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FOCUS FEATURE

More Faculty Turning to OER as Federal and State Laws Promote Free Texts

It's not news that many students struggle to afford college textbooks, nor that the use of free Open Educational Resources (OER) has been increasing—a trend that helps students in the US—and has challenged many educational publishers. What is new, though, is how the US federal government and several states have been introducing legislation to incentivize or even require OER in their state. This *Focus Feature* examines what's going on in this arena and shares results of recent studies that

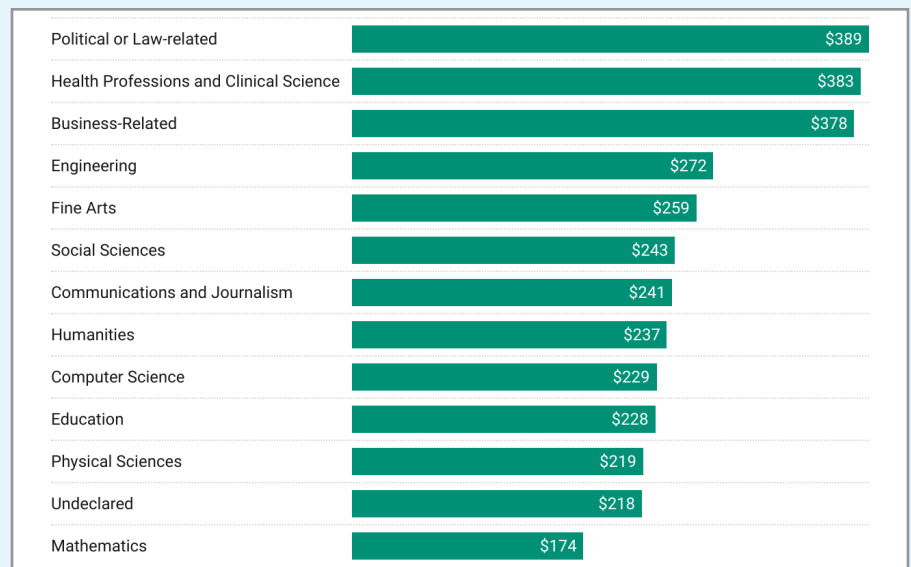
Continued on p. 2...

Higher Education Course Materials Sales Steadily Rise

Higher education course material sales in August 2023 were \$607.9 million, an increase of 7.4% from \$562.7 million in August 2022. Revenues continued to increase in September by 0.8%, increasing from \$450.4 million in 2022 to \$454.2 million in 2023. Year-to-date trade (consumer book) revenue increased from \$8.0 billion in August 2023 to \$9.4 billion in September 2023 (up from \$7.9 billion in August 2022 and \$9.3 billion in

Continued on p. 3...

EMA Pulse: How Student Course Materials Spending Varies by Major



In 2022-2023, students in political science and law related materials spent the most on materials and those majoring in mathematics the least.

Source: *BestColleges and the National Association of College Stores (NACS)*

► **Focus Feature, cont'd. from p.1**

illustrate the quickly increasing use of OER by instructors.

Before getting into the details of the federal and state programs, we can take the pulse of the issue as it stands right now: that is, what have the latest surveys found in what students spend, how many students today say that high textbook costs remain a burden; and what percentage of faculty are now requiring and assigning free alternatives-OER Resources.

When looking at what students spend on their materials, student spending has dropped and will continue to fall. A study conducted in September 2023 by the **National Association of College Stores (NACS)** (Oberlin, OH) Student Watch division found that spending had dropped to \$285 for the 2022-2023 academic year, representing a 50% decline from the \$662 that it found for average spending ten years ago, during the 2012-2013 school year. NACS also broke down the average amount spent per student by individual major, with the lowest amount of spending on math materials at \$174 per year and the highest, \$389, by students that majored in politics or law. See Pulse, p.1.

Regarding these drops, many students still report concerns. A [survey](#) conducted in the Spring and Fall of 2023 of 4,300 students across 14 Pennsylvania institutions found that 81% of those polled reported worry “to some degree” about materials costs and nearly half say their worry is moderate to extreme. The study was jointly conducted by **Affordable Learning PA**, the **Partnership for Academic Library Collaboration and Innovation** (Wilmington, DE), and **Bay View Analytics** (Oakland, CA).

In terms of faculty awareness and usage of OER, Bay View Analytics, a statistical research firm, produces a variety of detailed educational surveys each year, including how faculty are choosing and using their course materials. Its most recent 2022-2023 survey found that the rate of awareness of OER of faculty jumped from 57% measured for the 2021-2022 period up all the way to 72%—representing a steep 26% increase. In addition, the survey found that 29% of faculty said they actually require the use of OER in the classroom.

Federal and State Governments Continue to Push OER

On the federal level, a federal initiative launched in 2018 called the *Open Textbook Pilot Grant Program* continues to provide support for projects at colleges and universities that create or expand the use of open textbooks. Four U.S. Senators, Tina Smith (D-Minnesota), Dick Durbin (D-Illinois), Angus King (I-Maine), and Kyrsten Sinema (D-Arizona), and one U.S. House member, Joe Neguse (D-Colorado 02), had originally lobbied for the funding of this pilot, and over the last six years, \$50 million has been allocated to the Program. The initiative got another push in 2022 when the same group introduced the bicameral *Affordable College Textbook Act*, ([H.R.1811/S.978](#)) legislation

The rate of awareness of OER of faculty jumped to 72% this past year.

to create an updated competitive grant program to support the creation of and expand the use of OER textbooks.

On March 11, 2022, Congress passed its FY2022 appropriations package, signed by President Biden shortly thereafter, which included \$11 million for the pilot program, \$4 million more than the amount in FY2021. The funds were meant to fully fund the 2021 grants and open the program for 2022. The 2022 application period opened in late spring 2022, awarding \$2.6 million in federal funds.

In 2023, **Scholarly Publishing and Academic Resources Coalition (SPARC)** (Washington, D.C.), the nonprofit advocacy group supporting open educational resources, called on Congress to appropriate \$25 million for the program in its FY2023 budget. See figure 1 below for a list of the program’s FY 2023 awardees.

Open Textbooks Pilot (OTP) Program Fiscal Year 2023 Summary of Funding					
<ul style="list-style-type: none"> FY 2023 Appropriation: \$12,000,000 FY 2023 Amount for New Awards: \$11,709,310 <ul style="list-style-type: none"> Funding Down the Slate from the FY 2022 Competition: \$1,253,296 New Awards from the FY 2023 Competition: \$10,456,014 Number of New Awards: 6 <ul style="list-style-type: none"> Funding Down the Slate from the FY 2022 Competition: 1 New Award New Awards from the FY 2023 Competition: 5 New Awards 					
Institution Name	State	Type of Institution	Award Amount	Type of Award	Abstract Page
California State University, Bakersfield	CA	Institution of Higher Education (IHE)	\$1,253,296.00	New Award Funded Down the Slate from the FY 2022 Competition	2
The University of New Mexico	NM	Institution of Higher Education (IHE)	\$2,124,223.00	New Award from the FY 2023 Competition	3
Louisiana Board of Regents	LA	State Higher Education Agency (SHEA)	\$2,125,000.00	New Award from the FY 2023 Competition	4
Washington State Board for Community and Technical Colleges	WA	State Higher Education Agency (SHEA)	\$2,118,044.00	New Award from the FY 2023 Competition	5
San Antonio College	TX	Institution of Higher Education (IHE)	\$1,963,747.00	New Award from the FY 2023 Competition	6
The Ohio State University	OH	Institution of Higher Education (IHE)	\$2,125,000.00	New Award from the FY 2023 Competition	7

Figure 1: Six institutions across the country have received funding for the federal program. Additional details on how each state plans to use its funding can be found [here](#).

Source: US Department of Education

Most recently, Texas and Louisiana introduced two notable bills to support OER.

On December 14, 2023, the same Congresspersons who created the program, along with several other colleagues, sent a letter to Secretary of Education Miguel Cardona and Director of the Office of

Management and Budget (OMB) Shalanda Young, urging the agency leaders to add more funding for the Open Textbooks program for (FY25) budget request. Below are excerpts from the letter:

...Since the creation of the Pilot in FY 2018, the Department of Education has received 69 applications for projects while only being able to fund 18 projects. Further, programs supported by the Pilot are estimated to have saved students \$250 million," the lawmakers wrote. "Additional funding would increase these savings for students...The high cost of textbooks disproportionately impacts low-income students and students of color who are unable to purchase required course materials, placing them at an academic disadvantage... The expanded use of open textbooks also has the potential to promote healthy competition in the traditional textbook market, which would reduce prices overall.

[The full letter is available here: https://www.durbin.senate.gov/imo/media/doc/letter_to_ed-omb_fy25_budget_request_open_textbooks_final_w_signatures.pdf]

State Governments Move to Support OER

There has also been significant new activity in the states. Most recently, Texas and Louisiana introduced two notable bills to support OER.

On June 11, 2023, Louisiana introduced its *Affordable Digital Textbook and Learning Materials Pilot Programs 10 A* ([act. §3129.8](#)) to develop and implement pilot programs to provide open and no-cost digital textbooks, study tools, online homework, and open educational resources that can be used to improve student outcomes. The pilot programs to which funds will be awarded were to be selected by the board in accordance with criteria set forth in the bill.

In October 2023, Texas launched its *Higher Education Open Educational Resources (OER) Grant Program* via [Senate Bill 810](#). The bill is designed to incentivize faculty at Texas' institutions of higher education to adopt, modify, redesign, or develop courses that use only open educational resources. Reports are required by Rider 49 of the General Appropriations Act, Senate Bill 1, 87th Texas Legislature, Article III-59.

In Simba's *2022-2024 State of College Course Materials report* (published December 2022), we noted that California was prioritizing OER for Community Colleges through three organizations: the American Association of Colleges and Universities (AACU), Creative Commons, and SPARC. These

organizations were working with the state to increase adoption of OER. Funding was received from the *Michelson 20MM Foundation's Open Educational Resources Initiative*, a nonprofit organization based in Culver City CA devoted to open learning and texts, enabling the state to award Michelson Spark Grants to three projects that support California's *Zero-Textbook-Cost (ZTC)* program.

That program was launched in 2016 to help replace conventional textbooks with OER for entire degree or certification programs and is administered through the California Community College Chancellor's Office. In 2021, Governor Gavin Newsom allotted \$115 million to expand *Zero-Textbook-Cost* degrees and OER usage in the 116 community colleges in the state. Colleges that secure funding have leeway in how they spend the money.

Implementation of the program hit a snag in July 2022 when the funding, approved by lawmakers in 2021, stalled in the office of the California state chancellor, which said that it could not disburse the funds until it developed an application and built a portal to track success.

In December 2023 though, the **College of the Canyons** (Santa Clarita) was awarded \$600,000 from the California Community Colleges Chancellor's Office in support of the *ZTC* acceleration and Open Educational Resources (OER) materials that can be used and repurposed by other California community colleges. The three \$200,000 grants will allow the college to create *ZTC* and OER pathways for certificate programs in the fields of land surveying, water systems technology, and sustainable design and development.

In September 2023, the trade publication *EdSource* critiqued the program. The publication reported that "more than two years have passed with no coordinated effort to determine what zero-textbook-cost programs exist or are being developed, assess gaps in available openly licensed resources, or implement meaningful ways for colleges to share resources to complete their pathways."

Note that Simba will be publishing its annual *State of College Course Materials* in late January, which will contain more details on trends in college course materials, as well as new data market sizing analyses, company profiles, current legislation, innovative new course materials and much more. To view a table of contents and executive summary from the December 2022 report, [click here](#). ■

Course Materials Sales, cont'd. from p.1

September 2022).

That's one of the key findings from the **Association of American Publishers' (AAP)** (Washington, D.C.) latest monthly *StatShot* reports, released in October and December, which surfaced trends in publishing revenue. The reports detail sales to bookstores, wholesalers, consumers, online retailers, and other distribution channels. *StatShot* draws its revenue data

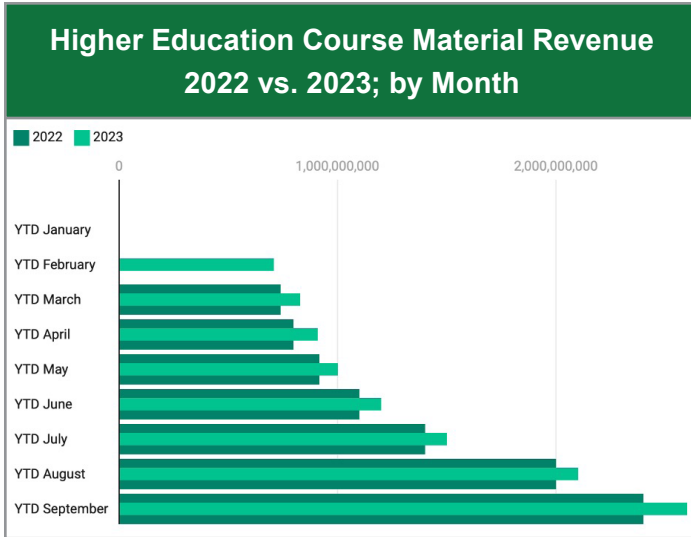


Figure 2

Source: Simba Information using AAP data

from approximately 1,240 publishers, though participation may fluctuate slightly from report to report.

The *StatShot* reports provide ongoing revenue snapshots across publishing sectors enabling readers to compare revenue on a month-to-month basis. It is important to note that *StatShot* reporting data may not align completely across reporting periods due to the fluctuation in participants and publishing house accounting practices (e., it is a common accounting practice for publishing houses to update and restate previously reported revenue data).

In the October 13, 2023, issue of *Education Market Advisor* Simba reported that the AAP highlighted declining revenue in the total market in June and July. The revenue decline was largely attributed to decreases in sales of trade (consumer) books. The AAP reported in June that revenue in higher education course materials were down 20.6% in July from \$319.8 million in 2022 to \$253.8 million in 2023.

Higher education course material sales in August 2023 were \$607.9 million, an increase of 7.4% from \$562.7 million in August 2022. Revenues continued to increase in September by 0.8%, increasing from \$450.4 million in 2022 to \$454.2 million in 2023.

August StatShot

In the *August StatShot*, released October 17, 2023, AAP detailed an increase in the total trade publishing industry for the month of August (up 5.5% from \$1.4 billion in August 2022 to \$1.5 billion in August 2023). Revenues for the first eight months of the year were up 1.3% from \$7.9 billion in 2022 to \$8.0 billion in 2023. The increase can

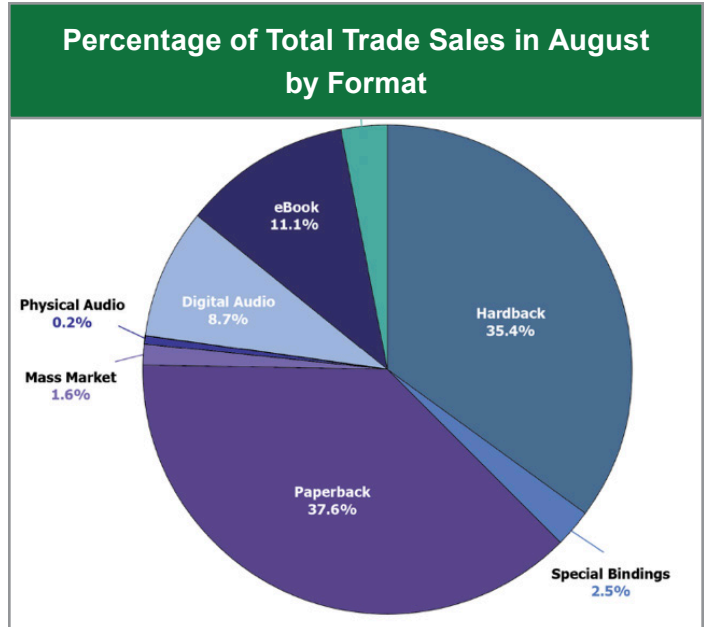


Figure 3

Source: AAP August StatShot

be attributed to rising sales in trade (consumer books), digital audio, physical audio, Higher Education Course materials, and Professional Books.

The Trade (Consumer Books) category saw fluctuations during the month of August. Hardback revenues were up 16.5%, from \$238.4 million in 2022 to \$277.8 million in 2023; Paperbacks were up 6.4% from \$277.4 million in 2022 to \$295.1 million in revenue in 2023; Mass Market was down 19.2% from \$15.1 million in 2022 to \$12.2 million in 2023; and Special Bindings was up 12.0%, from \$17.5 million in 2022 to \$19.6 million in revenue in 2023.

Revenues in eBooks were down 3.9% for August 2023 as compared to August 2022, dropping from \$90.7 million to \$87.1, and physical audio rose 18.1% from \$1.1 million in 2022 to \$1.3 million in 2023.

Professional Books, including business, medical, law, technical, and scientific, were up 0.6% during the first eight months of 2023, increasing to \$8.0 billion, from \$7.9 billion during the same period in 2022.

September StatShot

The uptick in year-to-date revenues across all categories continued in September 2023 reaching \$9.4 billion (up 0.8% from \$9.4 billion in September 2022).

In the *September StatShot*, released December 12, 2023, AAP detailed a flat month of revenue for September but an overall increase of 0.8% for the first nine months. Total revenues remained at \$1.4 billion for the month of September between

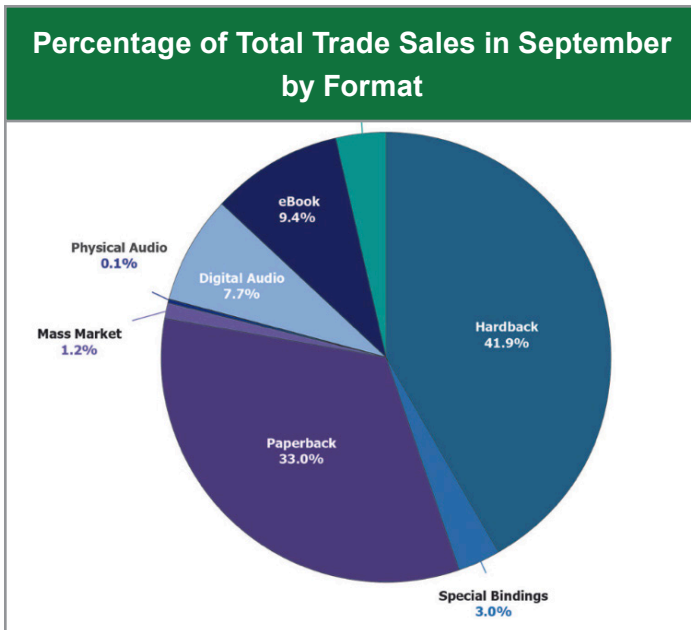


Figure 4

Source: AAP September StatShot

2022 to 2023, but revenues for the first nine months of the year were up 1.1% from \$9.3 billion in 2022 to \$9.4 billion in 2023. The increase can be attributed to rising sales in higher education course materials, hardback books, special bindings, digital audio, and professional books.

Trade (consumer books) revenues were down 0.4% in September, from \$917.5 million in 2022 to \$905.9 million 2023.

The Trade (consumer books) category continued to fluctuate in September: Hardback revenues were up 10.1% from \$344.5 million in 2022 to \$379.2 million in 2023; Paperbacks was down 7.1% from \$322.0 million in 2022 to \$299.1 million in revenue in

2023; Mass Market was down 39.2% from \$18.6 million in 2022 to \$11.3 million in 2023; and Special Bindings was up 11.9%, from \$24.2 million in 2022 to \$27.1 million in revenue in 2023.

Revenues in eBooks were down 1.0% for the month as compared to September 2022 from \$85.9 million to \$85.2 million in 2023, and Physical Audio fell 29.4% from \$1.7 million in 2022 to \$1.2 million in 2023.

The Professional Books sector also saw an increase of 6.8% in revenue in September from \$35.5 million in 2022 to \$37.9 million in 2023.

Year-to-date revenues for the months of July, August, and September 2022 and 2023 are listed in more detail in the table below. ■

Valiant Cross Academy Wins \$1 Million Yass Prize

Valiant Cross Academy (Montgomery, AL) was named the winner of the \$1.0 million 2023 **Yass Prize** (Philadelphia, PA), an award for educators and innovators in education. The academy was chosen from among nine other [finalists](#) in a showcase on December 13, 2023, in New York City.

Janine and Jeff Yass, founders of the Yass Foundation for Education, created the Prize as part of its STOP Award Initiative, which aims to recognize “sustainable, transformational, outstanding, and permissionless” work in education. The initiative began in 2021 as a means of discovering education providers that were delivering “best-in-class” experiences during the COVID-19 pandemic. Since 2021, the foundation has awarded over \$51 million.

This year, Valiant Cross Academy, 9 finalists, 23 semifinalists, and 32 quarterfinalists received a total of \$13 million through the STOP initiative, welcoming them to join a large network of past

Table 1: AAP Year-to-Date Revenue Comparisons, by Month July-September 2022/2023

	January-July			January-August			January-September		
	2022	2023	% change	2022	2023	% change	2022	2023	% change
Hardback	\$1.6 b	\$1.6 b	0.0%	\$1.8 b	\$1.9 b	5.5%	\$2.2 b	\$2.2 b	0.0%
Paperback	\$1.8 b	\$1.7 b	5.5%	\$2.1 b	\$2.0 b	4.7%	\$2.4 b	\$2.3 b	4.1%
Mass Market	\$110.4	\$83.2	24.6%	\$125.5	\$98.1	21.8%	\$143.9	\$109.5	23.9%
Special Bindings	\$99.0	\$96.8	2.2%	\$116.5	\$116.3	0.2%	\$140.7	\$143.4	1.9%
eBooks	\$582.8	\$578.7	0.7%	\$673.3	\$666.9	1.0%	\$759.2	\$749.9	1.2%
Digital Audio	\$469.8	\$489.8	4.3%	\$543.2	\$559.0	2.9%	\$618.2	\$628.3	1.6%
Physical Audio	\$8.1	\$6.7	17.3%	\$9.2	\$8.0	3.2%	\$10.9	\$9.3	14.7%
Higher Education Course Materials	\$1.4 b	\$1.5 b	7.14%	\$2.0 b	\$2.1 b	5%	\$2.4 b	\$2.6 b	0.4%
Professional Books	\$240.3	\$288.7	20.14%	\$282.9	\$330.6	16.8%	\$314.4	\$368.5	17%

Source: AAP



Figure 5

Source: Yass Prize

winners, finalists, semifinalists, and quarterfinalists.

[Valiant Cross Academy](#) is an all-Black-male Christian academy across from Dexter Avenue Methodist Church, where Dr. Martin Luther King Jr. once served as pastor. The academy serves 210 students in grades 6-12 with a small class size structure aimed at doubling math and tripling literacy instruction time with differentiated instruction, tutoring, and a daily after school program.

The Academy was chosen as the 2023 Yass Prize winner for best meeting the STOP Initiative goals. According to the foundation, it met the STOP criteria because:

- Its **sustainable model** ensures its young male scholars have access to Alabama's publicly funded scholarship program.
- Its **transformational efforts** create an atmosphere of innovation as they create local partnerships for careers, computing, e-gaming, and robotics.
- Its **outstanding curriculum** provides students with double the math and triple the literacy instruction time while also differentiating instruction, providing aggressive tutoring, a daily after school program, and a weekly chapel service with the goal of establishing an intentional culture of structure and discipline.
- Its **permissionless approach** helps to create a strong environment for its students that celebrates rather than tolerates them. ["Permissionless" is the organization's philosophy and practice that reduces regulations and permissions that teachers must obtain before taking action they feel is correct]

With the award, Valiant Cross Academy plans to expand its educational offerings to more young men in the Montgomery area by adding grades K-5 with the goal of creating its program in other states like Florida, Georgia, and Mississippi.

The 2023 finalists each received a \$200,000 STOP award for their work in education. The finalists were:

- **Black Pastors United for Education (Harrisburg, PA):** a network of hybrid learning centers embedded in churches

situated in high-need communities. It was formed originally as a set of learning pods in Rock Church (Harrisburg, PA) in 2021, where it provided student support during the pandemic. The network provides small group hybrid learning pods where students receive academic instruction from a cyber charter school while being coached by learning guides.

- **Cristo Rey Network (Chicago, IL):** a national faith-based independent network of 39 schools across 24 states that serves lower income-based youth and families. This network of schools operates via a special authorization from the U.S. Department of Labor through which students work one day per week in a professional job during all four years of high school. Cristo Rey students have earned a majority of the costs for their private education through 2,700 corporate partners.
- **Detroit Achievement Academy (Detroit, MI):** a K-8 academy that serves nearly 1,000 students in economically and racially diverse communities. Students at the academy "learn-by-doing" through challenges and projects where they learn to be scientists, urban planners, historians, and activists who investigate real community problems.
- **The Melanin Village (Brooklyn, NY):** a national group that focuses on addressing the "growing demand by Black and Brown" moms that want to educate their children at home. The group is established through a membership model that provides parents with resources, classes, professional development, and community support so they can become an educator for their children at home.
- **National Fellowship for Black and Latino Male Educators (NFBLME) (Las Vegas, NV):** a national fellowship of Black and Latino males that aims to be a springboard for members to launch into positions at the senior level, C-suite roles, or as principals in education. Keith Brooks, Founder, and Chief Executive Officer of NFBLME, is a trained educator, leadership coach, and advocate created the fellowship to be a "revolution not an evolution" in schools to ensure "that the futures of young men of color are no less promising than anyone else's." The fellowship provides students and families from low socioeconomic backgrounds with education opportunities.
- **Odyssey (New York, NY):** a national platform that provides features for educational savings accounts (ESAs) and microgrant programs. Odyssey's customizable features include application management, marketing and outreach, marketplace creation, payments, and customer support via a state-based approach.
- **Odyssey Charter School (Wilmington, DE):** a school that began in 2006 as Delaware's first mathematics focused, second language elementary charter school. It has grown to reach over 2,200 students from grades K-12. The school is partnered with the Biden School of Public Policy and Administration at the University of Delaware where it can recruit credentialed instructors from Greece who co-teach with an American counterpart.

- **St. George Municipal School Unit (Tenants Harbor, ME):** a public school district that began in 2015 after seceding from a different district so it could adopt a different and “more relevant” approach to learning. St. George seeks to provide its students with both 21st century rigor and career-orientation in the classroom, along with using the successful Expeditionary Learning practices to embrace “experiential learning that levels the playing field for all students.”
- **West Virginia Academy (Morgantown, WV):** the first public charter school established in the state. The academy uses a mastery-based approach with a classical curriculum in which students are instructed at their individual level of learning. Students are frequently assessed to ensure they’re showing growth. ■

Management Matters journal (Emerald Publishing, Leeds, England) examined the factors that influence how college students adopt educational technology products. Key factors examined include the larger technological infrastructure, ease of use, perceived usefulness, compatibility with existing academic practices, institutional support, financial constraints and individual attitudes towards technology. The authors stated that the implications of the study will enable stakeholders to “design effective strategies to promote the successful adoption and integration of EdTech products in higher education and ultimately to enhance student learning outcomes, improve educational practices and support the ongoing evolution of technology-enhanced education.”

Simba Radar

Below is our round up of the latest news we’ve come across that we feel has significant implications for edtech and educational instructional publishers.

Adoption of EdTech Products Among College Students: A Conceptual Study

A scholarly study published in December 2023 in the

Sorbonne University Drops Web of Science and Clarivate in Favor of Free Research Tools

Last month on its web site, the prestigious **Sorbonne University** in Paris announced it was dropping the highly popular *Web of Science* and *Clarivate* fee-based databases in favor of exploring free and open tools. The university said that this decision was in line with its prior stated commitment to open science. To replace the research that these well-known science databases provide, the university will be partnering with [OpenAlex](#), a free index of the world’s research ecosystem. OpenAlex has been developed with support from [Arcadia](#)—a UK-based charitable fund. Note,

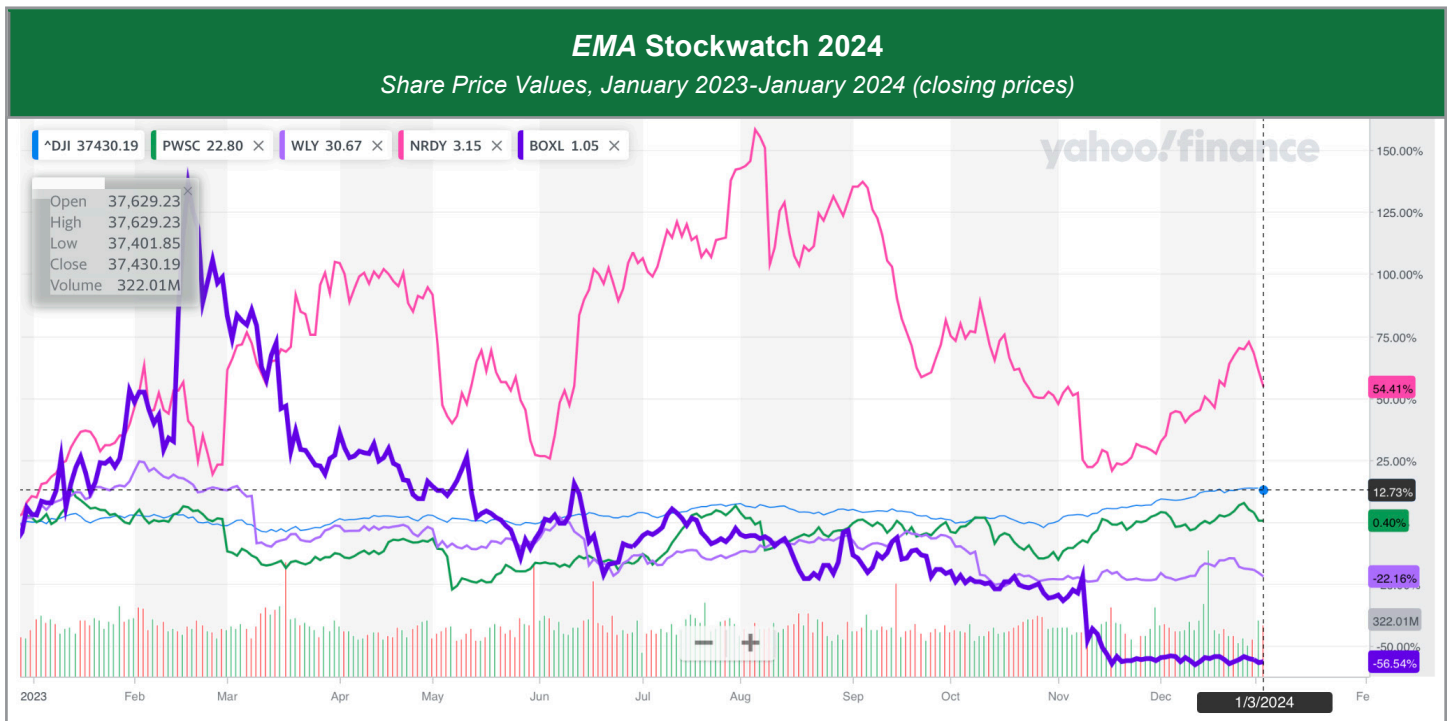


Figure 6: Closing results for December 2022-December 2023 for DOW Jones (DJI) indicated by the blue line in the chart, PowerSchool (PWSC), Wiley (WLY), Nerdy (NRDY), and Boxlight (BOXL). The gray box indicates the open, high, low, close, and volume of the market for January 3, 2023, as indicated by the dashed line at the end of the graph.

Source: Yahoo! Finance.

too, that on December 26, 2023 the *Financial Times* wrote an article on how this move by Sorbonne is “shaking up academic publishing.”

New FTC Rules Propose Strengthening Data Collection Practices on Children

Last month, the **US Federal Trade Commission (FTC)** proposed new regulations to tighten restrictions on data collection of children online, designed to strengthen the existing *Children’s Online Privacy Act of 1998*. That act limits the ability of retailers, advertisers, and other entities to track and collect a young person’s use of services, including social media apps, video game products, and more. The new updates would limit what kind of data can be collected via learning apps, limiting its collection to purposes for learning only and not for commercial purposes. [See the December 8th 2023 *Simba Radar* for our alert on a related topic, headlined: *EdTech Companies Need to Know How to Ensure Legal Compliance with AI Products*]

New Survey Shows GenZ Graduates Less Prepared for Workforce

A survey of 800 employees by **intelligent.com** (Seattle, WA), an educational research firm, found that employers have reported that a high percentage of GenZ graduates (those born between 1997 and 2012) are lacking in certain basic professional work capabilities. Highlighted were undesirable behaviors in job interviews, such as not making eye contact, dressing inappropriately, not turning on a camera for a virtual interview, and others. *EdWeek* magazine noted that some of these characteristics may be derived from the problems of pandemic lockdowns. It also noted that as most teachers begin their career in their 20s—which is the age of these GenZ college graduates—that these employees may need more training and mentoring as they begin their careers.

Survey Provides New Insights into How Teachers are Using AI in K-12

A survey of 776 teachers in North America conducted late last fall by Málaga, Spain-based **Slidesgo**, a Freepik company and provider of template slides for PowerPoint and Google, turned up some interesting findings. Among them were that the top uses of AI tools in the classroom were to generate educational content (57.6%); organize a class or give a lesson (53%); get inspiration for a school assignment (46.5%); and prepare a presentation of a project (43.4%). The survey also found that 71% of teachers said that AI was “improving the quality of their day-to-day work,” and 70% considered “AI to be beneficial to education.” The biggest challenge, cited by 56.5%, was that they don’t know how to use or apply a specific task. ■

PowerSchool and Wiley Report Financial Results

PowerSchool (Folsom, CA)

On November 7, 2023, PowerSchool announced its financial results for the quarter ended September 30, 2023. The company reported a 12% year-over-year revenue growth from \$162.4 million in Q3 FY 2022 to \$182.2 million in Q3 FY 2023.

Hardeep Gulati, PowerSchool Chief Executive Officer, said in a company news release, “Our ongoing innovations in data-centric AI solutions, our investments in adjacent products, and the build out of our global footprint are increasing our total addressable market by a factor of ten.”

In the financial presentation, the company shared key business highlights from the quarter. Highlights include:

Key Business Highlights Q3 FY 2023

- **Acquisition of SchoolMessenger:** The company acquired the K-12 communications technology company during the quarter. PowerSchool announced its intention to acquire the company on July 11, 2023, and it completed the transaction on October 3, 2023. The acquisition enabled PowerSchool to “centralize, enrich, and innovate the communication processes,” for school districts and parents.
- **Acquisition of Neverskip:** The company expanded during the quarter with its acquisition of Neverskip, an India-based K-12 administration and business management software provider. The acquisition was completed on September 5, 2023. The acquisition helped to expand PowerSchool’s reach to over 1.2 million students in India.
- **Added new partnerships:** The company added 6 new strategic channel partnerships during the quarter. The partnerships occurred in targeted regions around the world:
 - Middle East and Africa: CCS in Egypt and Bahwan Cybertek in Oman and the UAE
 - Asia: BeeNet in Hong Kong, Singapore, and the Philippines
 - Europe: Gear Education in Greece and Cyprus
 - New Zealand: Glenn Cook Technologies
- **Expanded partnership with EAB:** PowerSchool announced that it expanded its partnership with higher education research, technology, and enrollment solutions provider EAB during the quarter. The expanded partnership provides high school students with “easy access to proactive offers of college admission and financial aid.”

Financial Highlights Q3 FY 2023

- Total revenue increased 12% year-over-year from \$162.4 million in Q3 FY 2022 to \$182.2 million in Q3 FY 2023.

- Subscriptions and support revenue increased 9% from \$137.1 million in Q3 FY 2022 to \$149.0 million in Q3 FY 2023.
- Gross profit increased 19.1% from \$92.6 million (57% of total revenue) in Q3 FY 2022 to \$110.3 million (61% of total revenue) in Q3 FY 2023.
- Adjusted gross profit increased 16.3% from \$111.1 million (68% of total revenue) in Q3 FY 2022 to \$129.3 million (71% of total revenue) in Q3 FY 2023.
- Adjusted EBITDA increased 18.7% from \$52.2 million (32% of total revenue) in Q3 FY 2022 to \$62.0 million (34% of total revenue) in Q3 FY 2023.

Business Outlook

PowerSchool provided an update to its business outlook in its financial results news release. The company now expects:

Table 2: PowerSchool Business Outlook Q4 and Full-Year FY 2023	
Q4 FY 2023	
Total Revenue	\$182.0 million to \$185.0 million
Adjusted EBITDA	\$56.0 million to \$58.0 million
Full-year FY 2023	
Total Revenue	\$697.5 million to \$700.5 million
Adjusted EBITDA	\$229.0 million to \$231.0 million

Source: PowerSchool

Wiley (Hoboken, NJ)

On December 6, 2023, Wiley announced its Q2 FY 2024 results, ending October 31, 2023, during an earnings webcast. The company reported a 4% decline in GAAP revenue for the quarter, dropping from \$515 million in Q2 FY 2023 to \$493 million in Q2 FY 2024. The decline was attributed to decreases in its "Hold for Sale or Sold" and Research segments.

The Research segment experienced declines in the quarter due to disruption in Hindawi publishing in Research Publishing and soft market recruitment in Research Solutions. The total revenue for the segment declined 5% from \$271 million in Q2 FY 2023 to \$258 million in Q2 FY 2024. Research Publishing revenue declined 6% from \$233 million in Q2 FY 2023 to \$220 million in Q2 FY 2024. Research Solutions revenue declined 2% from \$39 million in Q2 FY 2023 to \$38 million in Q2 FY 2024. Excluding the Hindawi decline (\$18 million) revenue in the segment was flat.

The Learning segment experienced growth during the quarter due to growth in Wiley's digital content and courseware and institutional models. Academic Learning revenue increased from \$86 million in Q2 FY 2023 to \$89 million in Q2 FY 2024.

Professional Learning revenue declined from \$66 million in Q2 FY 2023 to \$60 million in Q2 FY 2024. Undergraduate enrollment in the US in the Fall semester increased for the first time since the start of the pandemic. Professional performance in the segment was attributed to improved channel environment and fewer returns.

Financial Highlights Q2 FY 2024

- GAAP Revenue declined 4% from \$515 million in Q2 FY 2023 to \$493 million in FY 2024.
- Adjusted EBITDA declined 13% from \$124 million in Q2 FY 2023 to \$92 million in FY 2024.
- Research segment revenue declined 5% from \$271 million in Q2 FY 2023 to \$258 million in Q2 FY 2024.
- Research segment Adjusted EBITDA declined 17% from \$98 million in Q2 FY 2023 to \$82 million in Q2 FY 2024.
- Learning segment revenue decreased 2.6% from \$153 million in Q2 FY 2023 to \$149 million in Q2 FY 2024.
- Learning segment Adjusted EBITDA increased 14% from \$50 million in Q2 FY 2023 to \$54 million in Q2 FY 2024.

Business Outlook

Wiley released reaffirmed its FY 2024 business outlook in its financial presentation on December 6, 2023. The company expects:

Table 3: Wiley FY 2024 Business Outlook	
FY 2024 Outlook: Ex-Divestitures	
Total Adjusted Revenue	\$1,580 million to \$1,630 million
Total Adjusted Revenue Research	Flat to low single digit decline +2% ex-Hindawi
Total Adjusted Revenue Learning	Flat to low single digit increase
Total Adjusted EBITDA	\$305 million to \$330 million
Total Adjusted EPS	\$2.05 to \$2.40

Source: Wiley

The company reaffirmed its outlook for adjusted revenue due to its Research segment performing moderately below expectations and its Learning segment performing above expectations. Wiley originally expected the Research segment to grow by 3% excluding Hindawi publishing but due to the segment's performance, the company now expects a 2% increase. Wiley also reaffirmed its Adjusted EBITDA and Adjusted EPS for FY 2024. ■

News Briefs

- ▶ On December 13, 2023, **Cengage Group** (Boston, MA) announced that its program *Gale Presents: Excel Adult High School*, an accredited online diploma completion program has been launched at the **San Diego Public Library (SDPL)**. The program will allow adults in and around the San Diego area the opportunity to earn their high school diploma. SDPL has already had two students graduate from the self-paced program, and the library has ten more students enrolled with scholarships.
- ▶ On December 14, 2023, **Pearson** (London, United Kingdom) announced its plans to expand the availability of its generative AI beta of leading math, science, and business titles, as well as expanding its *MyLab* and *Mastering* titles, which are expected to be available to students by the Fall 2024 semester. *MyLab* and *Mastering* are interactive platforms backed by Pearson content from Pearson authors that allow instructors to scale teaching. The platforms have integrated eTextbooks so educators can design a course, assign homework and assessments, and monitor student progress. According to Pearson, thousands of students that used Pearson's beta AI study tools in Fall 2023 showed elevated levels of engagement, offering positive feedback on the products in a national survey the company conducted in December 2023.
- ▶ On December 19, 2023, the **Cook Center for Human Connection** (Pleasant Grove, UT), a mental health care company that provides avenues and resources focused on creating solutions to eradicate suicide and support mental wellness, announced that it had recently been awarded a \$3.99 million *Education Innovation and Research (EIR) grant*, which is awarded to programs or educators that create, develop, implement, replicate, or scale entrepreneurial, evidence-based, field-initiated innovations to improve student achievement and educational attainment for high-need students by the *EIR Program* at the U.S. Department of Education. The Cook Center for Human Connection received the grant for its program "Helping Helpers Help." The program addresses systemic inequalities in mental health and suicide prevention access at 83 middle schools in New Mexico and Arizona.
- ▶ On December 20, 2023, **Avantis Education** (Gloucester, United Kingdom), creator of *ClassVR*, AR/VR headsets designed specifically for K-12 schools, announced that **Saint Louis Public Schools (SLPS)** (St. Louis, MO) used ESSER funding to purchase the headsets for 17 schools in the district. The VR/AR headsets from *ClassVR* include thousands of pieces of VR and AR content for a broad range of subject areas.
- ▶ On December 22, 2023, **Bright AI** (San Francisco, CA), a leading global publisher of AI-powered language learning apps, introduced *Bright Arabic-Learn & Speak*, an iOS-based Arabic language learning app. Users will be able to develop conversational Arabic through practical learning skills with quick and engaging lessons that "help elevate Arabic language knowledge, expand vocabulary, and develop strong hearing and pronunciation skills." Learners will memorize 1,000 essential Arabic words through 24 thematic sets, including greetings and basic questions, travel and vacation, and more.
- ▶ On December 27, 2023, **Sealaska Heritage Institute** (Juneau, AK), a private nonprofit founded in 1980 to perpetuate Indigenous languages, released a new language learning app, *SHI Language Games*, centered around teaching and preserving endangered Indigenous languages. The app allows users to play a game in the languages Lingít, X̠aad Kíl and Shm'alg̠yack. ■

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