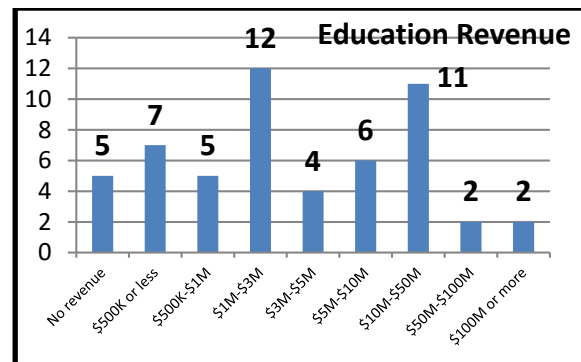
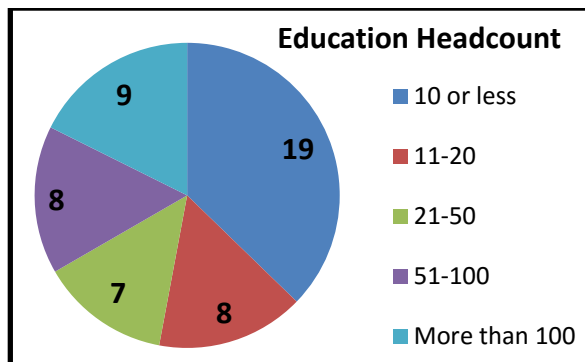
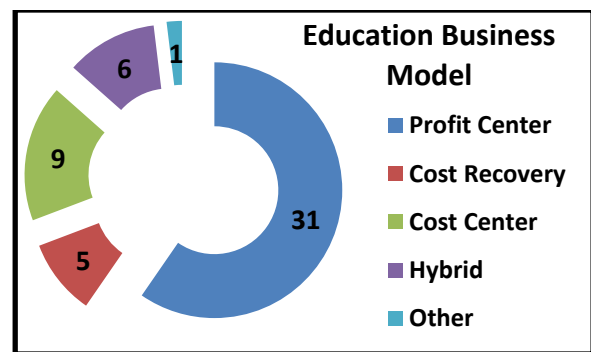
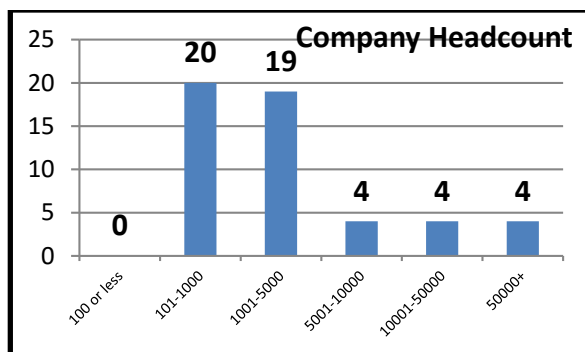
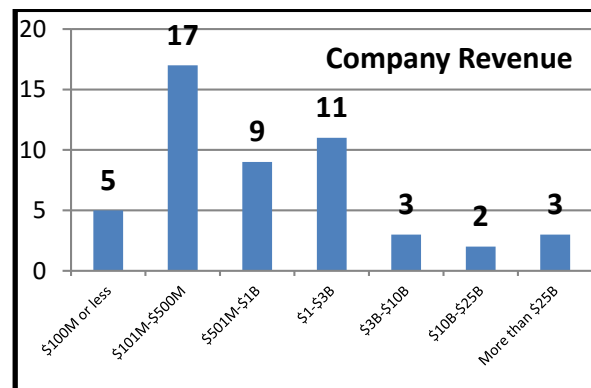
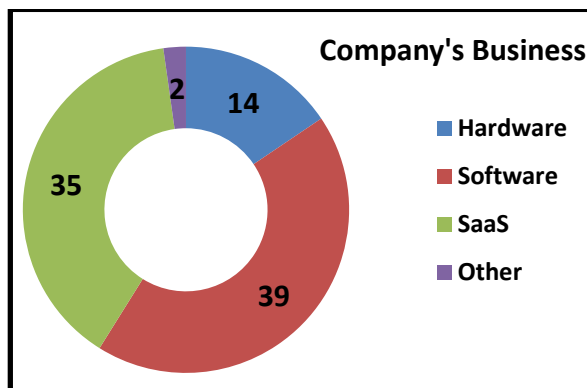




CEdMA Training Market Barometer 1st Quarter 2016 Actual

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 44 responses for global and 10 for North America so the combined 54 profiles are as follows:



Changes to the Barometer

In response to member suggestions, we have changed the survey in the following ways from 16Q1:

1. We only collect data **about the quarter just ended**, not the "current" quarter
2. All questions **ask about revenue**, not some about volumes
3. We ask about the major modalities such as ILT, VILT and eLearning, plus additional services.

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.

Total Revenue is defined as all recognized revenue. This is now steady at a 4-5% increase.

Operating profit is revenue minus all fixed and variable costs, excluding allocations, divided by revenue.

The growth is 3-4%

Live Classroom (ILT) is all revenue when the instructor is in the same physical location. Growth was flat in 2013 but is now 1-2%.

Virtual Classroom (VILT) is all revenue for instructor-led training via the web, with or without virtual labs. Growth dropped to 1-2% during 2013 but has been 6% for the last two years.

Public (scheduled) classes is revenue for ILT and VILT and now showing flat, having been 1-2% in 2014.

Private (one-customer) classes is revenue for ILT and VILT, and showing an increase of nearly 2%.

Self-paced is all revenue generated by training students without instructors, such as eLearning, video, and can be paid per use or subscription. Now showing a 9% increase having grown steadily from 4% increase in 2014.

Certification is all revenue for certification business, such as exam fees and exam prep services, but excluding any exam prep training which is accounted under ILT/VLT/self-paced. The trendline is now 4% having been over 5% a year ago.

Learning Consulting is all revenue generated by non-training education business like learning needs analysis, customization of material assessments, and mentoring/coaching after training. There was an increase of 2.4% in 16Q1.

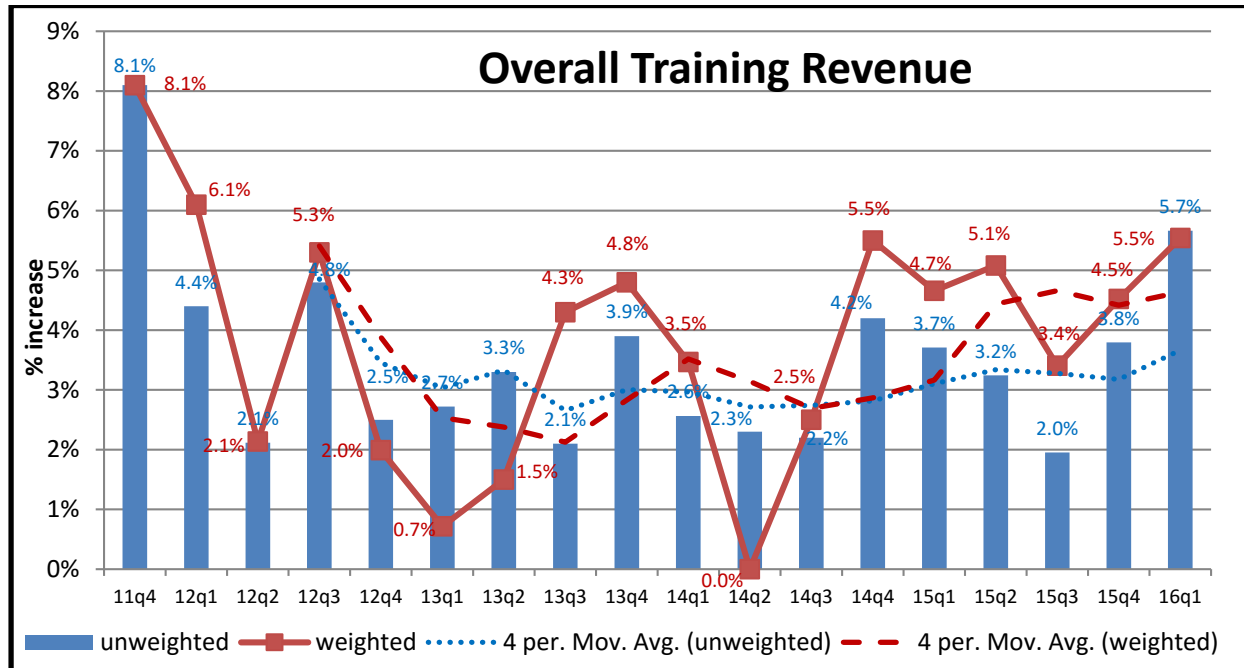
Learning Technologies is all revenue generated by learning tools, infrastructure, courseware and directly related training and learning consulting for these technologies. There was a decrease of 2.3% in 16Q1.

New Learning Modalities is all revenue for social learning, gamification, microlearning, mobile. There was an increase of 12.1% in 16Q1 compared to the same quarter in 2015.

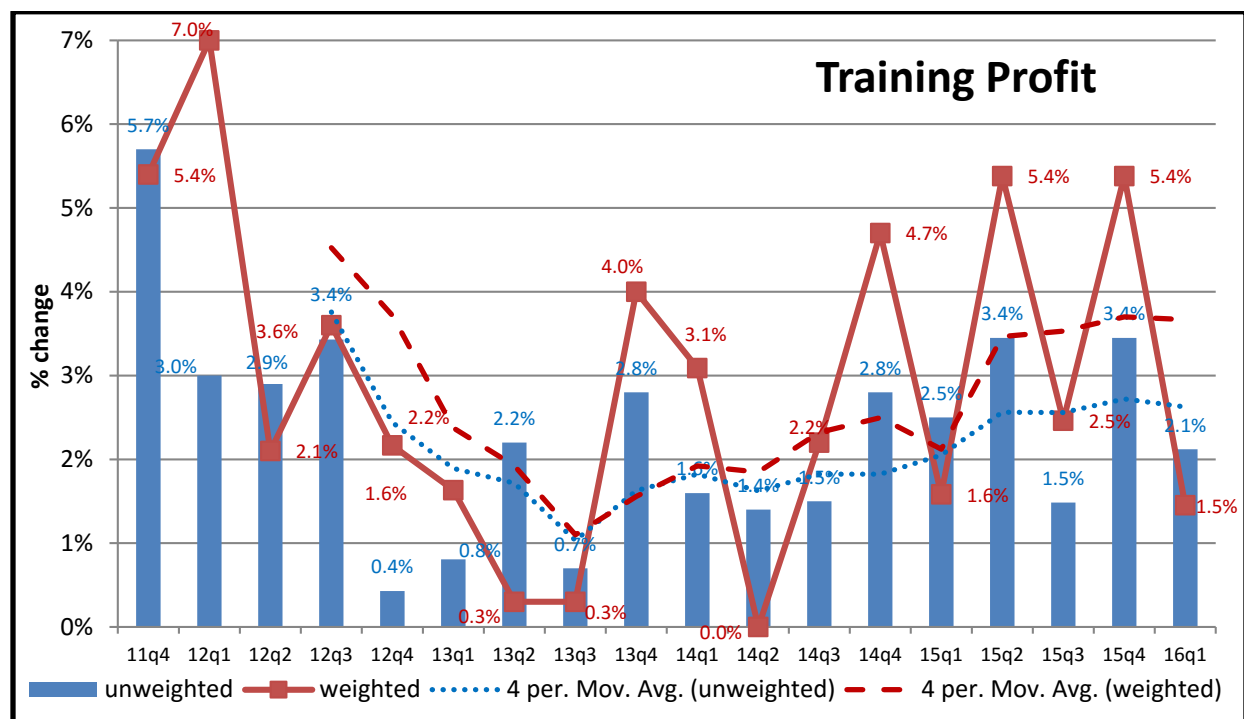
Subscriptions include all revenue from any of the above modalities included in subscriptions. There was an increase of 10.7% in 16Q1 compared to 15Q1.

Training Revenue and Profit

The unweighted total training revenue increase for 16Q1 (u=34, f8, d=7) was 5.7%. The weighted total training revenue increase was 5.5%. The 4-period moving average is currently showing an increase of 3-4% for unweighted and over 4-5% for weighted.

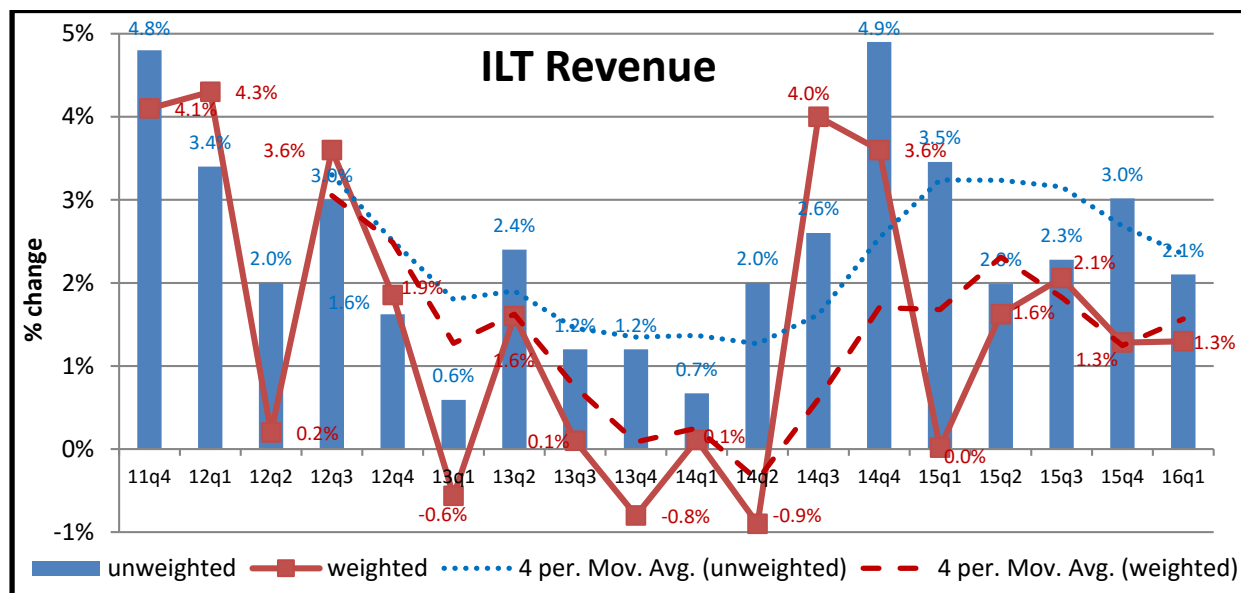


Training profit in 16Q1 (u=22, f=15, d=9) was a 2.1% increase unweighted, and 1.5% weighted. The training profit four-period trendlines currently show 2-3% increase for unweighted and nearly 4% for weighted.



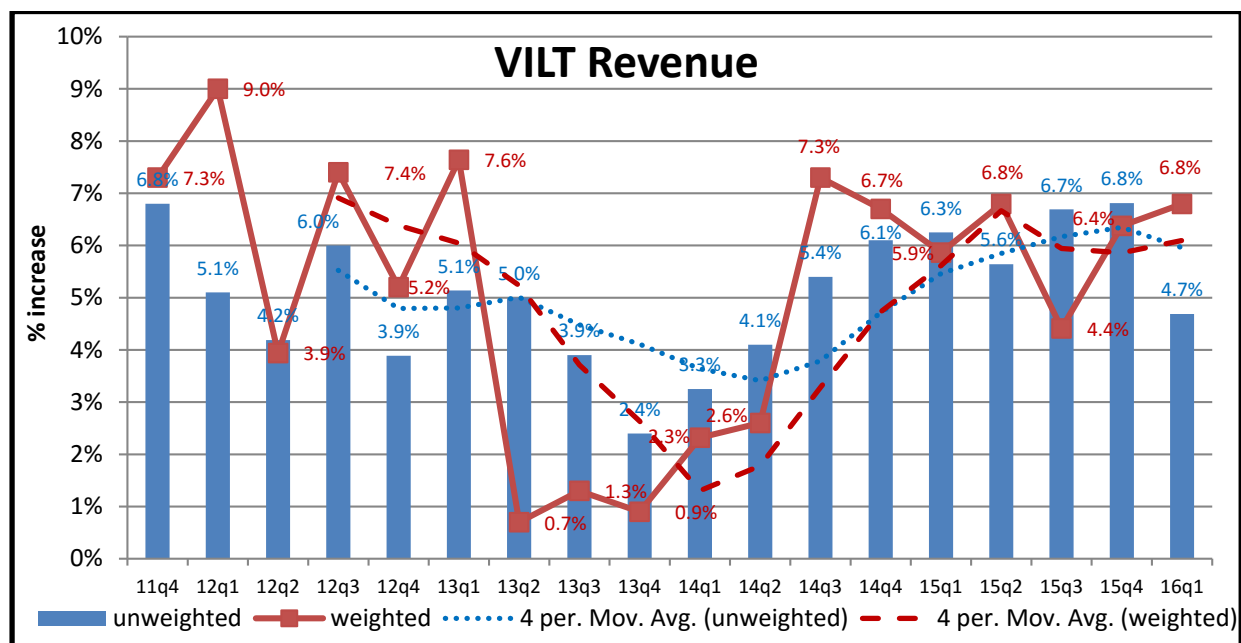
Live Instructor-led Training

The unweighted live classroom **revenue** increase for 16Q1 (u=23, f=11, d=10) was 2.1%. The weighted live classroom volume increase was 1.3%. Live classroom revenue, however, is still increasing! The 4-period moving average has dipped slightly and is now showing just over a 1-2% increase when weighted.

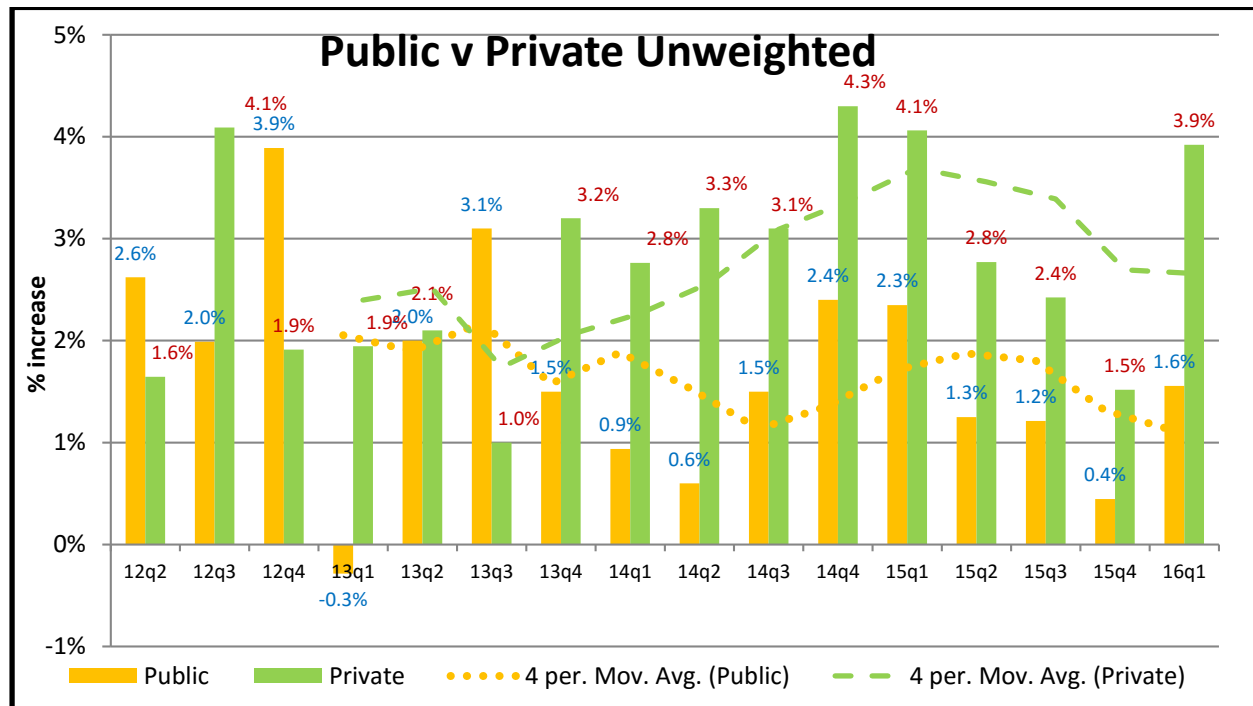


Virtual Instructor-led Training

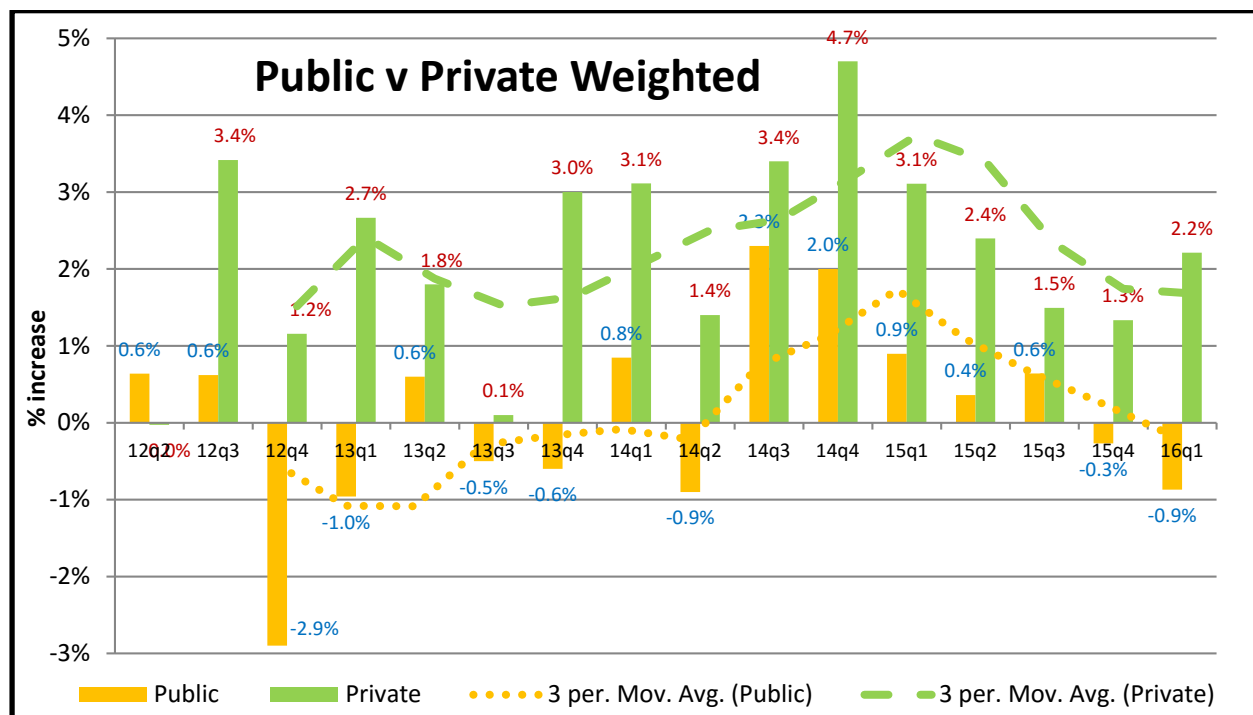
Virtual classroom on the other hand has been growing faster, apart from a small dip in 2013-14. The unweighted virtual classroom **revenue** increase for 16Q1 (u=33, f=10, d=5) was 4.7%. The weighted virtual classroom volume increase was 6.8%. The 4-period moving averages for both unweighted and weighted 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.



We now include questions on public classes and private classes. After a “blip” in 13Q1, both **revenues** have increased in 16Q1, by 1.6% public and 3.9% private. The trendline for public is 1% and for private is 2-3%.

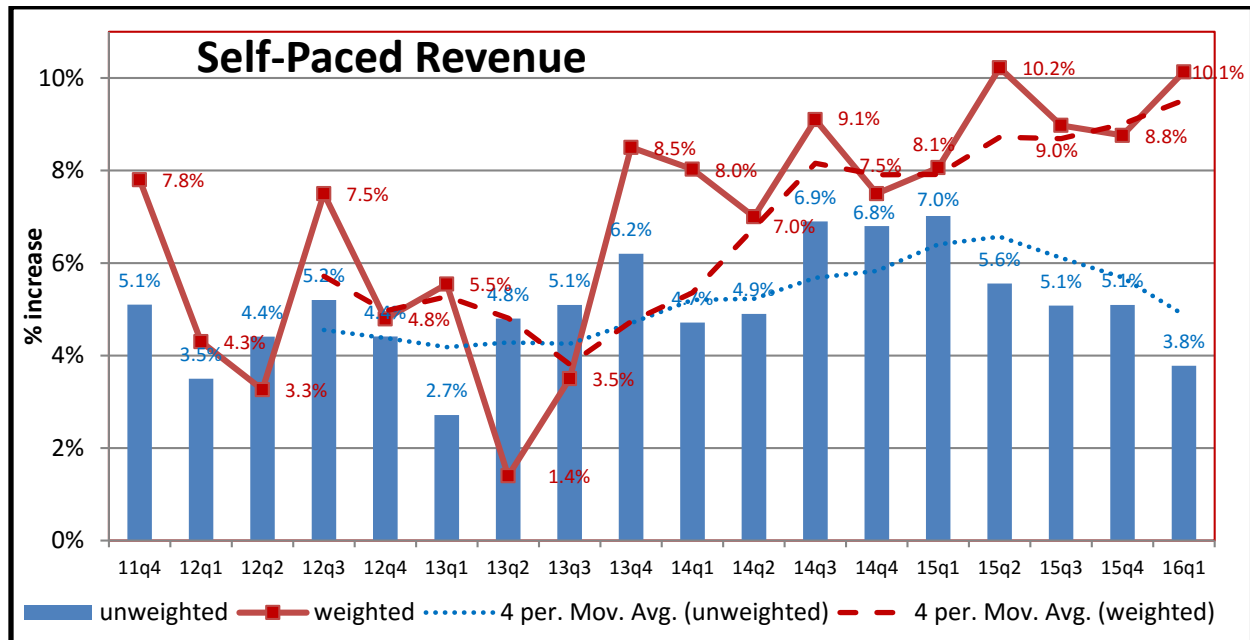


When weighting is taken into account, the changes are different. Public **revenue** has dipped negative at 0.9% but private **revenue** has increased 2.2%. The 4-period moving average has gone flat for public but is still nearly 2% for private. So, there’s consistency with both unweighted and weighted trendlines.



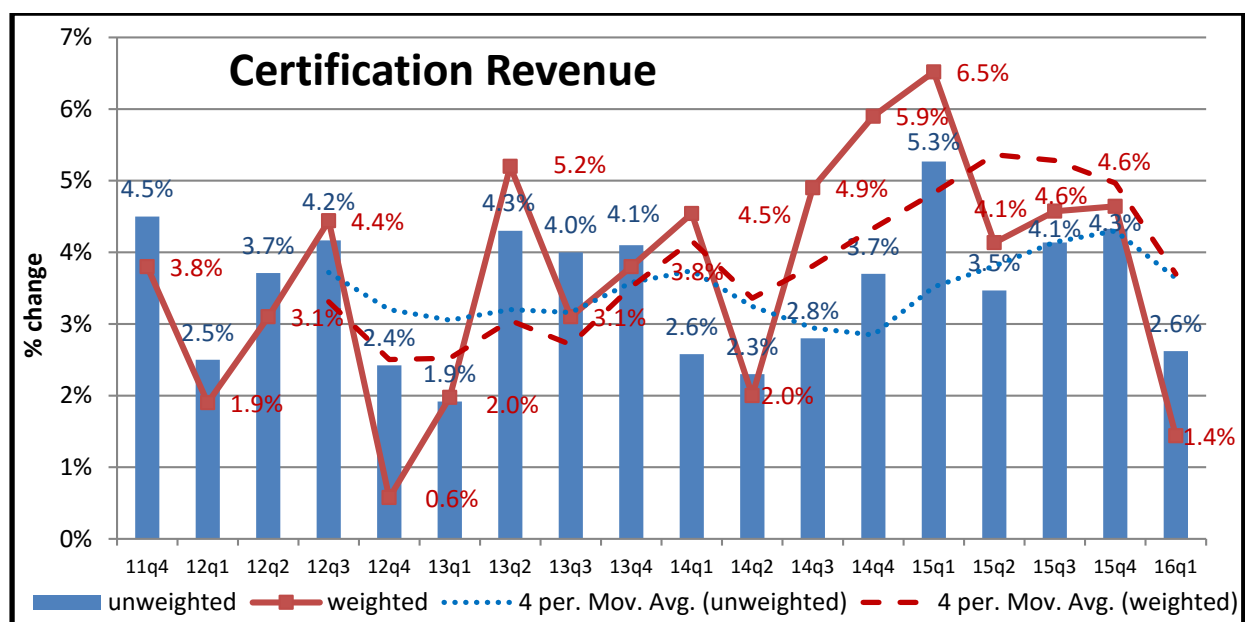
Self-Paced

The unweighted self-paced **revenue** increase in 16Q1 (u=21, f=18, d=4) was 3.8%. However, the weighted self-paced **revenue** increase was 10.1%, showing a significant boost for larger companies. The growth has overtaken virtual classroom. The 4-period moving average shows a 5% increase for unweighted and 9% for weighted.



Certification

The unweighted certification **revenue** increase for 16Q1 (u=17, f=18, d=6) was 2.6%. The weighted certification **revenue** increase was 1.4%. The 4-period moving average is showing increases of 4% for both unweighted and weighted. 41 out of the 54 companies offer certification.



Learning Consulting

32 companies replied (u=5, f=22, d=5) with flat unweighted but 2.4% increase weighed.

Learning Technologies

29 companies replied (u=7, f=21, d=1) with a 1.0% increase unweighted but 2.3% decrease weighed.

New Learning Modalities

30 companies replied (u=9, f=21, d=0) with a 2.4% increase unweighted but 12.1% increase weighed!

Subscriptions

36 companies replied (u=18, f=18, d=0) with a 4.3% increase unweighted but 10.7% increase weighed!

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

1. Live virtual and asynchronous
2. Business process management
3. Increase in customer sales resulted in increases across the board.
4. Finance & Administration
5. Private Training, Virtual Training
6. eLearning
7. General on-boarding of new customers
8. On-demand self-study. First course launched.
9. Private classes (on-site and training center)
10. Security, Data Center
11. Americas region strong and growing with implementation of outbound Education telesales team.
12. Networking; Storage; Security
13. Public virtual training
14. Cloud/Online product training & certification
15. Public Virtual Training; NetBackup
16. Private onsite training and overall live classroom training were both up about 30% quarter over quarter.
17. Private classes
18. Data integration; certifications
19. All resource-based delivery areas grew. Early stages of growing and developing a formal learning organization (was tied in under consulting with no one really focused directly on the business other than as part of the implementation). Public Virtual Classroom, Onsite delivery, Learning consulting (NEW) and custom training (NEW) all grew based on operational focus.
20. Layer 2/3
21. ILT consumed by our larger customers
22. Onsites

23. We launched a subscription model at the end of 2014. Bookings have continued to increase, and we are now seeing renewals come in. The Revenue recognized on new bookings and renewals is trending upward very nicely.
24. Remote/virtual delivery
25. Our customer business is only one year-old so that continues to grow
26. New Products
27. Private classes; Virtual classes' Learning Consulting; eLearning
28. Industry-related strategy (not software training)
29. ILT
30. We just completed our first course, so Agent Tools Training saw our largest increase.
31. Technical Support; Audio
32. Certifications
33. Big Data
34. The need for subscription and end-user training
35. Patient safety/satisfaction.
36. OpenCL
37. Virtual Training
38. Subscriptions, since it is a brand new offering for us
39. Instructor Led Online
40. All our core products
41. Certification and partner classes. We ran a special partner program which had its biggest impact in the Jan-Mar quarter.
42. Cloud; In-memory database; Supply chain
43. Private, bespoke training

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

1. Non-technical subjects
2. End user courses
3. eCommerce
4. Public Training (on premise)
5. Some decline in public courses and eLearning
6. Cloud
7. Public training revenues, particularly in the EMEA and APAC regions.
8. Virtualization; Management
9. Classroom/onsite
10. Desktop product training & certification
11. Public Classroom Training; Enterprise Vault
12. Individual eLearning sales was down 20% but most of our eLearning is included as part of subscriptions.
13. Self-paced gated by the LMS
14. Release/delta training
15. No decrease
16. Layer 4-7
17. Older, legacy products

18. Certifications
19. Live Classroom training (ILT) which are public/scheduled classes. We are a small training org, typically holding 10 locations per year. We held 1 location between Q4 and Q1, all other locations had low enrollments and were cancelled. Q2 looks like we may hold 1 or 2 locations.
20. In-person at specific customer sites
21. Certifications; Public ILT open enrollment
22. Video
23. Learning consulting
24. Hierarchical data mapping
25. Private Training
26. ILT student days
27. Self-Paced training.
28. Non-partner public training saw a decrease.
29. Industry specific training
30. Open enrollment ILT

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

1. Increase revenue by 30%
2. Rapid elearning development; keeping the curricula designer team energized
3. Meeting demand.
4. Continuing to grow the business at a 30% run rate. Maintaining attach rates to license sales.
5. Attach Rates & Marketing Support; Transitioning Instructors used to "classroom deliveries only" into virtual and on demand modalities
6. Scaling organization to meet demand. Scaling technology infrastructure to meet demand.
7. Working with Sales; Keeping up with need to innovate and incorporate training into our product
8. Launching on-demand self-study courses and virtual labs; Revamping ATC contracts.
9. Decrease in ILT purchases, adoption of learning services.
10. Developing new offerings in mature markets and low-end offerings for small/new customers.
11. New technologies and ramp-up of resources and move to more solution focused training
12. Availability of resources to meet demand
13. Integrating multiple learning platforms and having one source of truth for training & certs data
14. Demand predictability/ forecasting
15. Moving back to a Revenue Generating Model selling Training again.
16. Our current training infrastructure (LMS, training environment system) is not able to support the programs we run. Software delivered as a cloud based subscription requires a different training model than our on-premise software solutions.
17. Getting students to take our public classes. Keeping up with content development needs.
18. Globalization content translations
19. It is a new business having become a P&L effective Jan 1. Although all areas are in a state of build - Systems and operations is one of the more challenging areas. We launched a new LMS, are currently looking at best approaches for eCommerce and are running operations out of SFDC on custom developed architecture designed for business requirement almost 10 years in the past - has challenged our ability to scale along with the increase revenue and demand. Tied to this is ability to report and analyze in an automated way.

20. Implementing new LMS; Insufficient resources
21. Transparency and visibility into the Financial accounting; Coming to terms with the tendency of leadership support giving training away for free whenever possible citing "customer enablement is our goal" although there is no interest to understand
22. Attachment to license, competition with Consulting on 'services' provided
23. Maintenance of content with respect to our aggressive release schedule. ILT classroom attendance at public classes.
24. Customers are delaying onsite training; Keeping up with all product development
25. Headcount to match growth - still in a "startup" mode so expected to do more with less. Automating process (e.g. LMS with our financial system with SFDC) dependent on our business system group who are also stretched to the max
26. Scalability; Quality
27. Resources; budget
28. Adapting to the rapid pace of change in the software; Tying efforts to key product adoption metrics
29. Resources to do the work and LMS reporting
30. No wants to pay for training
31. Pricing the academic partners
32. Education rich products have reached market saturation; How to keep training offerings up to date in a highly dynamic environment like IoT
33. Improving the self-study experience without spending more money. Keeping content current in the big data arena.
34. Getting sales to sell certifications
35. Agile development on the product. Keeping up with the rapid pace of changes in the product have been challenging
36. Good and experienced talent
37. We are shifting strategies this year and we had significant turnover that impacted the business.
38. We were acquired in December 2015. There have been and will continue to be for some time unique changes we need to align to.
39. Low Private Training pipeline; Long sales cycle for Private Training
40. Getting new online mentoring program in place and launching subscription service
41. Attach rates
42. Switch from on-premise to cloud business model
43. Difficulty rolling out new training modalities; Updating team skillset

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

1. Enhanced virtual platforms seem to be gaining in popularity; Grey Market introduction of extremely low cost options; normally self-paced or virtual
2. We are just ramping up our business mostly from scratch.
3. Weak software license performance and weaker new account sales in prior quarters lead to decline in education revenues.
4. Less emphasis on product training - more emphasis on solutions training. This is not the normal course development model.
5. Procurement & Legal processes are becoming more-lengthy
6. Customers are moving away from Instructor Led Training and moving more to Virtual training
7. The need for more and more content. Most people do not seem to want to take long courses, concise, choose your own adventure type learning.

8. There is a lack of business software in the market today to grow and drive a global education business. Everything seems to be built or customized in house. LMS vendors built to service an internal audience still with main value proposition of delivery and tracking. I would be very interested in any insight to what others are using to manage their commercial business.
9. Demand for self-paced learning remains strong.
10. 2 years into my present role and I am convinced the Telecommunication industry is sluggish, change-averse and slow to innovate. As a small vendor playing in a space with big names, we're constantly struggling to keep Education Services relevant.
11. All my responses are based on a new training organization that has historically offered self-paced training free. I've been brought on specifically to transform the business to a full services training organization to be profitable in 2 years.
12. People still want ILT as a premium service and I believe prices should be raised for this...