



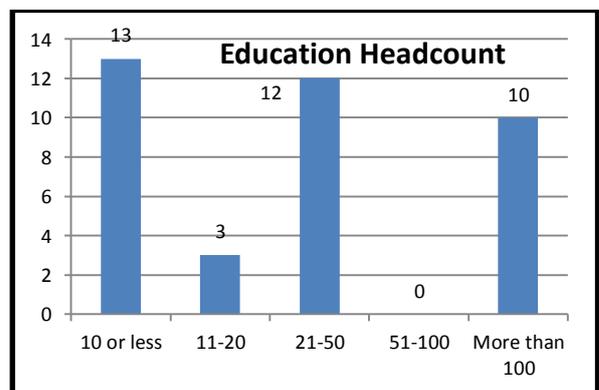
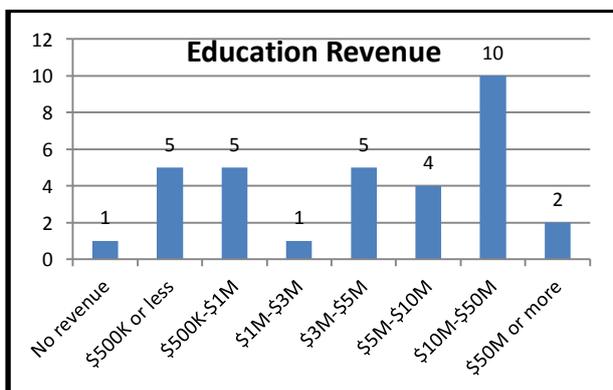
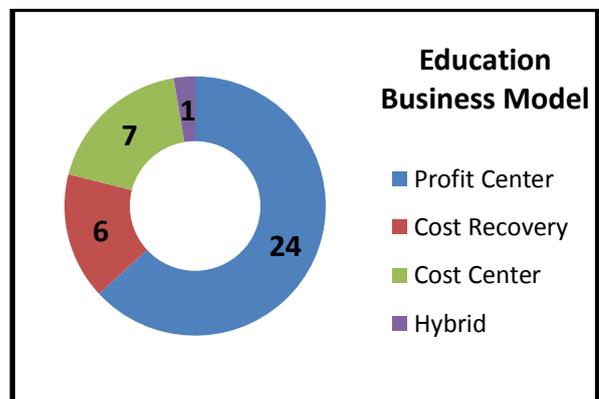
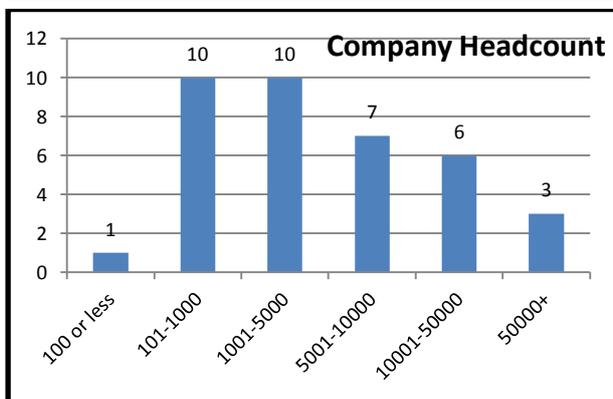
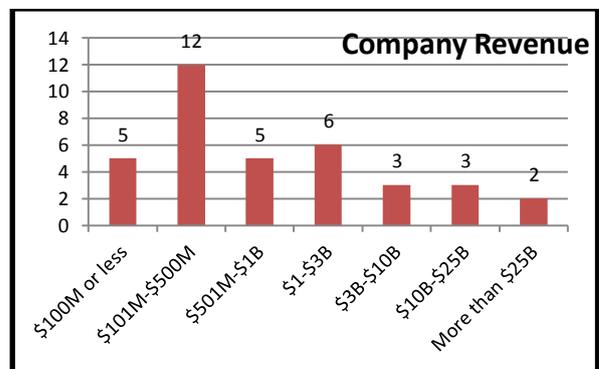
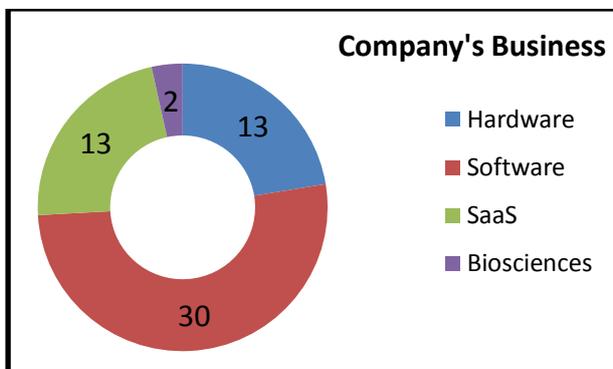
CEdMA Training Market Barometer

4th Quarter 2012 actual and forecast for 1st Quarter 2013

Introduction

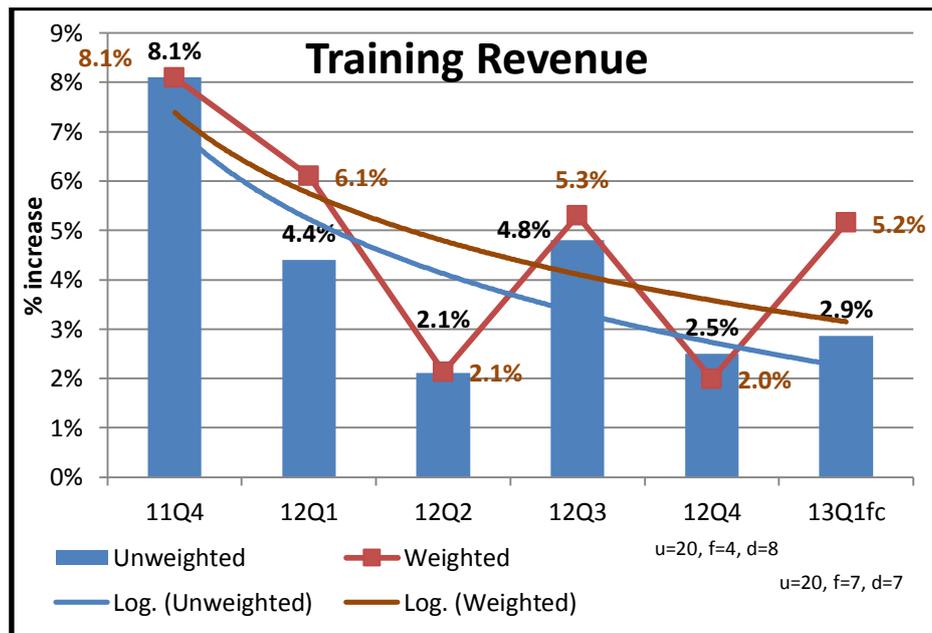
This report is compiled by CEdMA for its members about their Education businesses. It is based around a series of absolute growth or decline percentages in the range +- 12.5%. Revenue and volumes refer to training services delivered in the quarter and not future bookings. Members were asked to indicate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

There were 36 responses for global and only 10 for North America so the 46 profiles are as follows:

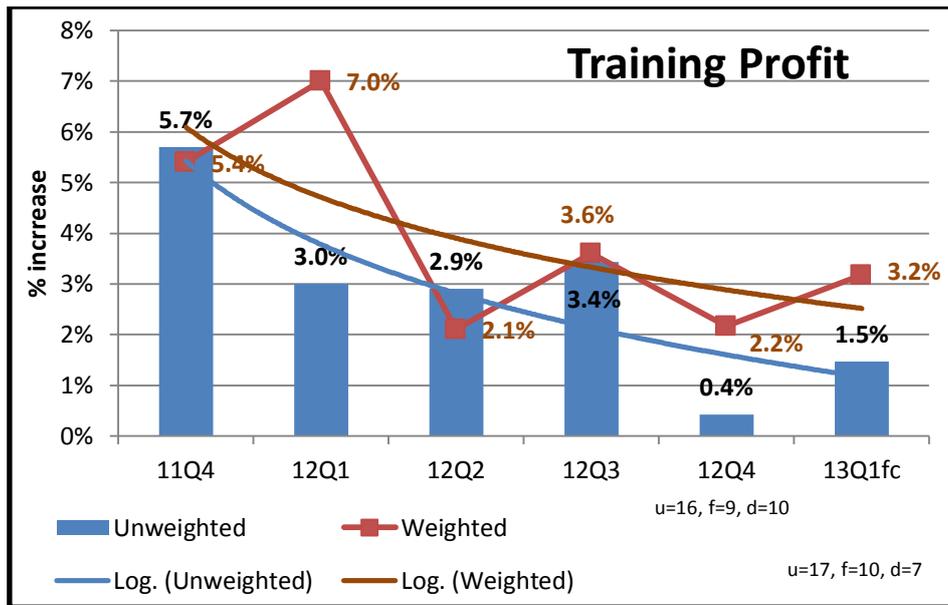


Revenue and Profit

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).



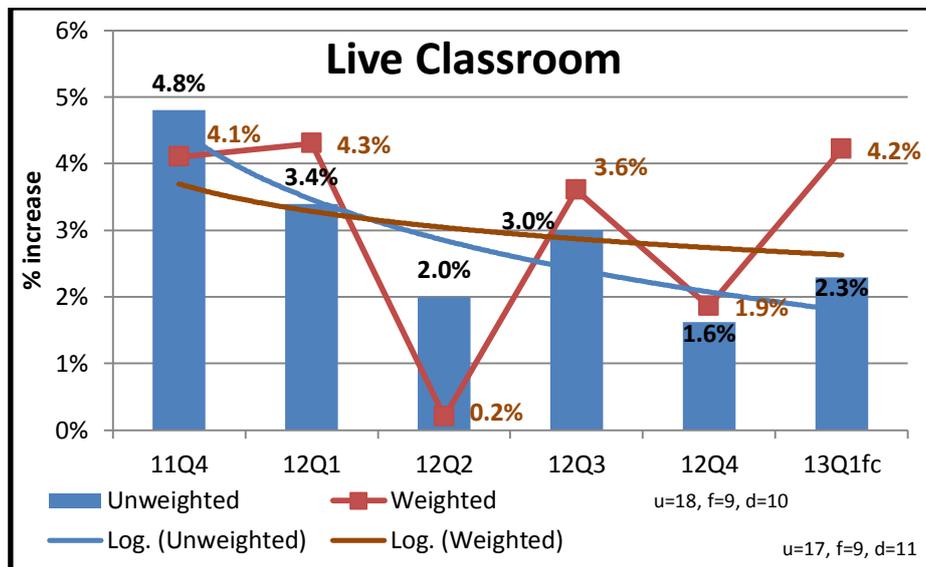
Both the unweighted total training revenue increase was lower at 2.5% against a forecast in the last report of 3.7%, and the weighted total training revenue likewise at 2.0% against 5.3%. However, both in the 13Q1 forecast are higher at 2.9% and 5.2%, respectively. In general, the learning market seems still to be growing, though decreasing from 7% to 3%, as shown in the trendlines.



Training profit in 12Q4, both unweighted and weighted, was lower than forecast in 12Q3 (0.4% and 2.2% against 3.4% and 3.6%). However, the forecast suggests increases of 1.5% and 3.2% for unweighted and weighted, respectively. However, in general, the learning market profit seems still to be growing, though decreasing from 5% to 2%, as shown in the trendlines.

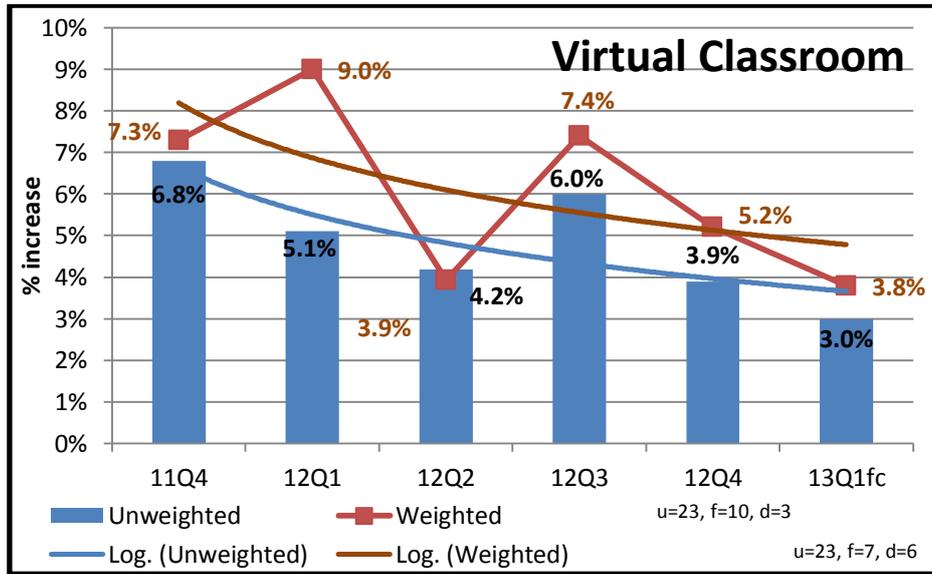
Activities (Customer and Partner Training)

Live classroom is still increasing but the rate is slowing down over the period. The 12Q3 forecasts were a little optimistic.

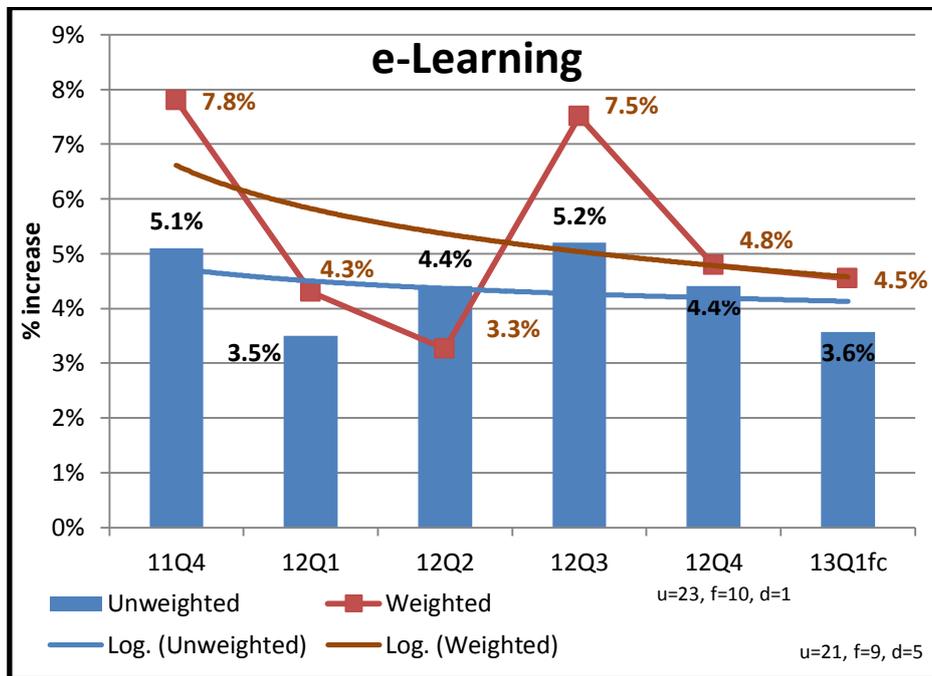


Virtual classroom on the other hand is growing faster, and slightly more for the larger companies who potentially jumped on board much earlier. The 12Q3 forecasts were a little optimistic. Live and virtual classroom data underline the expected trend to virtualize more training to save travel

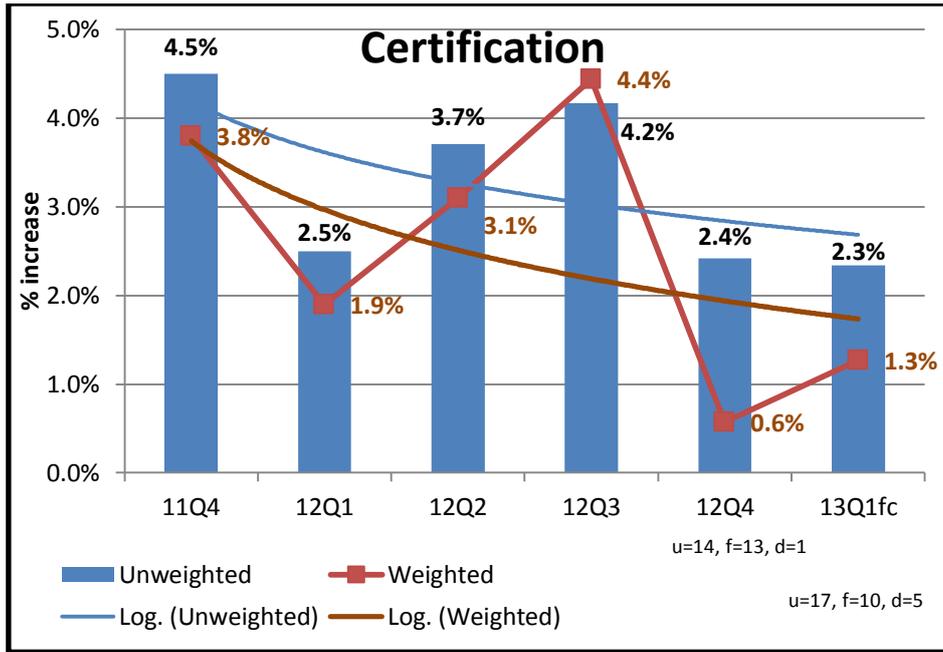
expenses and allow better resource utilization. The trendlines are becoming flat, but the increase is still showing 4%.



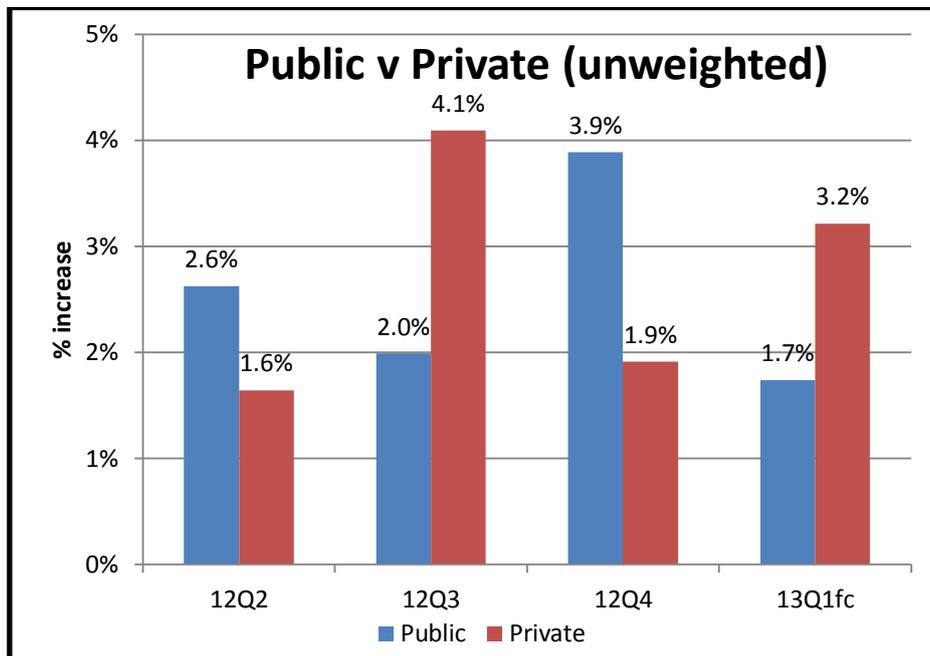
The e-Learning 12Q3 forecasts were a little optimistic, but, In general, the growth is about the same as virtual classroom. Weighted changes are slightly higher, probably because larger companies have the resources to engage.



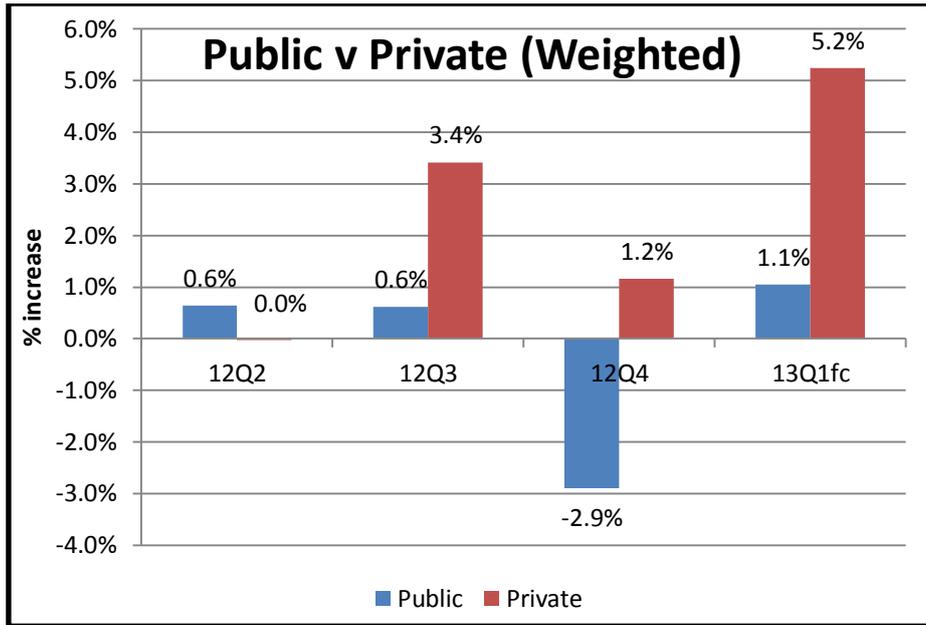
As for the other areas, the certification 12Q3 forecasts were a little optimistic, too. The weighted increases, both actual and forecast, were also lower.



We now include questions on public classes and private classes. Surprisingly, the increases for private were lower than for public, but these revert to “normal” for 13Q1.

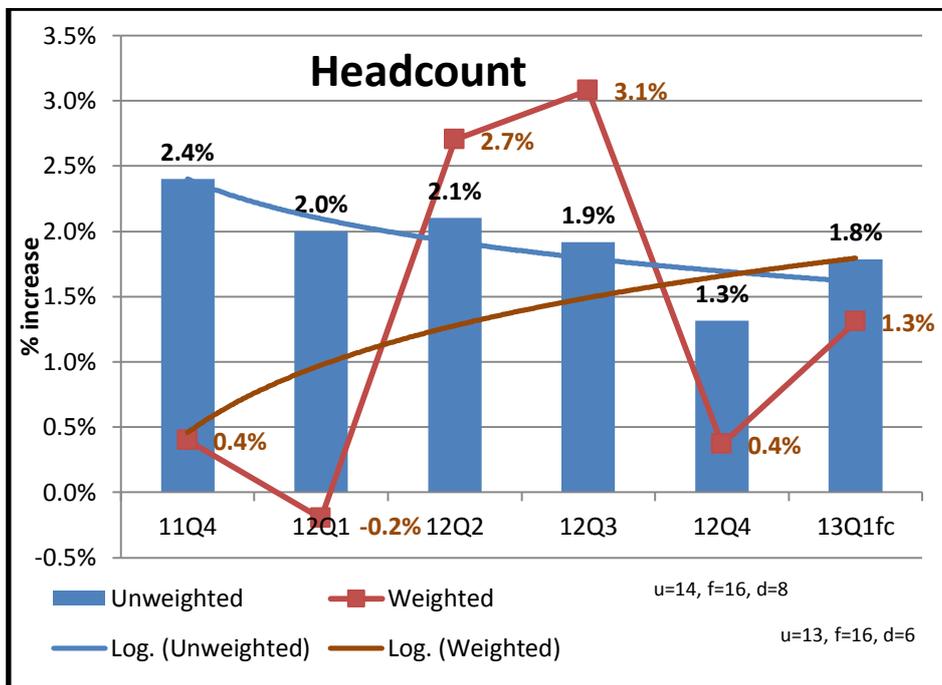


When weighting is taken into account, the changes are dramatic, with public showing a 3% decrease and private a small increase of 1.2%. The 13Q1 at least shows a modest increase for public (1.1%) but a 5.2% jump for private.

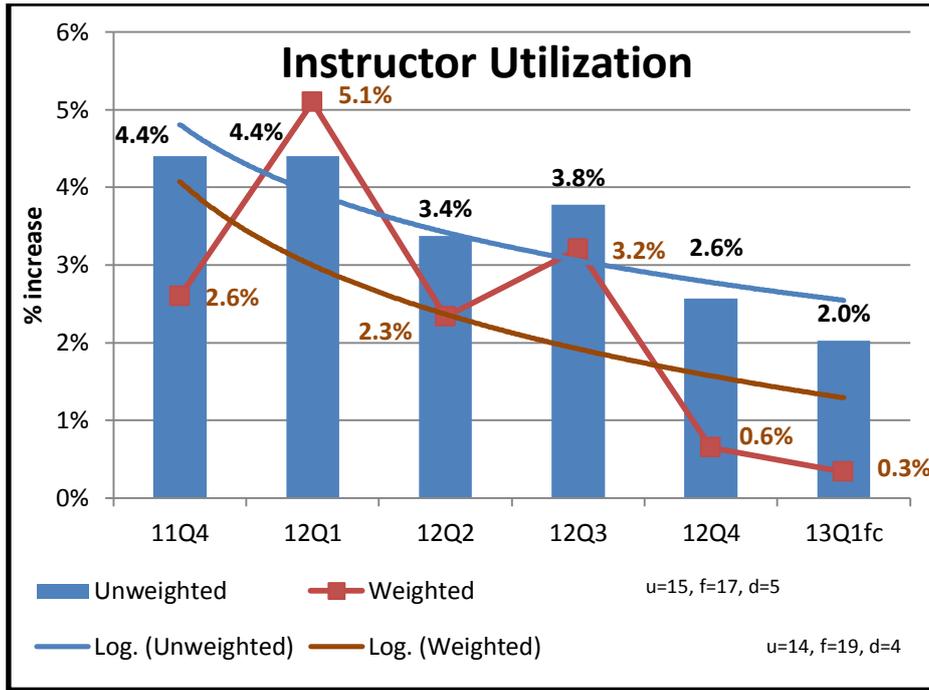


Team

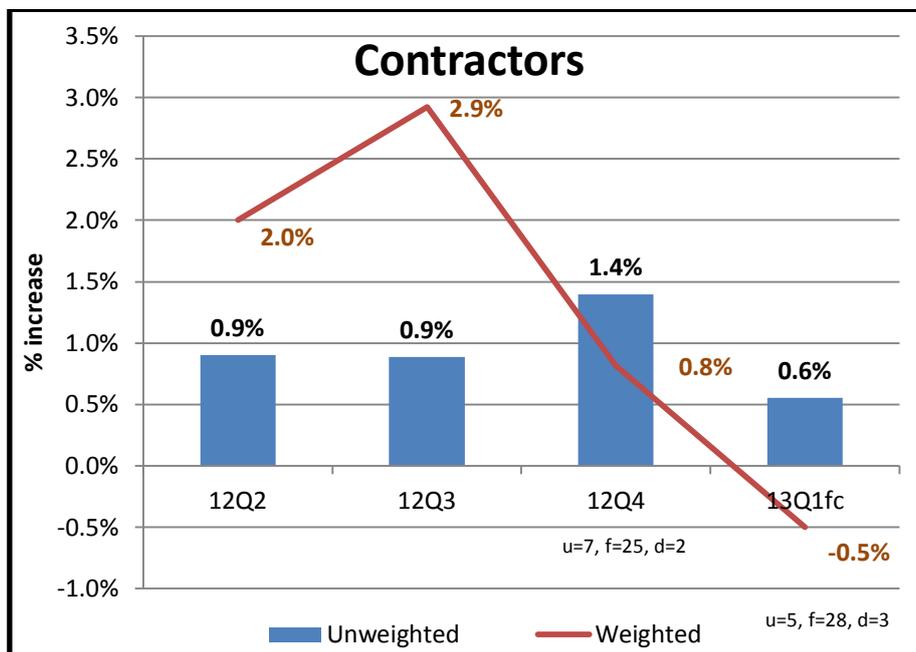
Unweighted headcount has largely remained constant over five quarters, with the weighted numbers showing more erratically.



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 numbers again are quite erratic.



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

1. Subscription program
2. On-Site one customer courses; newly introduced Technical courses on specific technologies
3. Data Science
4. Experienced Admin
5. Administration / Back End
6. Advanced technologies (a function of product refresh cycle) and partner training; we continue to see growing sales and use of Training Credits. Americas and APJ continue to do well.
7. Administration
8. Strategic topics such as HANA, Sybase Mobility
9. Instructor Led Online classes: we've intentionally shifted more courses to be delivered online, especially with our data integration courses, and average attendance & revenue per class has gone up.
10. Interchange
11. On-boarding classes
12. Cloud Technologies and Data Analytics
13. Virtual ILT
14. Overall our business has grown 30% quarter on quarter across the board (ILT, VILT, onsite, public)
15. Public Training has increased
16. Training on our security products
17. Technical courses
18. Custom learning programs
19. Virtual Training Events
20. Developer training - how to code with our SDKs and how to build dashboards (CSS and XML)
21. E-Learning
22. Virtual private classes, purchase of IP Tool Kits for very non-technical end user audiences
23. Implementation setup and configuration
24. Product Training
25. Do not understand the question. Are you looking for specific technical area?
26. FPGA Timing Closure, OpenCL
27. Technical Product Training
28. Not really a subject area, but we saw an increase of requests for training at the customer site due to our East coast training center closing in Nov 2012
29. Self-paced; virtual classroom
30. Data Quality
31. Greater demand for on-site training at customer's location whereby we would expect a greater demand for delivery in the year.

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

1. Public ILT classes
2. US Public Health vertical (probably due to travel budget restrictions)
3. Advanced Developer
4. EMEA has been tough the past two quarters, especially with onsites.
5. SAP overview courses
6. Overall training participation and spending has decreased due to delays in software releases which is causing customer reluctance.

7. B2B
8. None
9. End of Life products
10. NA
11. No decreases anywhere
12. Onsite Training in EMEA
13. Training on older versions of our products
14. CRM functional courses
15. Intro in-center classes
16. Open Enrollment Classes
17. No decrease
18. Delivery of custom development services for user adoption and elearning
19. Scheduling classes
20. Nios II Embedded Processor, Quartus II Foundation
21. Physical classroom
22. Data Exchange

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

1. Macro-economic changes; Internal challenges in positioning training services
2. Loss of a very effective Training Resource had high impact on quality, revenue and profitability metrics. Replacement proving very problematic; re-pricing onsite courses to reflect higher costs poses difficulties internally and externally in tough economic climate
3. Finding technical resources for instructor, CDev, and Cert development roles International Markets
4. Leadership Change – Pending; Training Account Executive Turn Over
5. Scalability, keeping up with product changes
6. The usual challenges of continuing to scale the business (number of learners and financial performance) in a tough macro-economic environment
7. Finding qualified instructors
8. Integration - demand increasing due to acquisition activities
9. Managing to aggressive budget targets and streamlining course production in order to reach desired time to market.
10. Delays in software releases; Developing and delivering a new 5-day course and managing senior management expectations
11. Lack of focus by sales team on selling training
12. Scaling Virtual Classes; Hiring qualified Instructors and mentors
13. Expanding customer base and flat budget
14. Limited resources for a growing portfolio; Discounts to my product given by upper management
15. Fulfilling demand (instructor ecosystem); Systems (currently implementing an LMS)
16. Lowering costs based on volumes
17. Marketing: Internal and External
18. Finding the right people for open positions; Increasing training while down a couple of people.
19. No LMS poses a problem with scaling to growth; Staffing to keep up with rapid training demand growth
20. Transactional standard in-center continues to decline; economy in Europe
21. Decline in open enrollment in North America; working with an outsourcing vendor
22. Scaling as fast as demand is increasing
23. Government sequester; underperforming LMS

24. Continuing integration issues with the acquiring company; keeping training momentum going in spite of reduced Software sales
25. Finding quality resources; accurate forecasting
26. Keeping pace with the changes to the products; specially upkeep of the eLearning courses
27. Not enough headcount.
28. Obtaining information from other departments (product planning information for course development planning and technical information for course development); working with Training Marketing person who reports into another group
29. Managing additional content development requirements
30. Closing of our East coast training center and reorganization at our main facility in San Jose; the instability has also caused a significant change in associates leaving the department or company.
31. Company situation
32. Lack of training resources; lack of curriculum
33. Encouraging further investment in a cost center; priority conflicts with dotted line resources
34. Unable to meet the delivery demands due to insufficient number of staff able to deliver

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

1. Demand hasn't changed much, but much more push back on instructor expenses and course pricing
2. Seems to be steady as you go - looking up for us
3. It seems to be better to be profitable and behind on projects rather than ahead on projects and a loss leader.
4. I think that this is an interesting period. Companies are sending folks to classes but still tightly controlling travel budgets.
5. Market is still very strong as it moves into more SaaS and user oriented requirements; technical audiences are asking for more self-service options versus formal classes.
6. Cost conscious; Demand quality of content, not fidelity; Expect to be field ready right after training:
Expect instructor to be well experienced in actual products not just good trainers.
Hands-on activities to be close to real life
Multiple scenarios presented in the class
7. It's improving.
8. Our market is biotech, but we've seen an increase in companies not willing to send employees to training due to budget or time constraints.
9. The demand for online training is increasing, and more so for those in remote locations where the ability to travel is not possible.