

AN INTERVIEW WITH MICHAEL MORACHE, CEO OF PLATO LEARNING

Michael Morache became the CEO of the PLATO Learning Inc. in 2005. The company describes itself as "the leading provider of personalized instruction and standards-driven assessment and accountability."

UBIQUITY: Tell us a bit about PLATO Learning.

MORACHE: It's an incredible company that spans four decades, and I don't think you'll find many companies in the educational technology market that span that length of time. Our heritage goes all the way back the University of Illinois, which was a pioneer in education, and to Control Data Corporation, which acquired the intellectual property rights. It eventually was presented as an IPO in the early '90s, and the company settled into K-12 and post-secondary education and has been focusing on these markets exclusively for more than a decade.

UBIQUITY: How should people think about the system?

MORACHE: When you think about PLATO Learning you've got to think about broad and deep knowledge of how technology can help students or adults accelerate or catch up on learning and mastery in certain areas. We have a vast array of instructional products that can be delivered in a variety of ways. They can run on standalone computers; they can run on networks; they can run over the Internet.

UBIQUITY: Who are the clients mainly?

MORACHE: School districts. Virtually every school district in the country would be a prospect for some kind of PLATO Learning product. There are 15,000+ school districts. Parochial schools, charter schools, even private companies that offer either charter school education or online distance education use our products, and we have some very large customers in those niches.

UBIQUITY: If you had to pick one or two shining examples of really great implementations, what would come to mind?

MORACHE: Wow, there are so many. One would be Memphis City Schools, which last year ran their summer school instruction using PLATO Learning applications. They promoted about 3,400 students that otherwise would not have graduated or been promoted to the next grade level, and we helped them keep one school out of getting out of regulatory problems with not meeting their adequately yearly progress goals, which is a big deal in the

education market now with No Child Left Behind. But that would be just one example. We have thousands of school districts using our product; that happens to be a very recent success.

UBIQUITY: Let's talk a minute about you. You've been on the job, about seven months? What drew you to PLATO Learning?

MORACHE: Well, I had been in this market before at Pearson [Digital Learning], and I've been in the IT business exclusively for 30-plus years. I find this market very attractive and exciting for a couple of reasons. One, it doesn't really have a dominant player. And second, the whole education reform movement is front-and-center in our country these days and it's going to drive market demand well out into the future for companies like PLATO Learning. There is certainly an opportunity for some pretty spectacular growth, provided that a company rises to the challenge and solves some of the basic needs of the education market. And third, I like the tradition and the history and the brand of PLATO Learning. There aren't many school districts that don't know PLATO. I haven't found any yet in seven months. The brand has a very favorable image.

UBIQUITY: Did you ever use PLATO yourself when you were a student?

MORACHE: Terrific question. I used PLATO when I was an engineering student at Illinois, and of course I had no idea I'd ever be the CEO of the company.

UBIQUITY: Are your clients mainly traditional institutions, or do you have any relationships with online universities?

MORACHE: We have relationships with online distance learning companies that, in effect, serve as K-12 schools. One such company is based in Ohio called White Hat, which is one of the largest online for-profit school companies. They use a wide range of our products to deliver online instruction to their K-12 students. We also have a number of community colleges as clients, and Louisiana Technical College uses our products for their entering students. If students want to enter Louisiana Technical College to pursue something like pre-nursing, for example, our products are used to assess their skills -- and if necessary get them up to speed in math or science or language arts. And, there are about 40 campuses involved with that. There's also Florida Distance Learning Consortium, where they use a range of our products to offer distance learning to community college students across the whole state. So those are a couple of examples. We do a lot of business with community colleges, and some amount of higher

education, which is a burgeoning market for us when you think about all the online higher ed emphasis, even by brick and mortar schools these days.

UBIQUITY: Suppose the head of (let's say) an art school comes to you and says, "We'd love to use PLATO but you don't have anything for us now." What would your reaction be?

MORACHE: Well, it would have to be a very large opportunity. In general, the software business has to be very large to be profitable, so we tend not to develop something for just one customer. We look at the overall market because the leverage in a software business -- and instruction is software -- the incremental fixed costs are small when you sell the next copy. So we like leverage, and there isn't as much leverage in one custom solution. Now if an art school came to us with an idea and it turned out to be repeatable all over the country or in a big part of the country, we might take a look at it as a way to enter that niche.

UBIQUITY: How many employees do you have?

MORACHE: About 600. We have about 80 sales people, and we have about the same number of consultants who work with our customers to make sure they get the results they need from our products, because no software is so intuitive that a teacher can just plug-and-play and get results. We also have a development team of about 80 to 90 individuals domestically either in Bloomington or San Diego or Atlanta and also several hundred offshore. And we have a customer support group that provides phone and web-based technical support. Then finally we have a small group for product management, marketing communications, and we have our corporate functions like HR and finance.

UBIQUITY: What do you feel is the general perception now of education technology? Twenty years or so ago there was a great deal of skepticism about it. Is there still skepticism, or is it now widely accepted by the public?

MORACHE: My sense is that there are only small pockets of holdouts on the issue of technology as a partner in this. Let's face it: computers and the Internet are just appliances that people use like calculators now. And what I see in my market is customers who need a lot of help getting their students up two or three grade levels in one year, and there aren't many teachers who can do that. So, technology helps a great deal there. In addition, at the other end of the spectrum, there are good students who simply don't realize their potential in the classroom setting where their peers may be below them, and they need help staying at their pace and staying engaged. Technology is very good there. Then another reason why technology is more

and more important is that our society -- and the government with No Child Left Behind -- is demanding individualized instruction.

UBIQUITY: So the purpose of technology is not to reduce the need for teachers, right?

MORACHE: No; the purpose of technology is to augment the capacity of teachers and relieve them of some of the computational tasks that have to happen to track, measure, and prescribe individualized instruction. Think of a teacher as an air traffic controller. They've got 20 students in the sky. That teacher has to get all of them to land safely. Each of those students are at different elevations going at different speeds in different kinds of aircraft. And, they all have to get down safely on the runway at the end of the school year. And of course they're moving all the time. Every day they move. They move some amount of the distance to that runway. And, there aren't many teachers who can take 20–30 students in an elementary level or many more than that in a high school level and keep track of everything that needs to be monitored. So, that's the challenge, and I think technology is just about the only way that's ever going to get done.

UBIQUITY: What sort of hardware platforms do you use nowadays?

MORACHE: We have a lot of different platforms because of legacy software. We go back probably five to 10 years on some platforms and others are current state-of-the-art. All of our new applications, for the most part, are being developed in .NET. They are Internet-ready and delivered via a subscription service over the Internet, whereas many of our legacy systems are run by the school on their own system. We have standalone applications that run on Windows and Mac OS software, we have networked client server platforms for our software to run on, and we have Internet or intranet versions of that software. All in all, probably a half a dozen different platforms currently, though, I see that number going down to one or two in the coming years.

UBIQUITY: Do you sell many systems outside the United States?

MORACHE: We have some business in Canada. We've had business in the U.K. We have some partners around the world that resell our products on different continents. It's not a big piece of business, but if we can leverage what we have domestically at no extra cost around the world, we'll do that.

UBIQUITY: As you have learned more and more about the company and the industry and the competition over the last ten months of your tenure, has anything particularly surprised you?

MORACHE: I ran the largest business in the market before I came here, so I kind of knew who the players were. I think a lot of the companies in the market haven't gone to the next level of innovation, and I think that's where PLATO Learning can distinguish itself.

UBIQUITY: How would you characterize that next level of innovation? What makes it the next level?

MORACHE: Teacher-centric as opposed to student-centric. Now, that may sound a little bit irrational. I think most companies know how to present things well to students, but I think the real challenge today is how to make it easy for the teacher to use it in the classroom everyday. It may very well be that a student can sit down and learn how to do fractions using our courseware, but an individual teacher in a classroom is trying to figure out whether the student needs work on fractions, dividing fractions, or multiplying fractions. They've got 20-plus students they're dealing with, so the question becomes how do you make the teacher more effective so he or she can apply the right block of instruction to the student at the right time? That's where I think the innovation is going to be. I see our opportunity will be in taking all the great student-centric courseware and instruction and making it practical for teachers to have a full complement of instruction to supplement what they do every day across all their subjects and all their classes. There are a lot of what I refer to as "point solution" companies in the market today, that might offer an early reading or a middle school science product, or some secondary product in language arts or social studies. But if a school district would try to take the best-of-breed from all the suppliers, there wouldn't be any way to make that easy for a teacher to use because they'd all look different and all behave different and they'd all have different assessment engines to assess student progress. They'd all have different ways to manage the lessons and the instruction. It would rapidly become an impossible spaghetti of different ways of doing things.

PLATO: So your primary focus then is on integration of products at the system level?

MORACHE: That's right; I don't believe PLATO Learning or any other company needs to be the best of breed in everything, but I believe as a whole it needs to be the best of breed. By that I mean working together -- all of the courseware, the applications, the tools working together such that the teacher now has the power to provide individualized instruction every day. I think some companies have maybe once thought about doing that but for one reason or another aren't about that anymore. Yet at any given time

a company can have several excellent courseware offerings (and that's important!) but that's not enough: as a whole it's got to be the best.

UBIQUITY: At the individual product level, is there any particular set of courses you have that you think of as "best"?

MORACHE: Yes, I think we're the best in math and science. We just released a new product called "Foundational Mathematics." And we have some more math products coming out next year.

UBIQUITY: Who in your company made it the best?

MORACHE: Well, we have terrific instructional designers and research-based thinkers who get together and they look carefully at what our customers are doing and they're able to do some very spectacular work. To put together a product, it takes instructional designers, application software developers, artists. We have all of those people, and they're terrific talents.

UBIQUITY: Have you basically solved the programming problem, so that you just need to tweak it for this application or that?

MORACHE: Well, I would say that we may reach that point some day, but right now we're moving to a new generation, and that new generation needs a new base of software, which we're in the middle of developing from scratch. And, in general, it's essential that we keep improving every aspect of what we offer. When I was going to school, if I saw stick men on a green screen I thought that was pretty cool, but you couldn't get a student to stay at one of those kinds of terminals today. If you went back to user interfaces on the early Windows you would say, "My goodness. This is awful." Well, it's the same kind of thing with kids who are now using Sony PlayStations and Xboxes and other things. You can't just stick them down on a Windows PC. You've got to have the visuals, the aesthetics right to engage their imagination. So, we too have to go through our own generations.

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