab site licenses add another 10,000 users.

Edventures!.COM also serves as an extension for the company's two site-based products, the *Academy of Engineering* and *Edventures! Labs*. The *Academy of Engineering*, currently the company's leading revenue producer, sells for between \$15,000 and \$19,500. It includes LEGOS and other building materials housed in a custom-designed, rolling storage unit, a digital camera and curriculum. Training is on-site, and curriculum is on paper. Student subscriptions to *Edventures!.COM* are included with the site license, and *Edventures!.COM* also provides web-based support and assessment tools. As of June 20, the date of their form 10-KSB filing with the SEC, PCS *Edventures!.COM* had sold 20 *Academy of Engineering* licenses.

Edventures! Labs is a scaled down model of the *Academy of Engineering*. It contains the same curriculum, storage cabinets and other material, but has a reduced inventory of LEGOs and relies on *Edventures!.COM* for delivery of the curriculum and training. A site license for *Edventures! Labs* costs \$5,000 which includes a 50-student license for access to *Edventures!.COM*. Additional student access in blocks of 50 costs \$1,750 per year. The company had sold only two of these labs as of their late June Prospectus.

Maher explains an ultimate vision of having the *Edventures!.COM* site serve as a lifelong, project-based learning resource for children, teens and

adults. They hope for considerable interplay between the physical labs and the site to drive awareness and usage of the web site.

Meanwhile, each product has distinct markets. *Edventures!.COM* is sold primarily to homes with an interest in learning and home schoolers. The company's *K-12 Partners Program* uses a fundraising model to encourage schools to promote the site. A close alliance with **ZapMe!** fell through with that company's demise, but PCS *Edventures!.COM* is in the process of creating numerous other alliances. The company is hoping to create revenue sharing alliances with **PowerSchool**, **Co-Nect**, **HomeSchool Zone**, **Voyager**, **SmarterKids.com**, **ChildU**, **Children's Technology Group**, **LearningStation.com**, **Mindfunds** and **Edu-Tek**. Additionally, they are likely to distribute an *Edventures!.COM* CD through **Radio Shack** and **Target**.

Relationships with **Crosswalk.com** and **HomeSchool Families** will help reach home schoolers. And, the site has been approved for state level funding for home school students in the states of California and Alaska.

Labs are targeted at public and private schools and at after-school programs. The prospectus points to significant growth in the extended learning market via after-school programs and summer programs operated by schools or organizations such as **Boys & Girls Clubs of America**. The SEC filing points out that

www.afterschool.gov summarizes many of the federal funding sources available for this market segment.

The company will also drive distribution through strategic alliances with education companies such as **Pitsco LEGO Dacta** (Pittsburg, Kansas) and **EDAcom Technologia**. PCS *Edventures!.COM* has a sales agency agreement and product alliance relationship with **Pitsco LEGO Dacta**, which holds non-exclusive distribution rights to LEGO Dacta product sales in the United States. Pitsco has an established market presence and reputation in the school market place with its own line of modular school labs and hundreds of other hands-on products.

Edventures!.COM labs are seen as complementary to that product line. Similar relationships may be extended to LEGO distributors in Brazil, Portugal, India, Hong Kong, Belgium and Germany.

Partnerships for Expanded Products

The company's current priority is to focus on curriculum for the labs and web site, but Maher anticipates turning an eye to an expanded product line as early as this fall. He would welcome knowledge of constructivist-based learning projects in any discipline. He has, in fact, considered adding an ESL and SAT product to the web site. ♦

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MindEdge builds distribution channel for online learning

Not all providers of online education have the marketing muscle of **University of Phoenix** (see article p.3), and **Christopher Katis**, ceo of **MindEdge** (Boston, MA), designed his business model to help a wide-range of online learning providers with marketing.

The three-year old company has a goal of creating an education network so that students and corporations can manage education. Revenue comes from institutions participating in the MindEdge network. Those organizations pay a fee for management services that ensure that all data about their courses on specified third-party sites is current, and from transaction fees when students sign up for a course. That fee varies depending on the cost of the course.

Distribution Reach

MindEdge drives traffic to courses via an online, searchable database, and the company is working to make that database available on numerous high-traffic sites. Partners include **AvidLearn**, **Emerge**, **Boston.com**, **Citibank**, **CourseLeader**, **Destination SoHo.com**, **Dot Com Mommies**, **Partners 500.com**, **Epylon.com**, **Experiencenet.com**, **NextEd**, **Talent Alliance**, **TeachMeIT.com**, **Training Decisions**, **TrainSeek.com**, **WizeUp** and, in

international markets, the **University of Brazil** and Italy's **Lavoroinrete** (see www.mindedge-inc.com/distribution.html for links to these companies). These sites offer a co-branded MindEdge search engine to their users, and Katis aims to eventually shut down MindEdge's own site as a tool searched by consumers. The co-branded sites are designed by the distribution partner with MindEdge content populating the database.

The Database of Courses

Nearly 40 colleges and universities partnered with MindEdge, either as paying clients or on a trial basis. Those include numerous state schools, private universities and private schools such as **Culinary Institute of America**, **PLAT-Paralegal and Legal Assistant Training**. Corporate and other content providers such as **AvidLearn** and **TrainSeek.com** also participate

Individuals looking for a course receive information on offerings from all these institutions. Users can search by type of course such as conference, seminar, local course, online course, degree or textbook or by category such as business and management, continuing education, graduate studies, medicine and health, technology, or training and hobbies. Searches can also be based on particular schools, key words, price ranges, course components other than Internet, and starting dates.

The LTU case study

MindEdge is considered to be a small education portal by the likes of the University of Phoenix, and it brings them a small number of leads. But for **LTU, Inc.** (Chatsworth, CA), one of MindEdge's newest educational content providers, it is an affordable route to a new market. With physical facilities serving over 50,000 students a year in Southern California, the privately owned company was founded in 1974 and offers 600 courses and 45-certificate programs in information technology, business & management, design, entertainment, recreation, language & psychology and writing. Last year, LTU launched an online offshoot, LTU Online. It is a quiet effort led by **Pam DeLotell**, director of LTU Online, with the help of one, half-time employee. Some of the instructors come from the ground-based program—but for the most part DeLotell has sought out new instructors from across the globe.

LTU Online now offers 63 courses and intends to market globally. That's a tall challenge for a 1.5 person department with a 27-year history in a local market. Most expansion will be achieved through global corporations. Indeed, DeLotell expects to soon create custom courses for this market. Even so, she regards involvement with MindEdge as an important route to the market. Plus, the MindEdge forum also promotes the LTU ground-based courses.

As the effort expands, DeLotell expects to triple the number of classes available by September of this year. She also anticipates adding courses for K-12 teachers. The organization uses *Jones e-education* from **JonesKnowledge.com** (Englewood, CO) for its instructor-led platform. DeLotell is looking to partner with a virtual bookstore since mailing out textbooks is not a process that can scale. She is also seeking additional strategic marketing alliances such as MindEdge. ♦

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EDUCAUSE identifies campus IT challenges

In an article of the *EDUCAUSE Quarterly*, EDUCAUSE summarizes its second annual survey of top campus IT challenges by saying “administrative systems challenges have escalated, the IT staffing crisis continues, distance education is steady state, and security management has the potential to explode.”

The survey asks for current issues important for an institutions success as well as for issues that have the potential for explosive strategic impact. “Steady state” for distance education places it, for the second year in a row, at the top of the list for having the potential for explosive

strategic impact. Currently, institutions rank distance education as number five for importance to resolve for the institution’s strategic success. That level of importance varies between classifications of institutions. Distance education did not even make the top-ten list for baccalaureate institutions; it heads the list for two-year Associate of Arts institutions; and it falls midway on the list for Master’s institutions and Research and Doctorate institutions.

Public institutions rank distance education as more important to their immediate strategic success than do private institutions. And currently, the larger the school, the higher the ranking for the strategic importance of distance education. Even so, all categories in terms of size and public vs private rank distance education at the top of the list for the greatest potential for strategic impact.

IT budgets and the time of IT leaders or administrators are partly occupied by distance education but the more immediate needs of “administrative systems/ERP” and “maintaining the network and IT infrastructure” put far more pressing demands on the budget. Priorities for time include “IT funding strategies” and “IT strategic planning.”

“Online student services”—enrollment management, customization, student portals, web-based applications and distributed printing—basically held steady in terms of current strategic importance and potential explosiveness, but dropped in

terms of expenditures and time devoted to them. Online student services rank higher with private schools than public schools, and they rank higher with small institutions than with large ones.

“Teaching and Learning Strategies”—an issue which references distributed education for enhancing the classroom experience and includes electronic learning environments, courseware development, building vs. buying instructional management systems, standards for objects, data elements and exchange and the relationship between educational theory and educational outcome—has a top-ten ranking for current strategic success and potential for explosive strategic impact.

“Web-based systems development and integration,” notes the report “just barely missed the top-ten rankings for both current strategic importance and potential explosiveness.” This is the first year for these issues to be on the survey. Similarly, e-commerce, though not on any overall top-ten lists, is identified as a potentially explosive issue for all classifications except baccalaureate schools.

In the past year “Advanced Networking”—which includes Internet2 as well as affording increased broadband, upgrading the campus network for advanced applications, connecting to regional networks and quality of service (QoS) strategies—fell off the top-ten lists for current strategic success and expenditure of institutional resources, but it made it as number nine for issues

with potential for explosive strategic impact.

Ubiquitous Computing/ Universal access is an issue new to the 2001 survey and includes remote access, mobile computing and access for persons with disabilities. The *EDUCAUSE Quarterly* article says that colleges “recognize ubiquity as a necessity, but aren’t yet sure how best to

The report is available at www.educause.edu/issues/survey2001. The *Quarterly* article with commentary on the report is at www.educause.edu/ir/library/pdf/eqm01211.pdf. ♦

EDNET 2001 receives strong international participation for its Awards program

EdNET 2001 Industry Awards judges have their work cut out for them. Reflecting the increasing globalization of the educational technology industry, and of **EdNET** itself, 2001 saw the highest number of entries ever from countries other than the U.S. Canada was well represented among the 20 international entries, joined by entries from Australia, Brazil, Finland, Great Britain, Hong Kong, Korea and Singapore. The Rookie of the Year competition had 37 nominations, reflecting the expansion of the category to companies who are in their second year of existence.

“It is heartening to see the variety of business models

represented among the Rookie entries,” says **Rita Oates**, president of **Oates Associates** and **EdNET Industry Awards** coordinator. “The innovation, and enthusiasm evident among these young companies, and the accomplishments and dedication to supporting teachers and students that comes across in the HERO and Pioneer entries, bodes well for the future of the ed tech industry.”

Three finalists in each category will be announced in late August, and the winners will be honored at a banquet on Tuesday, Sept. 11, at the **EdNET 2001** Conference in Washington, D.C..

Co-sponsors of the Industry Awards competition with **The Heller Reports** are: **Florida Educational Technology Corporation (FETC, Inc.)**, **Quality Education Data/Scholastic Technology Guide/Scholastic Administrator**, **Texas Instruments**, and **The Learning Company**.

Thanks to the generous support of sponsors, the **EdNET** experience is enriched by the presence of some of the country’s top education executives and a group of international technology leaders, who attend **EdNET** on scholarship to share their unique perspectives on the education market.

In its third year, the **Education Executives Advisory Board (EEAB)** program has been extremely valuable and well received. The role of the **Education Executives Advisory Board (EEAB)** is to assist vendors

in understanding what educators like and don't like about instructional technology products and services and about marketing and sales approaches.

This year's Education Executives Advisory Board members are: **Michael Abbiatti**, Associate Commissioner, Information and Learning Technology, **Louisiana Board of Regents**; **Bridget Foster**, Director, **California Learning Resource Network**; **Diny Golder-Dardis**, Executive Director, **JES & Co.**; **Larry Gould**, Provost/Chief Academic Officer, **Fort Hays (KS) State University**; **Ted Kelly**, Director of Special Programs and Technology, **Provo (UT) School District**; **Bret Longberry**, Coordinator of Technology Advancement, **Dublin City (OH) Schools**; **David Richards**, Director of Educational Technology and Information Systems, **Rochester (MI) Community Schools**; and **Brenda Williams**; Executive Director, Office of Technology & Information Systems, **West Virginia Department of Education**.

Sponsorship of the **EdNET 2001** Education Executives Advisory Board Program has been generously provided by Florida Educational Technology Corporation (FETC, Inc.), Quality Education *Data/Scholastic Technology Guide/Scholastic Administrator*, Texas Instruments, and The Learning Company. ♦

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The 5th Wave By Rich Tennant



"It was between that and Internet filtering software."

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