CEdMA the computer education management association

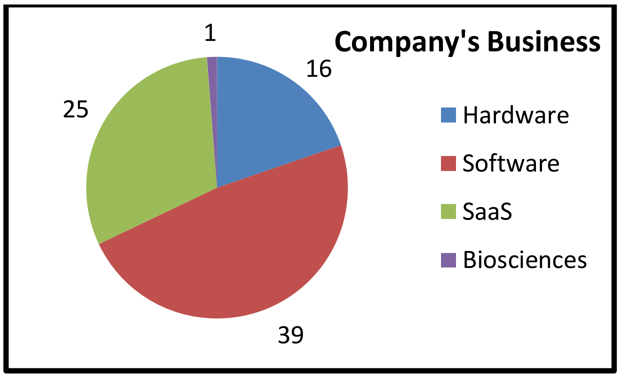
CEdMA Training Market Barometer

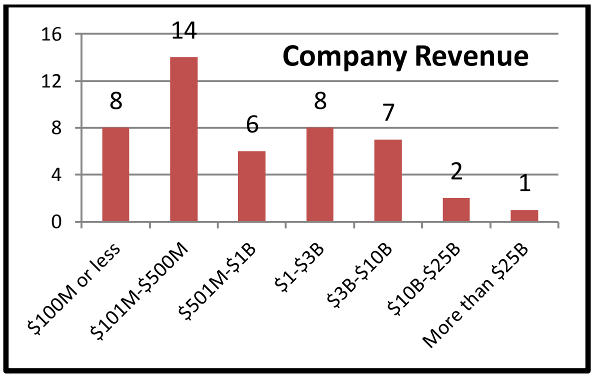
3rd Quarter 2012 actual and forecast for 4th Quarter 2012

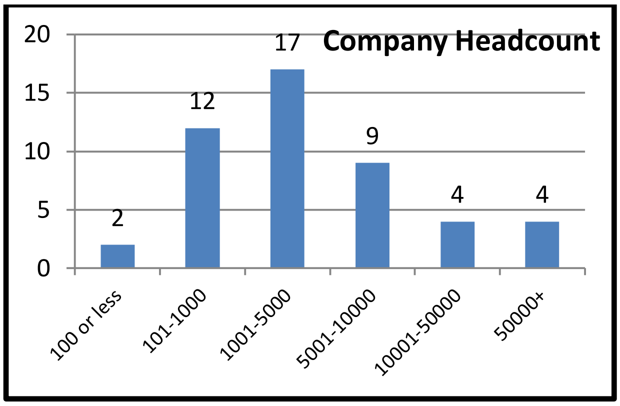
Introduction

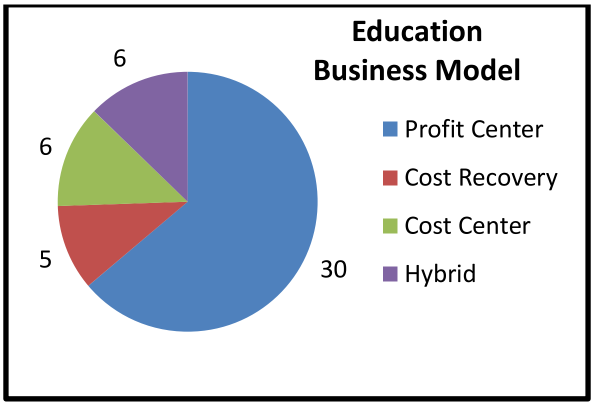
This report is compiled by CEdMA for its members about their Education businesses. It is based around a series of absolute growth or decline percentages in the range +- 12.5%. Revenue and volumes refer to training services delivered in the quarter and not future bookings. Members were asked to indicate whether their data was for the global business or that for North America.

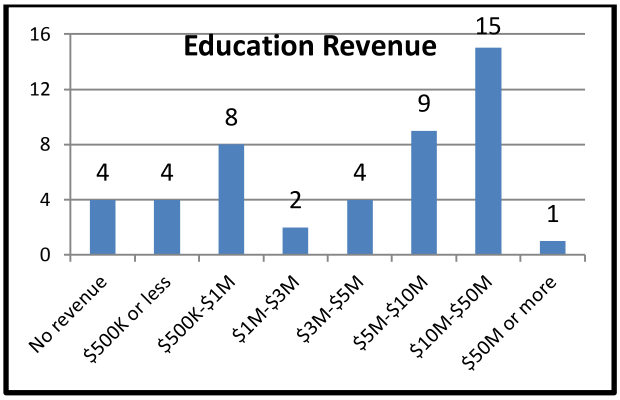
There were 40 responses for global and only 8 for North America so the 48 profiles are as follows:

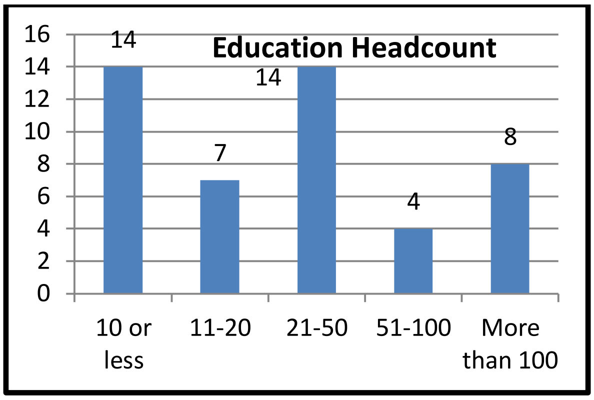






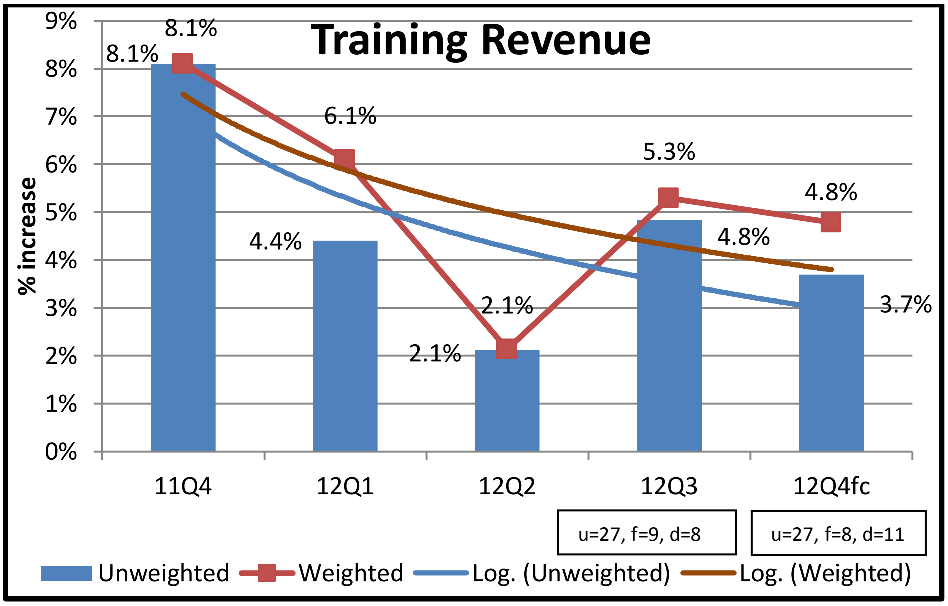




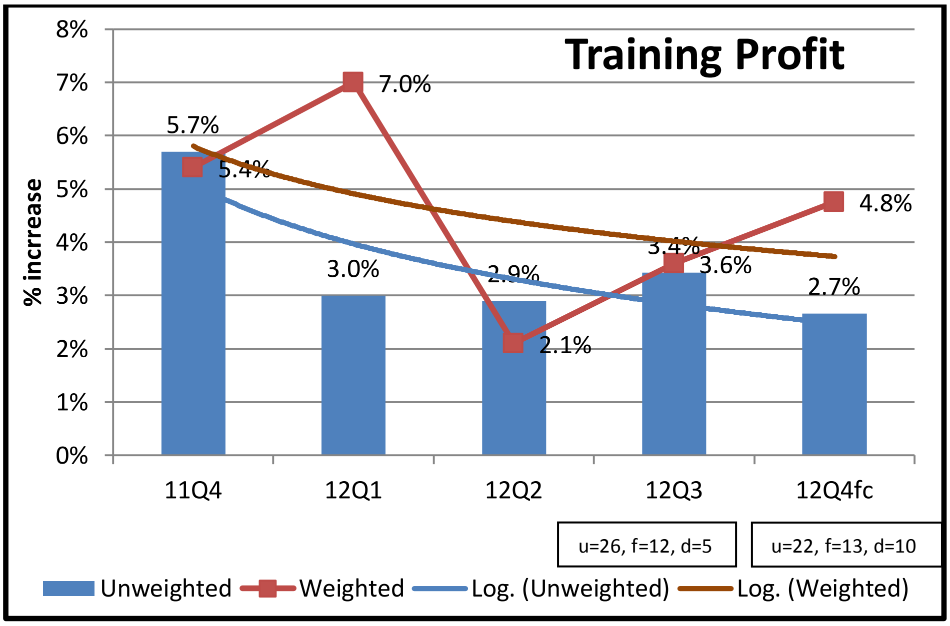


Revenue and Profit

The unweighted average is the average of all responses whereas the weighted average uses the size of the company in terms of number of the relevant education revenue multiplied by the growth/decline rate, so larger companies have a bigger impact. The charts also indicate the number of members who show for their business an increase (Up=u), flat business (f) and a decline (Down=d).



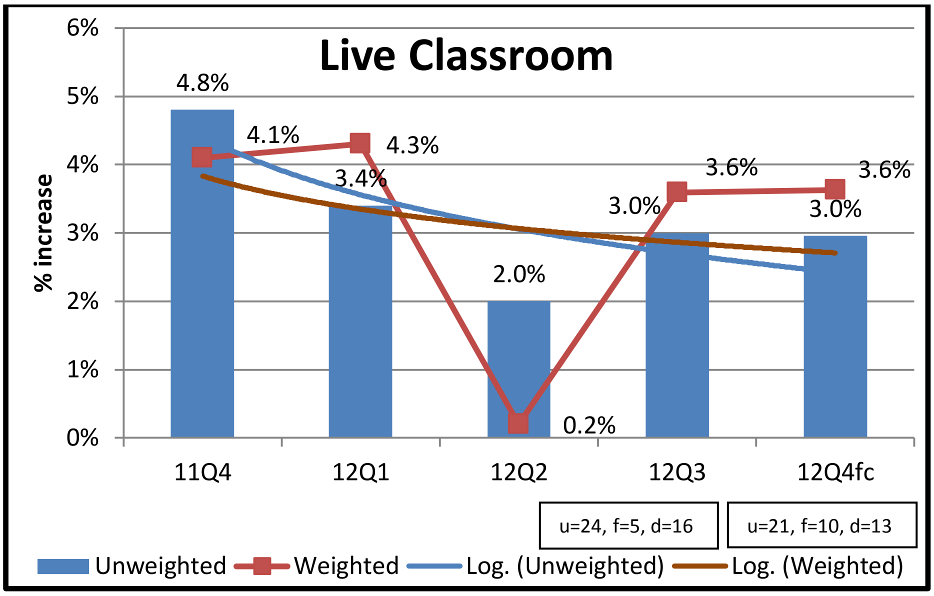
Both the unweighted total training revenue and the weighted total training revenue had a larger growth in 12Q3 than forecast in 12Q2 (2.7% and 2.3%). However, both have been given a slightly lower number in the 12Q4 forecast. The weighted value itself is higher which suggests that the larger companies are on average increasing at a slightly larger rate than the average. In general, the learning market seems still to be growing, but at a lower rate than in 2011, shown in the trendlines.



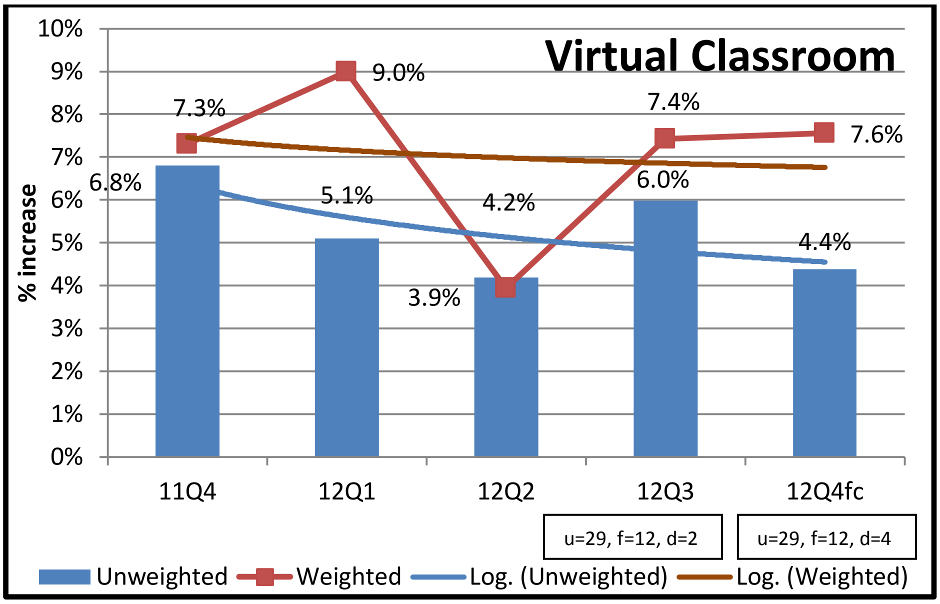
Training profit in 12Q3, both unweighted and weighted, was greater than forecast last quarter (2.0% and 1.0%). However, there is no real difference between unweighted and weighted. The unweighted forecast for 12Q4 shows a small decrease whereas the weighted average increases, brighter for larger companies, all of which follows the revenue pattern.

Activities (Customer and Partner Training)

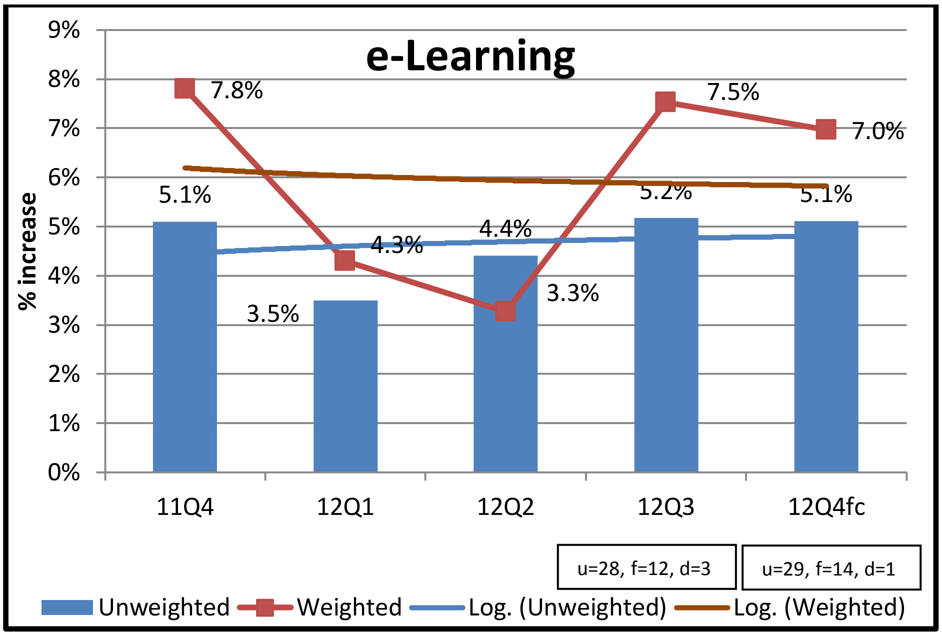
Live classroom is still increasing but the rate has now stopped slowing down. Indeed, the trendlines are flattening out.



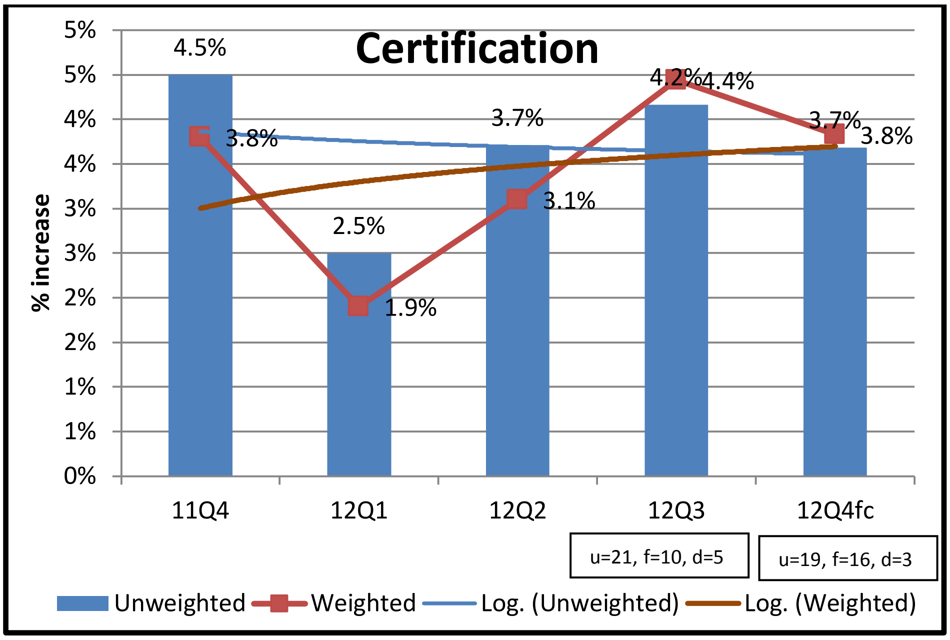
Virtual classroom on the other hand is growing faster, and slightly more for the larger companies who potentially jumped on board much earlier. Live and virtual classroom data underline the expected trend to virtualize more training to save travel expenses and allow better resource utilization. The trendlines are almost flat.



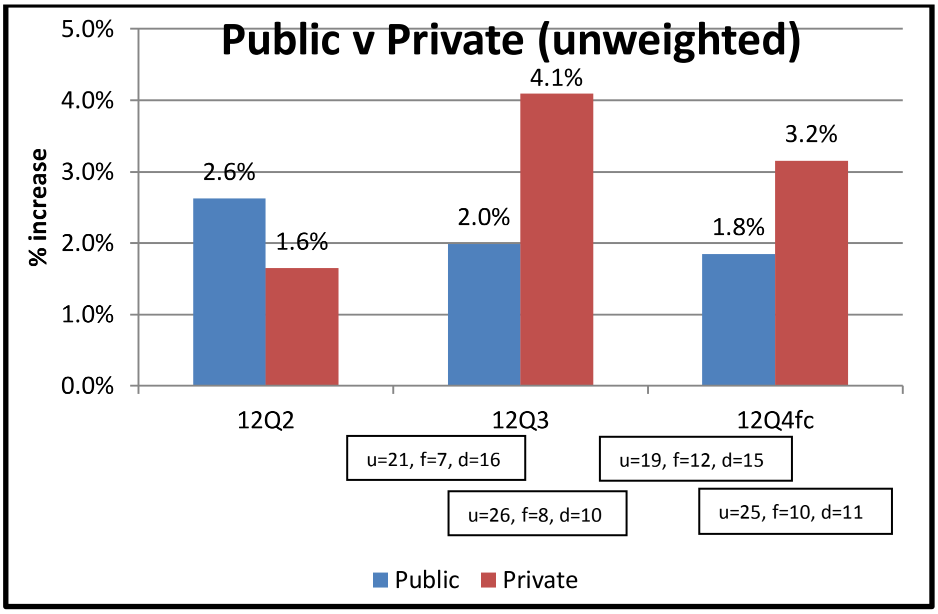
e-Learning continues to grow as shown by the unweighted averages and their trendline. However, the slowing growth in the weighted values in the last report has changed, suggesting that some of the larger members are now seeing increasing growth. In general, the growth is about the same as virtual classroom.



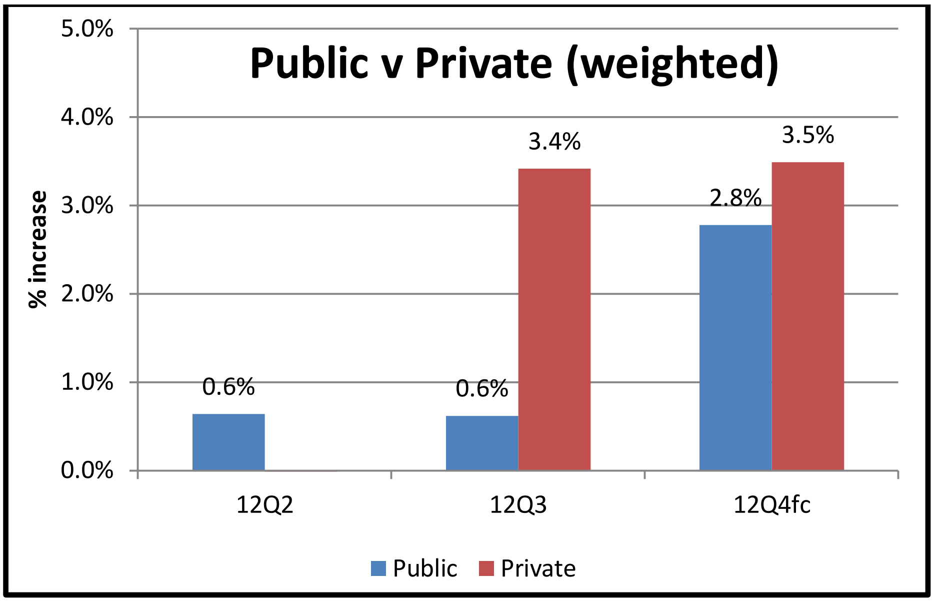
Certification increases showed a blip in12Q1, but the actual for 12Q3 and the forecast for 12Q4 shows a turnaround, with the trendlines either flat (unweighted) or slightly up (weighted).



We now include questions on public classes and private classes. As expected, the increases for private are higher than for public

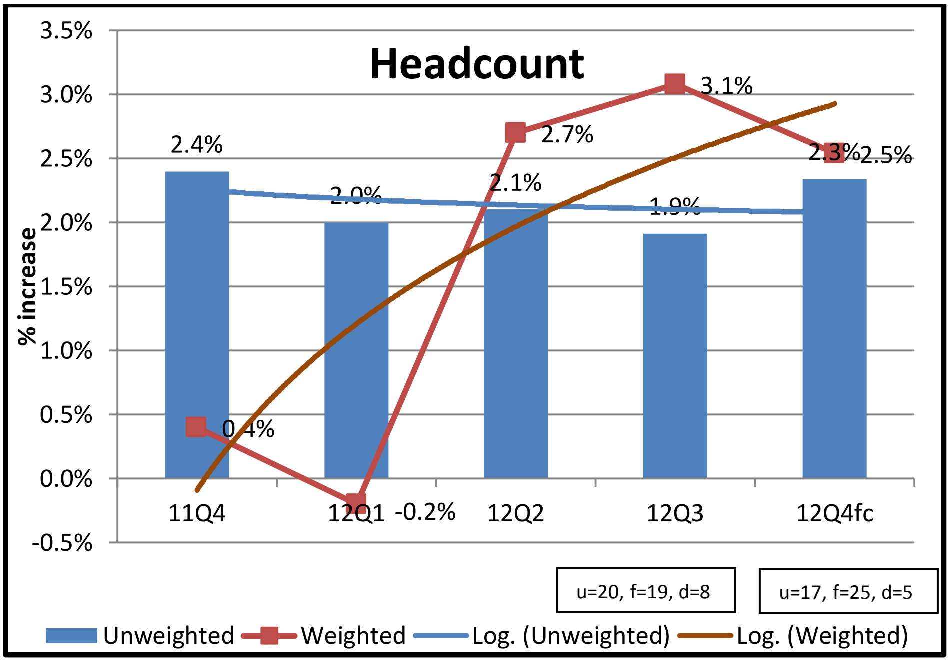


When weighting is taken into account, the percentage increases are smaller in 12Q3, but higher in the 12Q4 forecast.

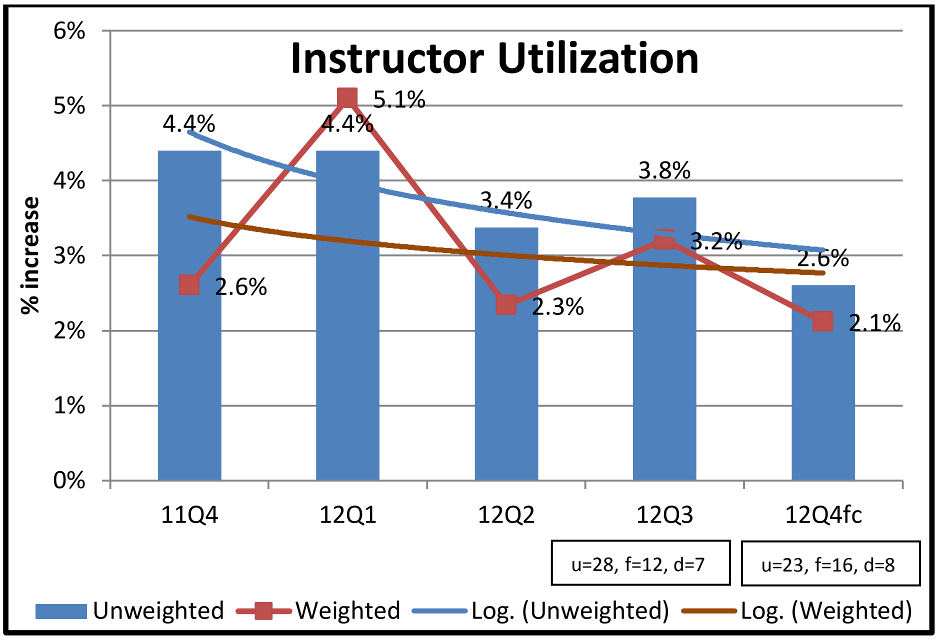


Team

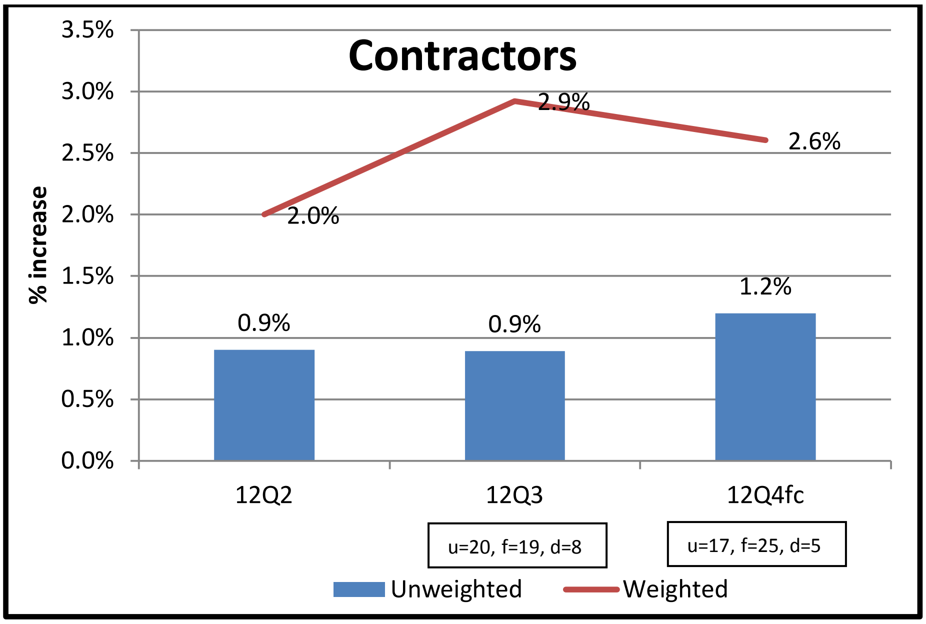
The unweighted headcount increases are very similar over the whole period, as shown in the trendline. On the other hand, the weighted trendline show a move from flat to increasing.



Maybe as a result of more hiring, the instructor utilization increases are smaller than previously forecast, again especially for the larger companies.



We also added a question on the use of contractors recently. While the results overall show tiny increases, the weighted increase is higher, showing that larger members are more likely to increase their use of contractors.



Which subject areas saw the biggest increases in your training volumes in the last 3-6 months?

1. Several new courses (technical/IT)
2. New class training; we had a major update to one of our software packages which requires completely relearning the software.
3. In person instructor led training
4. Our advanced-level training
5. SIP; multi-media
6. Foundational installation, configuration, and management courses
7. Administration
8. Public enrollments, enterprise licensed content sales
9. ILT for Hana, Mobility
10. Instructor Led Online training: we are shifting more public class offerings to ILO based on customer requests.
11. Foundational-level course in our two strongest software product areas
12. Web content management
13. Data Integration courses
14. VILT classes
15. Training activity in the OnDemand content has increased 10%
16. Advanced topics
17. We have continued to grow >20% quarter-on-quarter in every aspect of the Ed Services program.
18. Mentoring - this is private coaching. Usually provided without courseware.
19. Verification Methodology
20. Reporting

21. Custom
22. Virtual Business continues to grow and see better adoption globally
23. Self-Paced eLearning for basic courses.
24. Virtual live classroom
25. Asynchronous Elearning; custom development services and adoption services; virtual private classes
26. New User Classes
27. Administration training; keep in mind we are a start-up and did not have a business last year
28. Our Storage Area Network courses
29. We only offer technical training for our products. It is all Security Analyst and Administrator training.
30. New product introduction
31. ILT onsites
32. VLT
33. OnDemand, Instructor Led Virtual
34. Security related offerings and free eLearning offerings.
35. Reporting and Analytics

Which subject areas saw the biggest decreases in your training volumes in the last 3-6 months?

1. Public Health vertical training in US
2. Entry level training
3. None
4. None
5. Voice
6. None
7. Private classes - this is by design, we are shifting to less "services" and more "subscription"
8. ILT for traditional SAP applications
9. Instructor led classroom and eLearning: due to the upcoming release of a new software version, customers are saving their training dollars for training on current software/training versions. This has had a direct impact on Q3 and Q4 training volumes.
10. Live classroom training
11. Analytics
12. Sales Training
13. None
14. Scheduled courses for non-training subscribers
15. Core functionality
16. None
17. Public remote classes
18. People signing up to take certification exams is down
19. Update training
20. Classroom business continues to decline
21. Public training for basic courses
22. Live public classes
23. Live public classes; dedicated live classes
24. Training on the ILT product
25. Not applicable for the reason listed above
26. IP Layer 4-7 Courses
27. Legacy products, soft skills
28. Since we do not offer virtual classroom or e-learning, those stayed at zero
29. ILT

30. Public (Brick and mortar), Onsite
31. Open enrollment classes offered directly by us
32. Generic End User courses

What were the two greatest challenges you faced in running your business in the last 3-6 months?

1. Resources, Organizational Changes
2. Managing training partners and rapid course development
3. International expansion and staffing of qualified instructors
4. Instructor resources; LMS challenges
5. Weaving in curriculum development with delivery, as my instructors do both tasks. I enlisted my Technical Publications team to >50% of some development projects to achieve this.
6. EMEA economic recession; Pricing in emerging countries
7. Scaling with demand for partner training
8. Resources and product enhancements
9. Additional headcount
10. Transformation of Education content production and systems delivery; macro-economic issues in many European countries
11. Delays in the latest product release which has slowed our customer demand for existing training offerings; difficulties in upgrading existing courseware and developing new courseware for the new product release
12. Sales is not incented to sell training; customers training budgets slashed
13. Realigning resources from one main (stagnating) product line to another, faster-growing line.
14. Corporate strategy changes not yet communicated so alignment is difficult; Lack of content and lack of resources to create content
15. Scaling VILT Globally; Learning Retention
16. Asia is slowing and Europe remains a challenge
17. Launching eLearning offering, having enough resources to do what we need to do
18. Sales not providing new accounts; move in strategy that threatens need for my services
19. Scale around instructor pool (via FTE as well as Certified Instructors through ATPs); Implementation of LMS to support scale and growth, process.
20. Recession in Europe; Stricter focus from US on export controls - slowing some deals as we obtained export licenses
21. Very Cautious customers delaying bookings
22. Higher revenue; driving students to certification exams
23. Hiring; Resourcing
24. Economy in Europe
25. Customer spend overall and especially in training; lower public classroom fill rates making it less profitable
26. Employee turnover; multiple software releases
27. Hiring people with skill profile we need
28. Public training cancellations in NA.
29. Customer and partner travel and training budget.
30. Going through being acquired and assimilating into the new environment; resulting sales momentum overall slowed
31. Resources and creating content
32. Rapid Growth; training the sales team to sell our offerings
33. Revenue generation versus free training; End user training versus internal training
34. Attach rate time to market eLearning courses due to significant changes in core products
35. Training partners fast enough on new product; getting sales/customers to understand the increased value of training to avoid support issues when adopting new product

36. Not enough resources to handle training demand.
37. Decreasing product business
38. Low public fill rates; making margin while missing revenue
39. Macroeconomic uncertainty, particularly in Europe
40. Net new customers down + upgrades up
41. There is not sufficient time allowed for the development and creation of either new materials or new training format

Please add any other comments or observations you have on the state of the IT training market

1. Major new factor is restrictions on out of state travel for Public Health employees - affected this market considerably
2. Our company is likely atypical in that we are experiencing rapid market growth, so training is likewise growing rapidly.
3. Market is shifting to low cost, crowd-sourced knowledge... education prices are being pushed down. New models (subscription) are taking over.
4. More customers are looking for better segmented, function-specific training available for self-study vs. traditional ILT and ILO. They request shorter duration (1-2 hour) sessions vs. full day courses.
5. For companies with multiple products, it's nearly impossible to provide training on them all with a small training staff
6. IT is a diverse market with diverse tools. Some tools are much easier to learn than others. Regardless of this fact, training programs with the proper structure, tiers and ability to validate skills are vital. Certification programs used to do this, but it has become such a money maker, that a lot of decisions are made for the wrong reasons. It would be great if CEdMA provide criteria for such programs and then could award a status. It would drive great improvements within the IT training market (kind of like what has been done for restaurants with Zagat rating).
7. Everyone wants e-Leaning. Nobody wants to pay for it. Everyone wants certification; nobody wants to invest in it.
8. Customers are focusing on value-for-time in addition to value-for-money. Many customers are very interested in trimming or tailoring agendas to maximize their value.
9. Our training is not IT related. It's product design.
10. We have reached a peak in the maturity level of our customer base. Most of any growth would occur by exploring and implementing mobile learning solutions and gaining additional interest in training from new license sales customers. Partners want all their training for free, unless there are enormous opportunities for them. This is always a challenge.
11. More and more end user training; more flexibility and context being required - -so more custom
12. Steady demand for Enterprise Security training
13. IT training depends more on how desirable your company's product is than anything we do as educators.
14. Things were a little slow in the last 6 months but seem to be picking up now.
15. There is still a greater demand and need for online training which our business has not yet had the time to fully explore.