

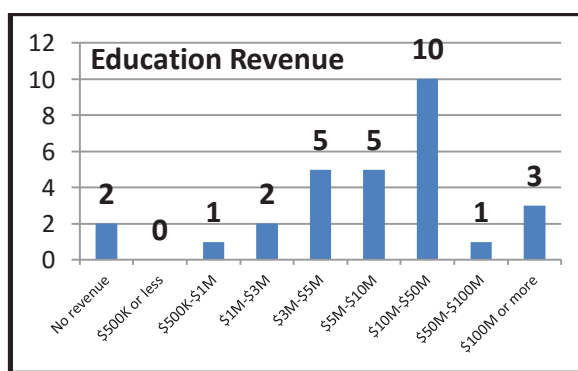
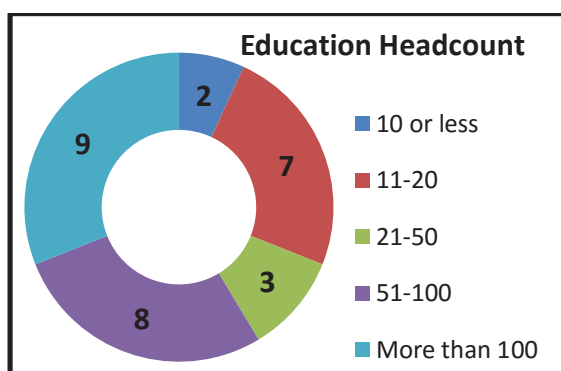
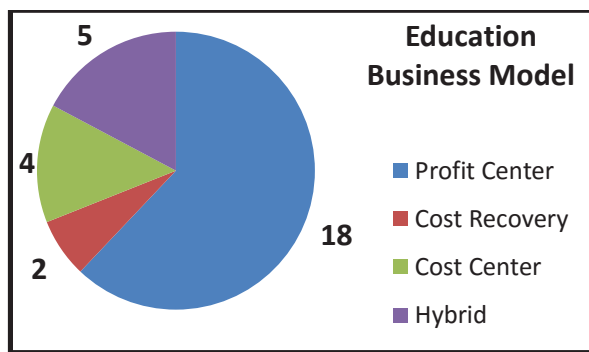
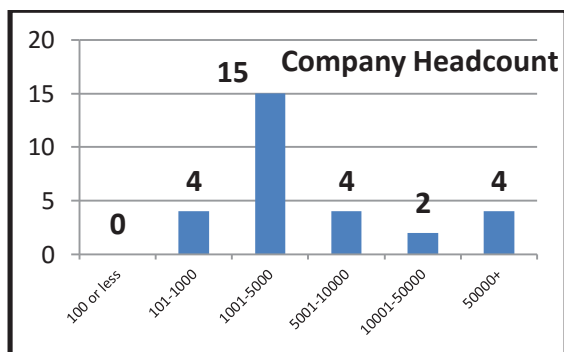
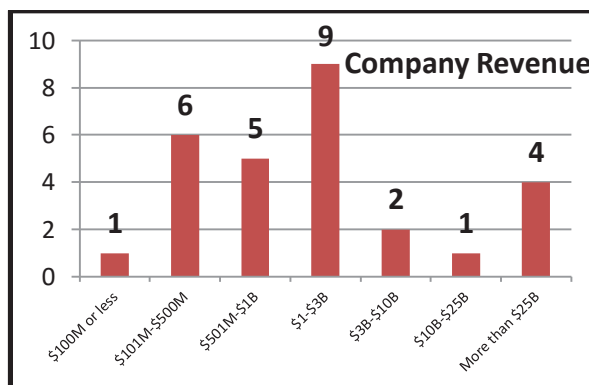
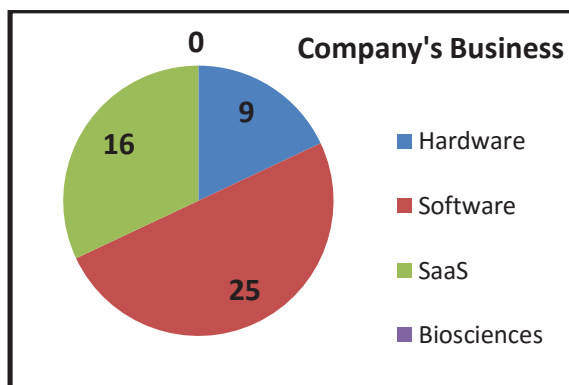


CEdMA Training Market Barometer

4th Quarter 2015 actual and forecast for 1st Quarter 2016

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 $\pm 12.5\%$. 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. Note that in this report, u/f/d is the number of members reporting up/flat/down, respectively. There were 23 responses for global and 6 for North America so the combined 29 profiles are as follows:



Summary

The unweighted average uses all responses as entered, whereas the weighted average uses the size of the revenue, taking the relevant education value, so larger companies have a bigger impact. These observations are weighted and based on trendlines of 4-period moving averages, giving yearly changes.

Revenue: Grew 4-5% in the last four quarters

Profit: Grew 3-4% in the same period

Live Classroom: Volumes grew 1-2% in the last four quarters, having risen from flat in 2013

Virtual Classroom: Volumes have increased 6% over the last four quarters, back from 2% in 2013. Live and virtual classroom data underline the expected trend to virtualize.

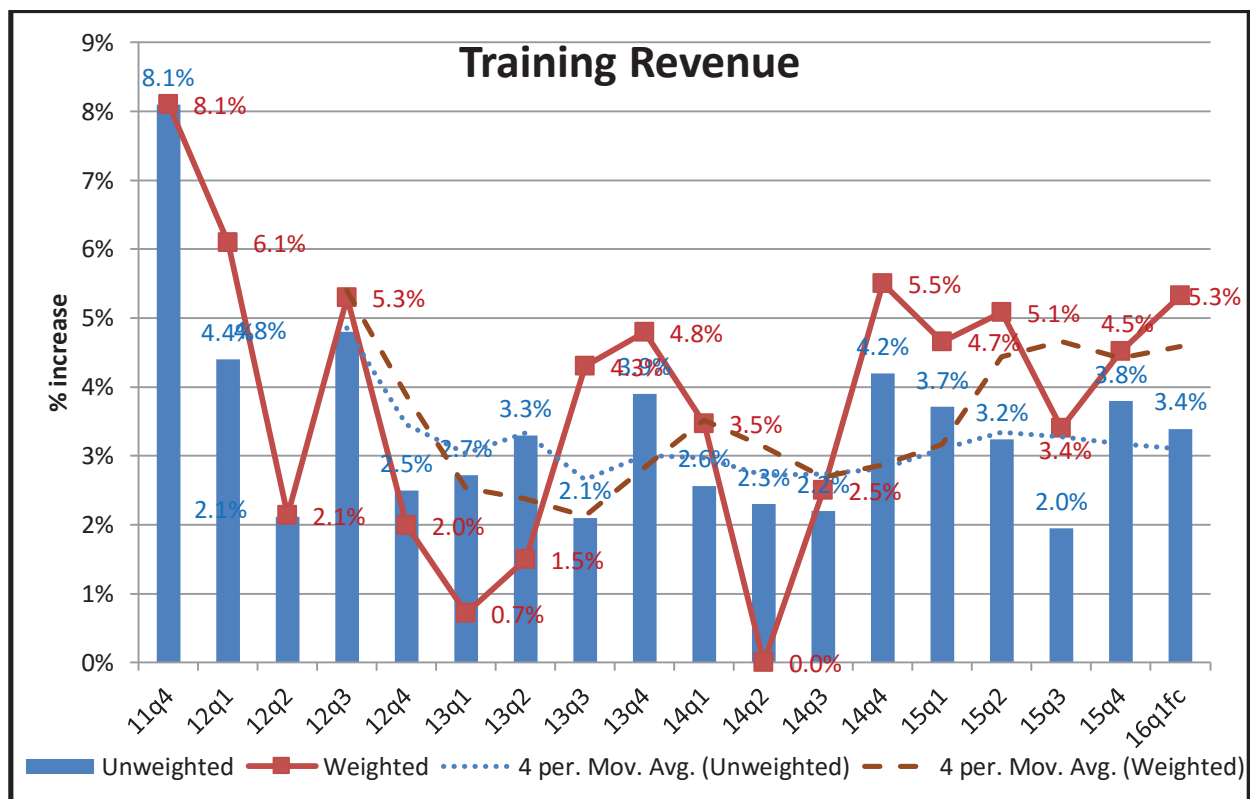
Public versus Private: Private class volumes grew 2% in the last year. Public class volumes are flat.

E-Learning: Volumes grew 9% in the last year, up from 5% in 2013.

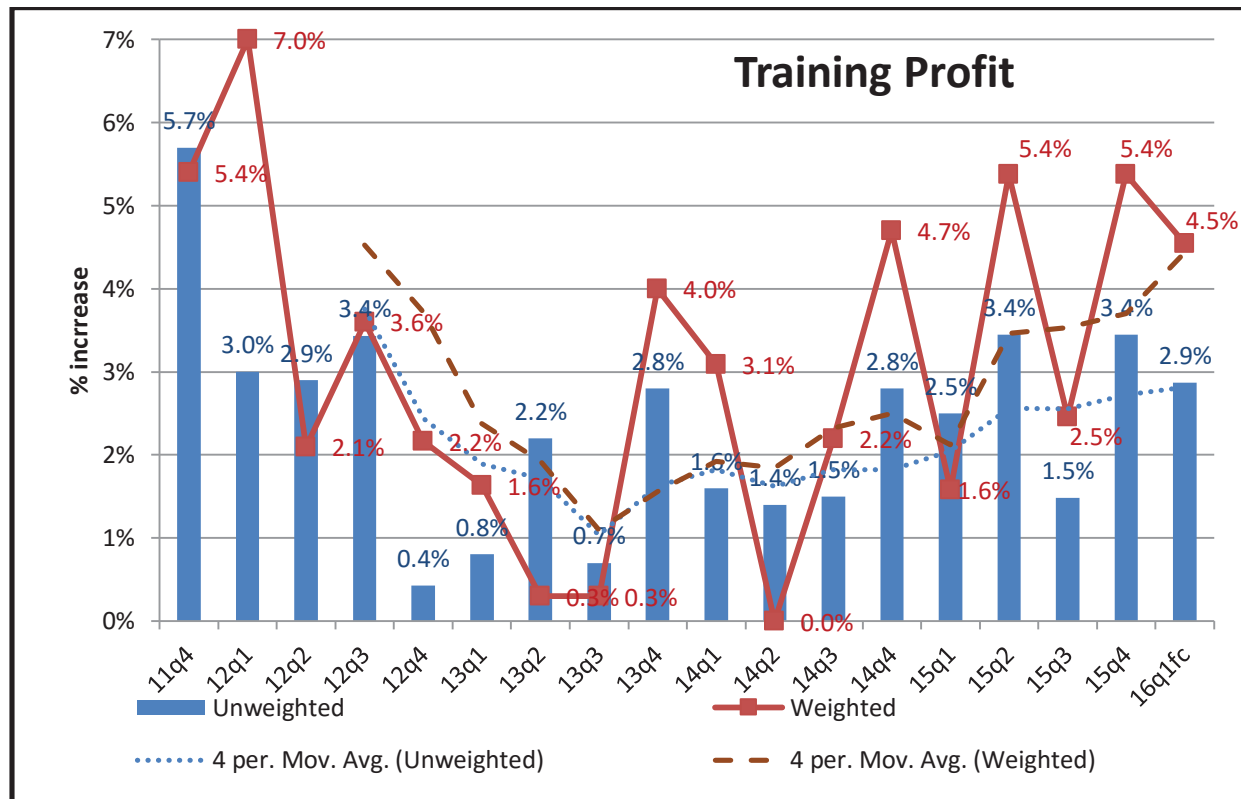
Certification: Is growing steadily at 5%, up from 3% two years ago.

Instructor Utilization: Has shown over 4% increase over the last year, consistent with the small increase in live and much larger increase in virtual volumes.

Revenue and Profit



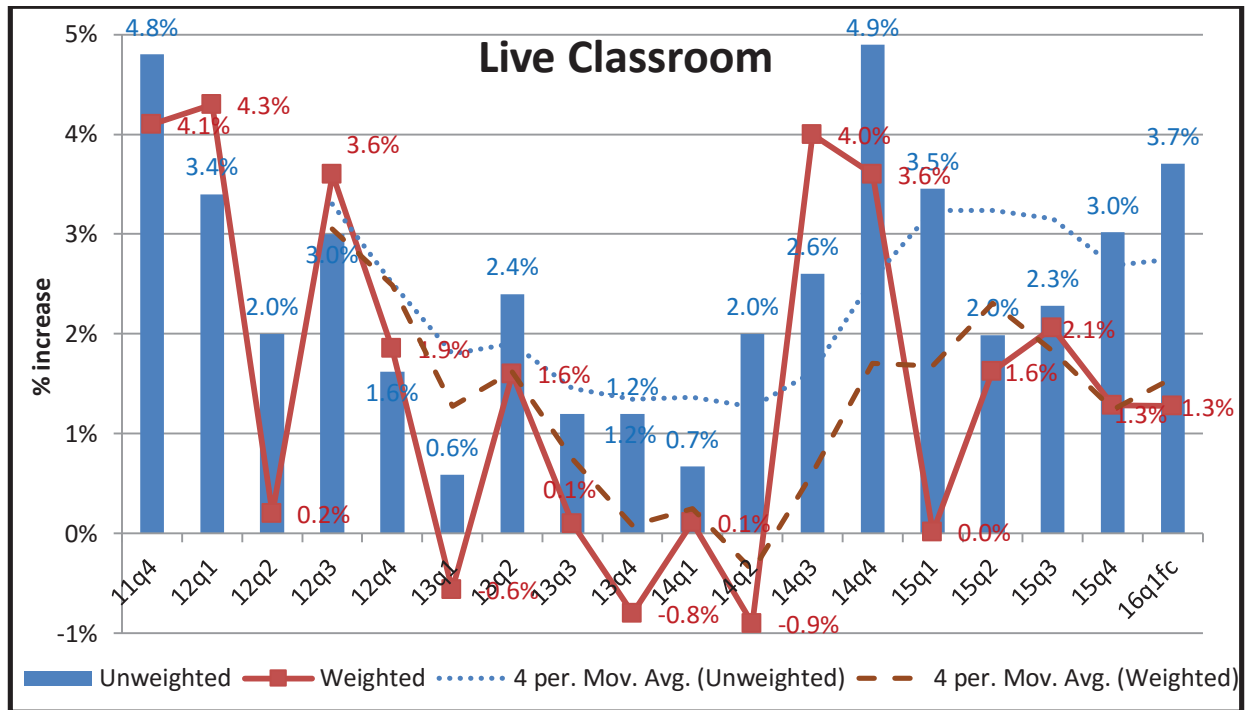
The unweighted total training revenue increase for 15q4 (u=17, f7, d=8) was 3.8% against a forecast in the last report of 2.0%. The weighted total training revenue increase was 4.5% against 2.8% forecast. The forecast for 16q1 (u=18, f=4, d=6) is 3.4% unweighted and 5.3% weighted. The 4-period moving average is currently showing an increase of 3% for unweighted and over 4-5% for weighted.



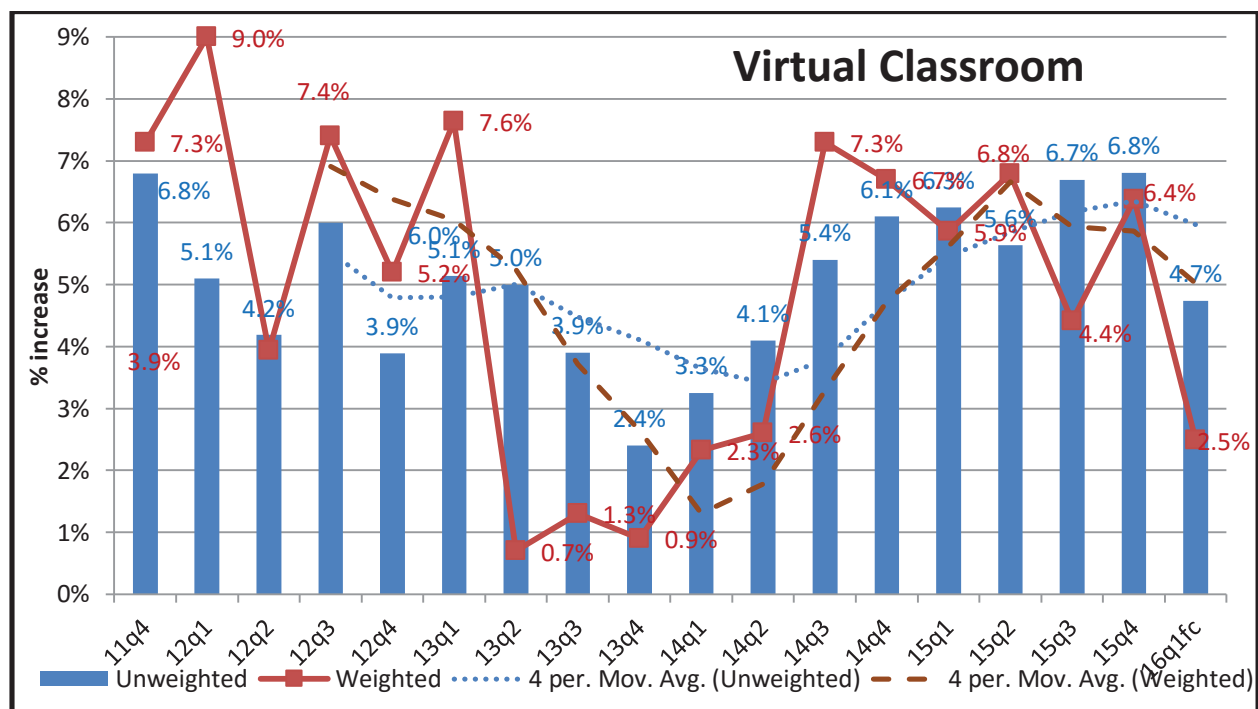
Training profit in 15q4 (u=17, f=7, d=5) was a 3.4% increase against a forecast of 1.0% unweighted, and 5.4% against a forecast of 2.9% weighted. The 16q1 forecasts (u=15, f=8, d=4) are 2.9% and 4.5% for unweighted and weighted, respectively. The training profit four-period trendlines currently show nearly 3% increase for unweighted and nearly 4% for weighted.

Activities (Customer and Partner Training)

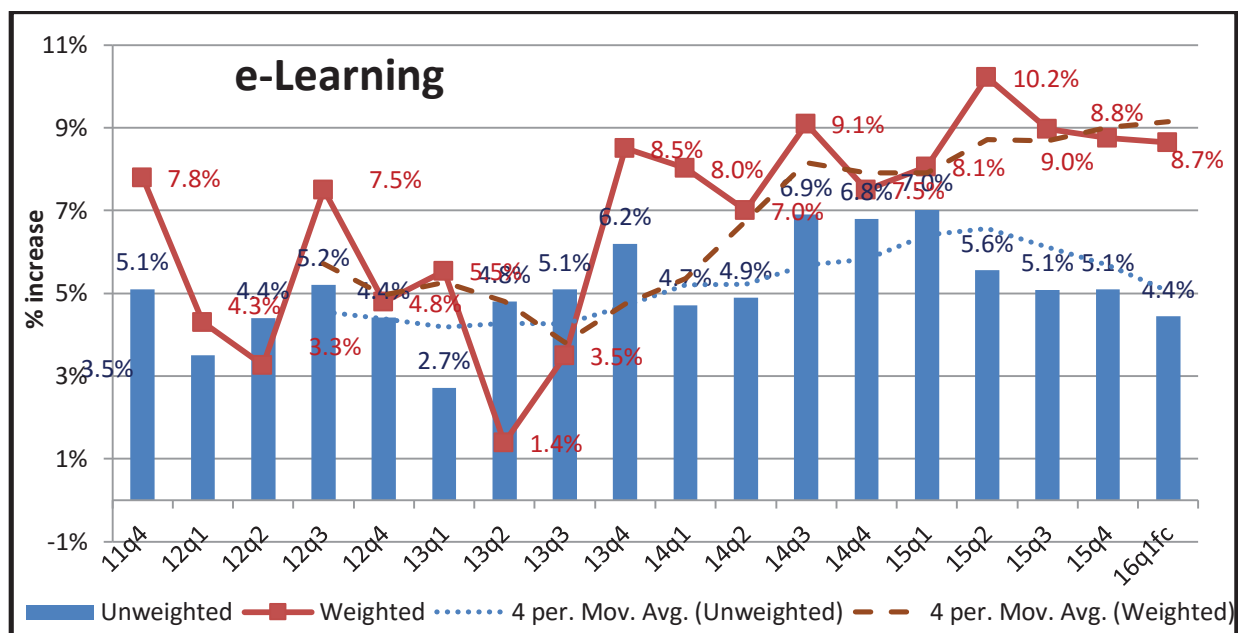
The unweighted live classroom volume increase for 15q4 (u=19, f=2, d=8) was 3.0% against a forecast in the last report of 1.8%. The weighted live classroom volume increase was 1.3% against 0.9% forecast. The forecast for 16q1 (u=17, f=6, d=6) is 3.7% unweighted and 1.3% weighted. Live classroom volume, however, is still increasing. The 4-period moving average has dipped slightly and is now showing just over a 1% increase when weighted.



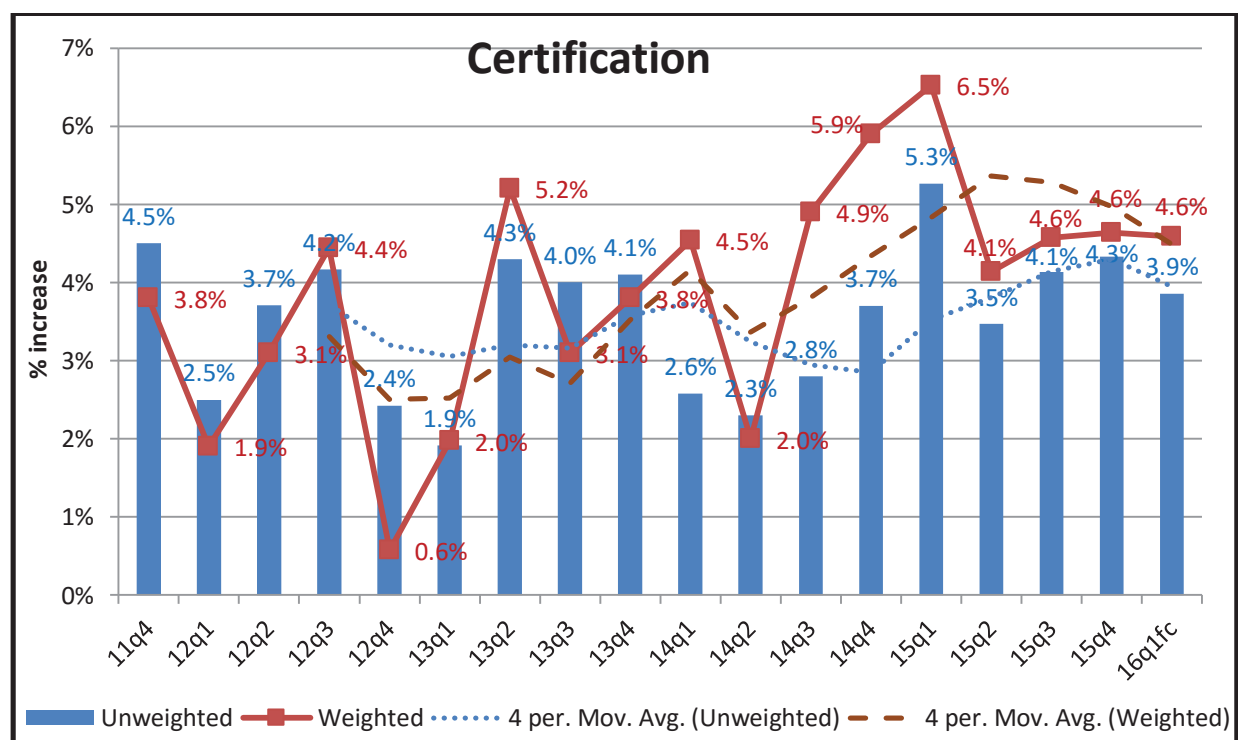
Virtual classroom on the other hand has been growing faster, apart from a small dip in 2013. The unweighted virtual classroom volume increase for 15q4 (u=22, f=4, d=3) was 6.8% against a forecast in the last report of 4.1%. The weighted virtual classroom volume increase was 6.4% against 3.5% forecast. The 16q1 forecasts (u=19, f=6, d=4) are 4.7% unweighted and 2.5% weighted, respectively. The 4-period moving averages for both unweighted and weighted have both risen to 6%. Live and virtual classroom data underline the expected trend to virtualize more training to save travel expenses and allow better resource utilization.



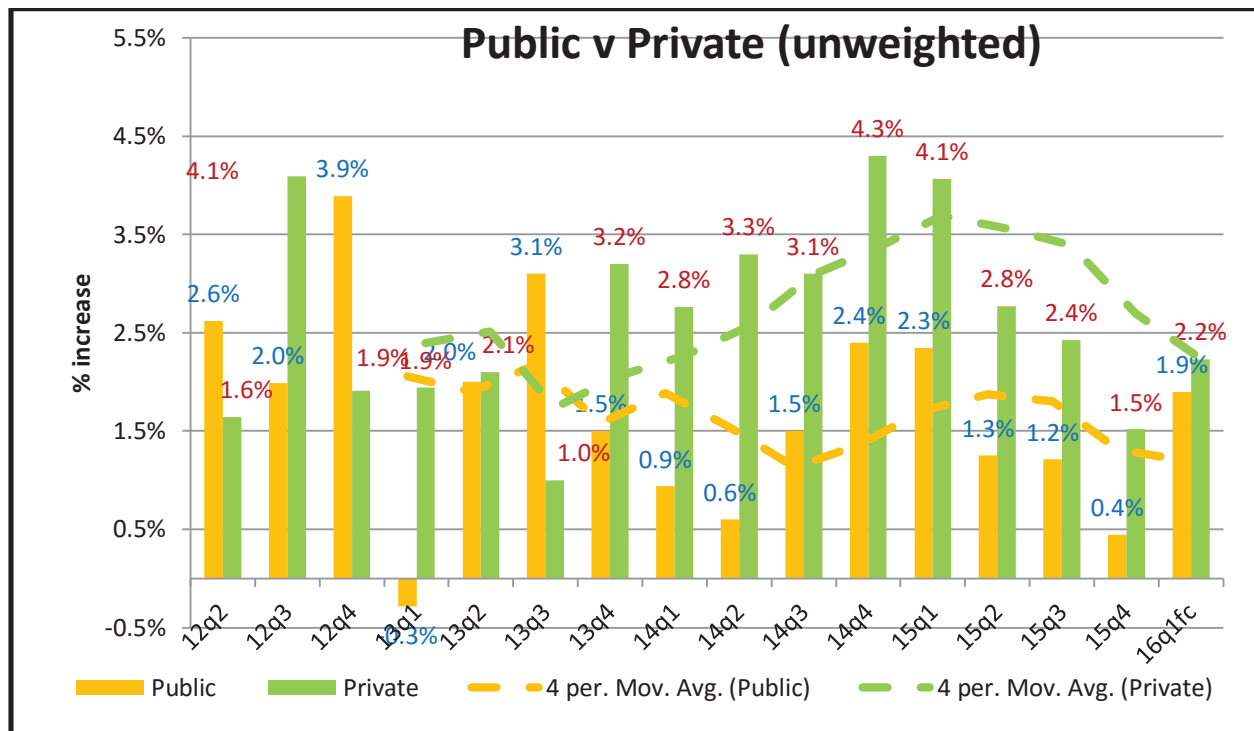
The unweighted e-Learning volume increase in 15q4 (u=15, f=10, d=2) was 5.1% against a forecast in the last report of 4.3%. The weighted e-Learning volume increase was 8.8% against 8.3% forecast, showing a significant boost for all companies. The 16q1 forecast (u=14, f=11, d=2) is 4.4% and 8.7% for unweighted and weighted, respectively. The growth over the total period has overtaken virtual classroom. The 4-period moving average shows a 5-6% increase for unweighted and 9% for weighted.



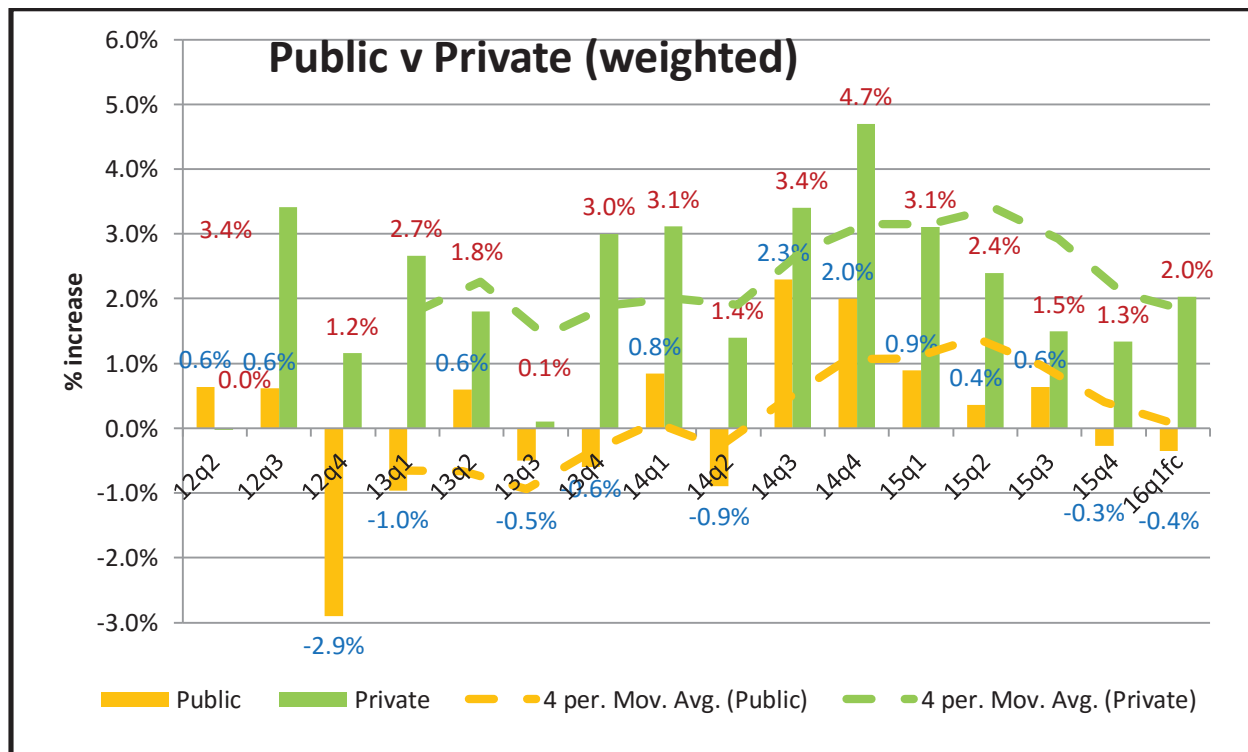
The unweighted certification volume increase for 15q4 (u=15, f=11, d=0) was 4.3% against a forecast in the last report of 3.4%. The weighted certification volume increase was 4.6% against 3.9% forecast. The forecast for 16q1 (u=11, f=13, d=0) is 3.9% and 4.6% for unweighted and weighted, respectively. The 4-period moving average is showing increases of 4% for unweighted and 5% for weighted.



We now include questions on public classes and private classes. After a “blip” in 13Q1, both volumes had small increases in 15q4, by 0.4% public and 1.5% private. The forecasts for 16q1 are 1.9% and 2.2%, respectively. The trendline for public is 1.5% and for private is 2.5%.

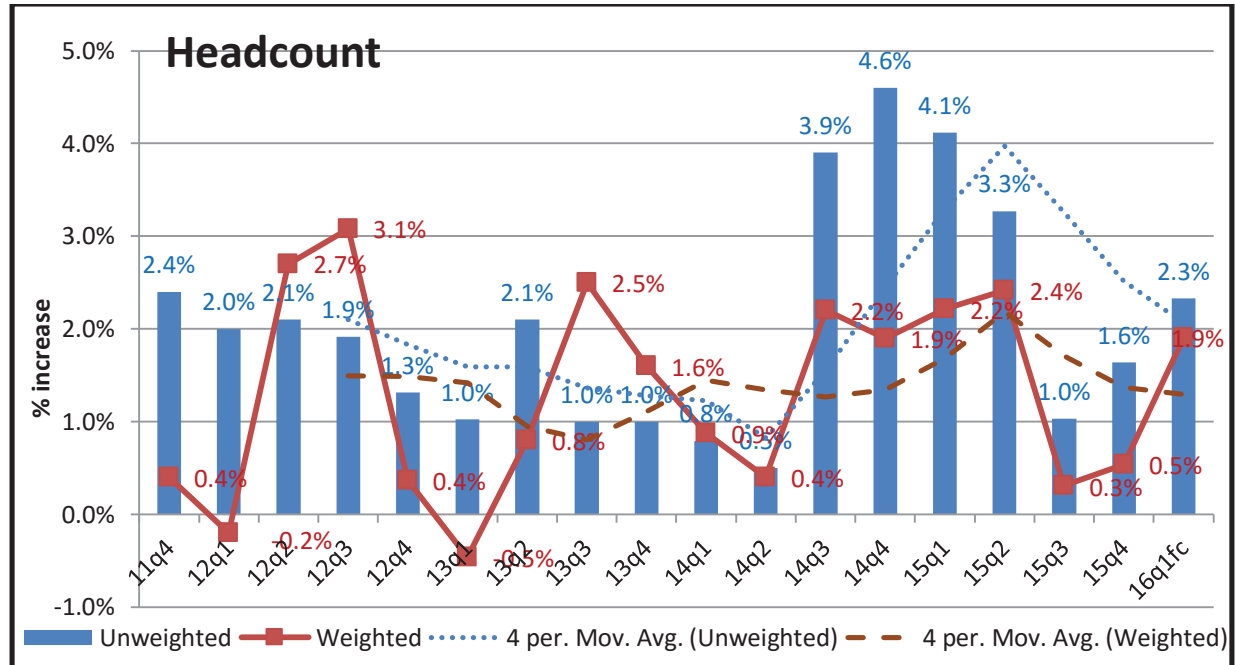


When weighting is taken into account, the changes are quite similar, but the public actual and forecast have dipped negative. The 4-period moving average is around flat for public but 2% for private. So, there's consistency with both unweighted and weighted trendlines.

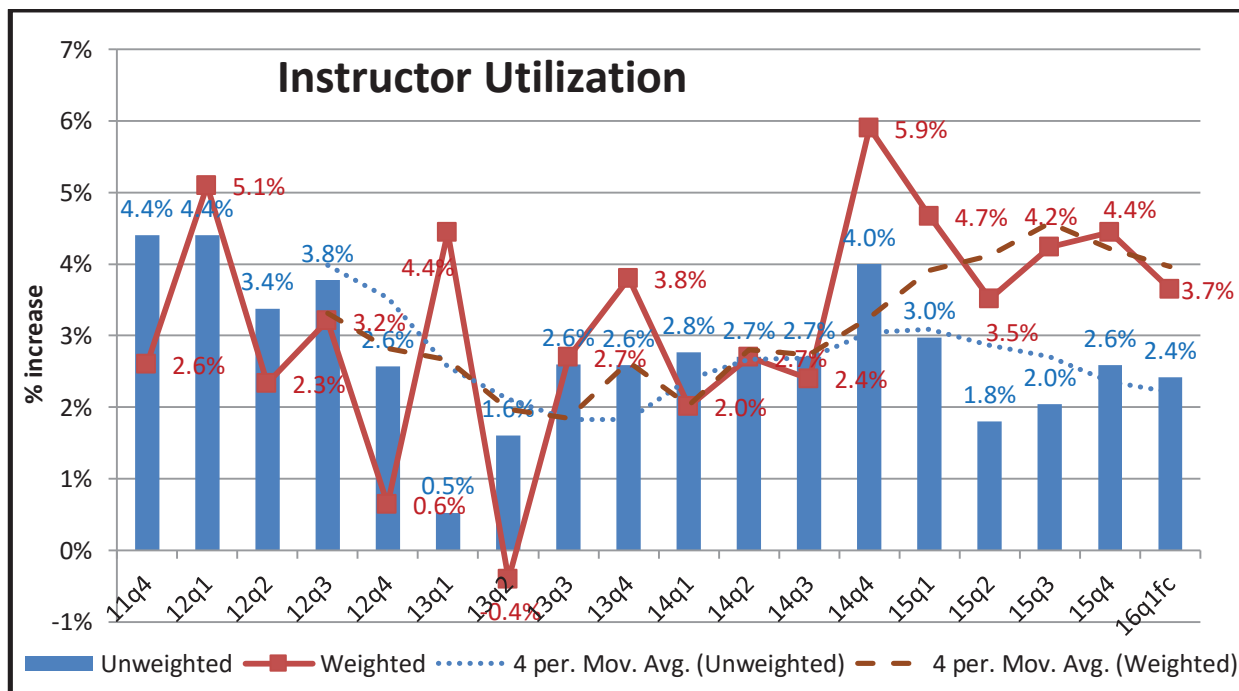


Team

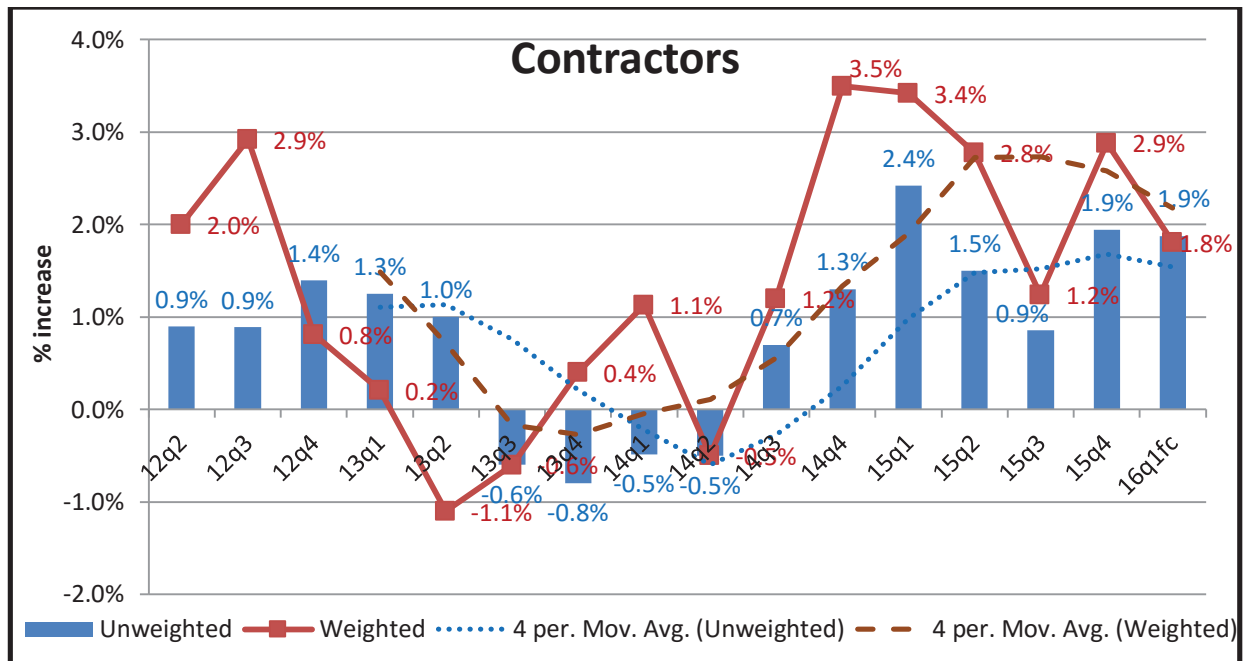
Before 14Q3, unweighted headcount had largely remained constant over the whole period, with the weighted numbers showing more erratically. However, since 14Q3 there was a spike upwards, but this has been reversed. The 4-period moving average currently shows increases around 2-3% for unweighted and nearly 1-2% for weighted.



Maybe as a result of the small increase in hiring but higher increases in volumes for live and virtual delivery, the Instructor Utilization increases have shown a steady increase. The 4-period moving average currently shows an increase of 2-3% for unweighted and 4% for weighted.



We also added a question on the use of contractors in 12Q2. While the results overall have been erratic, the trendlines now show a 1-2% increase for unweighted and a 2-3% for weighted.



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

1. Online live virtual classroom; on-site classes
2. Introduction of new products and services; business intelligence courses
3. Customer skills
4. Administration; Finance/Consultant Bootcamp
5. Strategic acquisitions; cloud and technology
6. Internet of Things Training; Certification
7. Consistent growth in all areas/technologies.
8. All
9. Platform (core product)
10. Customized onsite training
11. Networking Virtualization; Virtual SAN; SDDC
12. On-site classes
13. Security; Data Center
14. Our older products
15. Technical Support
16. Channel
17. Private classes
18. Live online training
19. Identity workflow management
20. Scheduled Course Registrations
21. Instructor-led training in EMEA; eLearning consumption
22. Private onsite; public virtual
23. Gateway/Internet of Things topics
24. Certification attempts and partners being trained

25. Private Training in APAC
26. Campus routing
27. Developer and Data Analyst focused technologies.

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

1. Instructor-led public classes
2. Legacy products
3. Year End/ Platform/eCommerce
4. Industry topics
5. Project based training - delays at customer end
6. Older Product version
7. Public training
8. vSphere; Virtualization; Enterprise Desktop
9. Public training; Certifications
10. Some of our newer products
11. End User training
12. Still Public classes
13. In-person public classes
14. No identifiable drops
15. Account Specific
16. Americas private classes are down a lot
17. Private virtual
18. Legacy operating systems
19. Classroom training
20. Public Training in North America
21. Layer 4-7.

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

1. Filling seats; larger revenue number set by executive level; higher profit margins
2. Acquiring adequate data in advance of need, to support training needs for new customers; Greater than anticipated demand, causing us to increase size of classes beyond our typical limits
3. Localization and Regionalization of content; Manager Training Program' Certification
4. Keeping up with rapid product changes
5. Hiring talent; Meeting growth targets; Building the organization to support future growth
6. Creating an efficient back-end operation for our learning platform; Usability of our learning platform
7. Predictability of large engagements (schedule, etc.)
8. Symantec/Veritas separation complexity; limited automation/systems challenges
9. Free or heavily discounted training for partners and/or sales giving away training. Tracking and reporting on utilization rates.
10. Public attendance; Systems and Infrastructure
11. System limitations (LMS); Data integrity/integration
12. Trying to keep up with course development work, when company is renewing its product portfolio, and at the same time getting a lot of training demand for the renewed portfolio

13. Incremental budget and resource needs
14. Keeping instructors up-to-date as we release updated classes to meet our rapid releases
15. Seeing some pick up in US; Europe & APAC remain strong
16. Driving adoption
17. Devising and executing an effective public class strategy
18. Company direction changed; increase margin
19. Engaging a rapidly growing non-training salesforce
20. Actively transitioning a formerly all training sales team to a user advocacy function and this modification has created some challenges during the process of transition. With this change the training conversations have to begin to shift back to the named account representatives in Corporate (outside) accounts and to potentially several sales representatives as our inside sales teams have transitioned to product-specific tasks per rep whereby any one of several reps of could be having a training conversation. It's going to take some additional time to work through this change internally.
21. Turnover in account teams; cyclical purchases from largest customers
22. Customers less willing to attend multi-day classes, want shorter classes with very targeted agendas
23. Decline in product sales, thus fewer deals to attach to; Reorganization in the teams that previously supplied instructors to teach, causing us to have to quickly develop contractor pool
24. Budget issues for customers in select verticals leading to cut in discretionary spending such as training; Customers receiving free of charge training from other departments
25. LMS migration; Transition to role-based courses and certifications
26. Developing asynchronous delivery model; Battling with finance for budget/heads.

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

1. ROI is now very important again
2. Subscription model impact - changes rev rec practices; fight for a % in overall subscription pricing
3. Training need is as strong as ever but customers are demanding it on their terms: 1) Just in time 2) Specific topics rather than broad curriculum and 3) on demand to suit their availability
4. People still want ILT training, even though managers want to save money and want an alternative, like self-study or virtual training.
5. 15Q4 best quarter on record
6. We go back and forth on Free Video based training vs Paid for; Not a lot of traction with it but when we said we would start charging for it Sales and Customers revolted
7. Good business in niche markets where the training is tied to product sales
8. Network automation continues to grow in importance as do design training offerings; Growing need for instructors to know scripting/programming languages
9. We have changed the platform of our e-learning and are still working on the reporting side so I am unable to report on the data for e-learning enrollments for both actuals and forecast I put no change because there was not a way to unselect the radio button; so, just an FYI, this isn't a piece of data that should be included in the barometer for us
10. Trend away from multi-day in-classroom training is accelerating; Customers expect shorter and online training
11. Growing interest in New IP training related to third platform (mobile) technologies, which implies programming, scripting, orchestration, virtualization, etc. Increased demand for video and mobile enabled content
12. Technology is evolving rapidly, making it difficult to keep materials current.