

## Context

This document is a summary of an email sent to the development leaders of the teams delivering on the smart curriculum objective. The intent was to answer the over-arching question: “Is this a big market?” and by proxy to explain the decision to focus on a differentiator versus a minimum market requirement in order to improve our sales on the K-12 Market segment.

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### Smart Curriculum

Smart curriculum is meant to be a differentiator. We are pursuing an experience with k12 teachers that other providers don't offer. Giving us a calling card -- giving us a leg up vs others in market. This work is by definition more unknown than other types of work such as minimum market requirement MMR work and neutralization work.

### Our Metric:

To increase win rates from 10% to 30% in k12 we need to improve the teacher experience -- making Brightspace even more useful and delightful from the moment a teacher lands in the system to how the teacher teaches day in and day out.

### Growth Drivers:

Our aspiration is to grow revenue as a business 20% YOY we must be in

markets large enough to sustain \$10M then \$20M then \$30M then \$40M dollars per year of transactions while still even at that level (\$40m/year of growth) we will still only will be a tiny (~5%) piece of that broader market—because strategically we need to be in markets we can, extensively, increase growth rates while increasing revenue without draining/saturating the available transactions in that market.

#### **Teacher's use text books:**

##### ***Data Point 1: Size of e/Textbook Market***

2016 9B+ estimated (up to \$14B) size of US textbook and digital textbook k-12 market. By way of comparison the Academic and Corp GLOBAL LMS market is estimated to be as small as USD 5.22 Billion in 2016.

##### ***Data Point 2: HE vs K12 Market Size overall.***

Some data points that appear middle of the road (other shave higher/lower) Early childhood educaion: ~\$70 bllion, K-12: ~\$670 billion, Higher eduation: ~\$475 billion.

##### ***Data Point 3: Teacher's Using Textbooks***

How many US k-12 teachers use a textbook of any kind — according to SIMBRA and AAP — conservatively about 60% IN US K12.

##### ***Data Point 4: Districts & Student #s***

~18,000 School districts in the US,  
3 million US teachers  
US elementary students: 38,716,000  
US secondary students: 16,160,000

##### ***Data Points 5: Text Book Learners***

<calculated> Textbook learners therefore represent 60% of TOTAL US K-12 ENROLLMENT: 54,876,000 or an estimated 33M students. Also, there are slightly more than 3 million US Teachers. 60% of that number put us right around 2 million teachers that use e/textbooks.

#### *Data Point 6: Publisher & Textbook Sales*

7 publishers control 70% of the \$9B US textbook market and we have “partner” pipeline conversations with McGraw Hill, Cengage, Pearson, Houghton Mifflin and more in flight.

Textbook sales by % /subject across total of all sales:

- 25% Math
- 20% Science
- 18% Social Studies
- 9% Foreign Languages
- 6% Lit
- 6% English
- 3% Business
- 13% Other

#### By Comparison?

Perhaps compare this to the 250 HE schools / representing 500, 000 students and 20,000 teachers implementing a slice of CBE of any kind.

#### **Clarifications:**

#### **Working with FLVS...**

As a starting point we wanted to work with publisher who would be aggressive in assisting us and flexible with us. As we prove out the theory of the case. But they are not the end game they are only proof point 1. Their participation will give us the opportunity for leverage on other publishers to conform to our model. From k12inc to Houghton Mifflin will be in the mix in

our model over time.

Working with FLVS because they they represent content for...

Number of school districts:74

Number of public schools:4,295

Number of public school teachers:177,853

Which is not the largest in the world but is not the smallest sampling either...

\* GDP of the state of Florida: \$748 billion USD, \$GDP of California: 2.5 Trillion, \$GDP of Canada 1.8 Trillion.

Layout and pacing of a textbook is the basis for teachers adding supplemental material. The adding of supplemental material in conjunction with the ability to modify and arrange learning to the needs of the teacher are part of this initial version of smart curriculum.

### Landing Page Work...

Another clarification is that the landing page work is MMR for k-12 teachers. We are looking for something like parity with other systems some of which you named and some that you did not. In this MMR work we are looking to delight as well but the capability is not meant as a differentiator.

### Focus:

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### Resources:

[http://nces.ed.gov/programs/digest/d12/tables/dt12\\_002.asp](http://nces.ed.gov/programs/digest/d12/tables/dt12_002.asp)

<https://www.edreform.com/2012/04/k-12-facts/>

<http://achievethecore.org/>

<http://simra.us/wp/2013-state-profiles-reports/>  
<http://www.simbainformation.com/Publishing-PreK-9618089/>  
<http://schools.utah.gov/arc/curr/imc/simra2015/SIMRARP2015.pdf>  
<https://www.marketresearch.com/Simba-Information-Reports-v3481/Publishing-PreK-8652303/>  
<http://www.slideshare.net/MarketResearchcom/publishing-for-the-pre-k-12-market-20092010>  
<http://oajscr.org/index.php/JSCR/article/view/a07>  
<https://www.flvs.net/docs/default-source/full-time/florida-virtual-school-summary.pdf?sfvrsn=0>  
<http://www.wired.com/2012/01/why-education-publishing-is-big-business/>  
<http://www.project-disco.org/competition/112113-the-changing-textbook-industry/#.V7c98JMrK8o>  
<http://thelearningcounsel.com/article/how-big-k-12-digital-curriculum-market>  
<https://www.quora.com/How-big-is-the-education-market-in-the-US>  
[http://bmocm-archives.com/uploads/Education\\_&\\_Training\\_Report\\_File.pdf](http://bmocm-archives.com/uploads/Education_&_Training_Report_File.pdf)