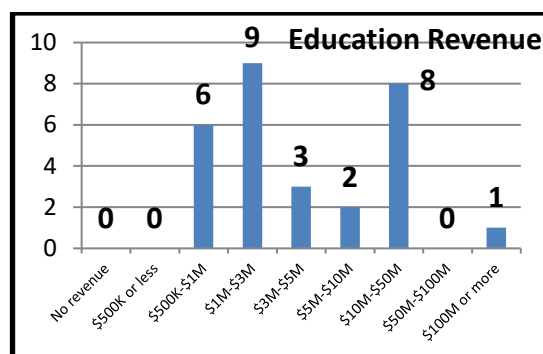
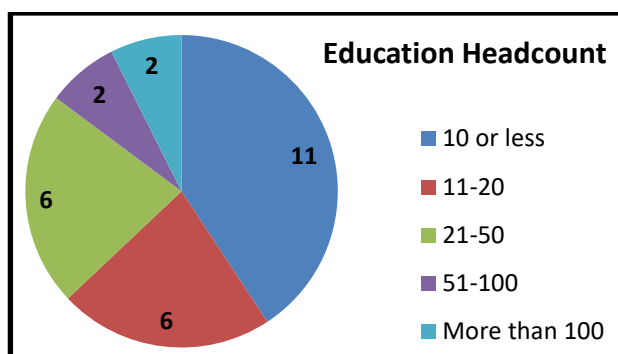
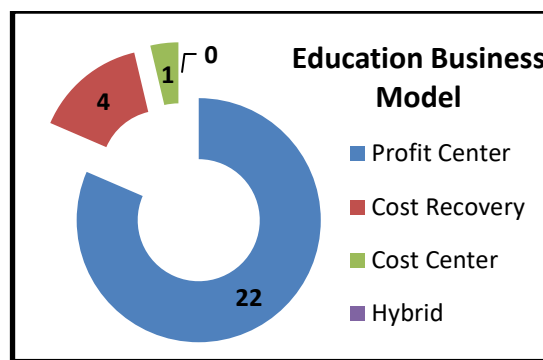
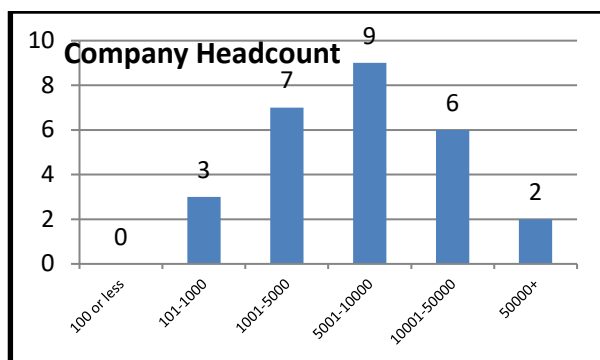
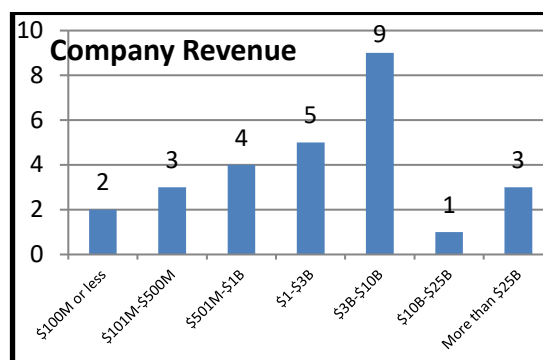
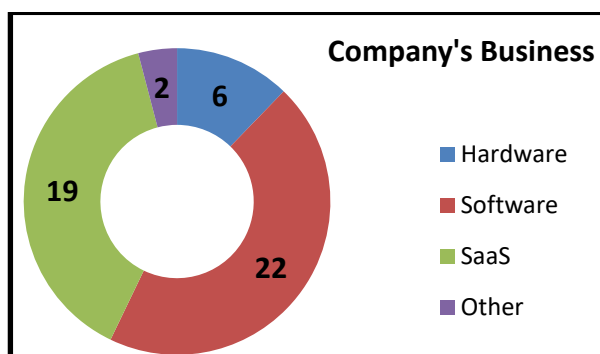


## CEdMA Europe Market Barometer 3<sup>rd</sup> Quarter 2018

### Introduction

This report is compiled by CEdMA Europe for its members from input for their EMEA businesses. It is based around a series of absolute growth or decline percentages in the range  $\pm 12.5\%$ . Revenue refers to training services delivered in the quarter and not future bookings. Note that in this report, u/f/d is the number of members reporting up/flat/down, respectively. This report for 18q3 actuals is based on input from 27 companies.



# 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 revenue value, so larger companies have a bigger impact.

**Growth observations are weighted and based on trendlines of 4-period moving averages.**

**Total Revenue** is defined as all recognized revenue. Having been down to negative 2% in 2014, the trend recovered to positive 2% increase in 2016, and is now positive 2% for the last 12 months.

**Operating Profit** is revenue minus all fixed and variable costs, excluding allocations, divided by revenue. The trend has recovered from a low of negative 2% during 2013 to a 2% increase in 2016 and is now holding at positive 3% for the last 12 months.

**Live Classroom (ILT)** is all revenue when the instructor is in the same physical location. It fell to negative 2% during 2014, recovered to flat in 2015, showed a 2% decrease in 2016, but now is just above flat.

**Virtual Classroom (VILT)** is all revenue for instructor-led training via the web, with or without virtual labs. The trend dropped from 6% during 2013 to 1% in 2014, rose to 3-4% in 2016 but is now back to 4-5% over 12 months.

**Public (scheduled) classes** is revenue for ILT and VILT and the trend has now recovered to flat, having been negative 3-4% in 2016/17.

**Private (one-customer) classes** is revenue for ILT and VILT, and showing an increase of 3%, down from 4% in 2016.

**Self-paced** is all revenue generated by training students without instructors, such as eLearning, video, and can be paid per use or by subscription. It's now showing an increase of 10% over the last 12 months having been as low as negative 4% during 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/VILT/self-paced. The trend is now 1%, down from a high of 4% in 2014-15.

**Learning Consulting** is all revenue generated by non-training education business like learning needs analysis, customization of material assessments, and mentoring/coaching after training. While the trend was flat for 2016, it dipped to negative 3% in 2017 but is now showing flat. (But only 10 members reported revenue.)

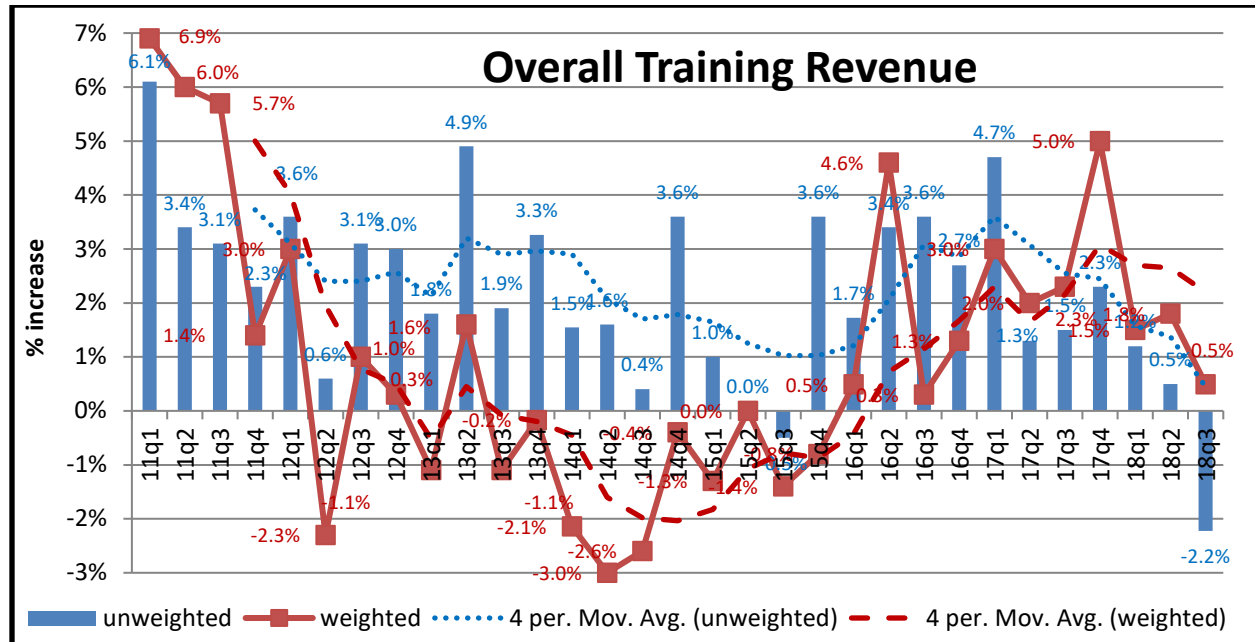
**Learning Technologies** is all revenue generated by learning tools, infrastructure, courseware and directly related training and learning consulting for these technologies. After dipping to flat in 2016/17, the trend is now 2-3% over 12 months. (But only 6 members reported revenue.)

**New Learning Modalities** is all revenue for social learning, gamification, microlearning, mobile. The trend of 8% increase across 2016 has not been maintained and has now fallen to 1%. (But only 5 members reported revenue.)

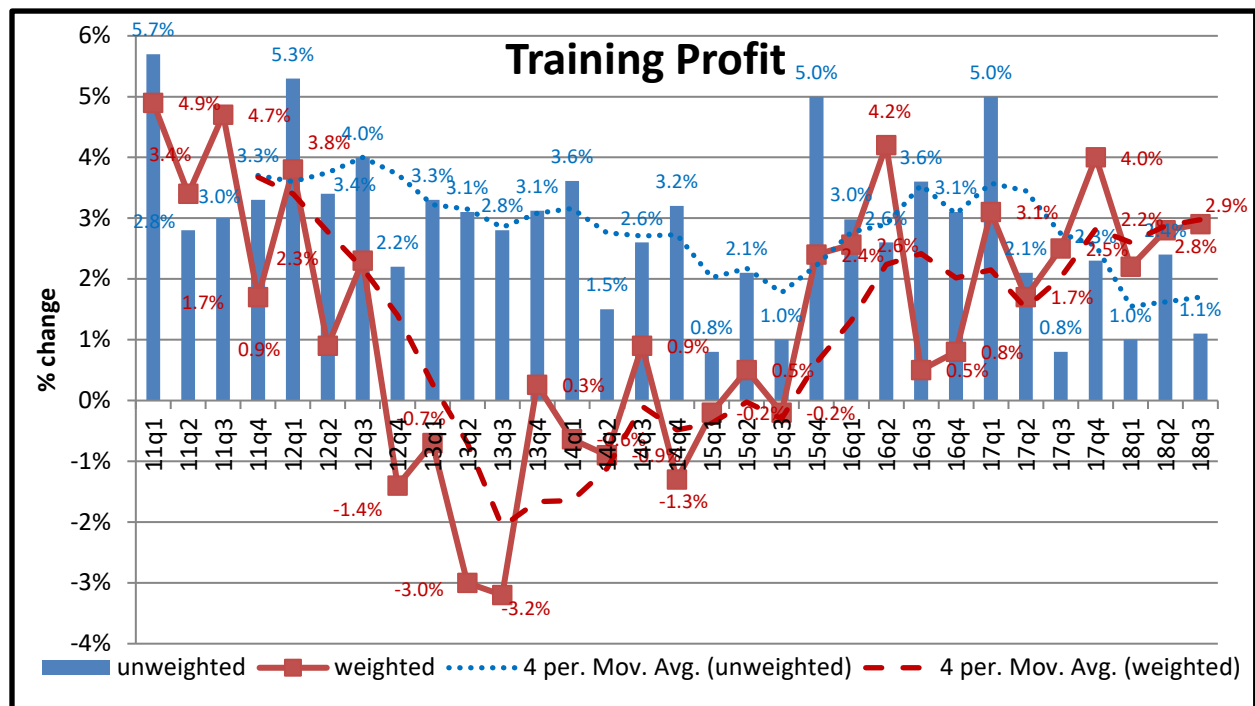
**Subscriptions** include all revenue from any of the above modalities included in subscriptions. With many companies starting subscriptions in 2015/16, the increase was 8% over 2016, but is now 7%.

# Training Revenue and Profit

The unweighted total training revenue decrease was a 2.2% in 18q3 (u=9, f=5, d=13). When considering the weighted numbers, it was 0.5%. However, the weighted trendline shows an ongoing increase of 2% when size of company is considered.

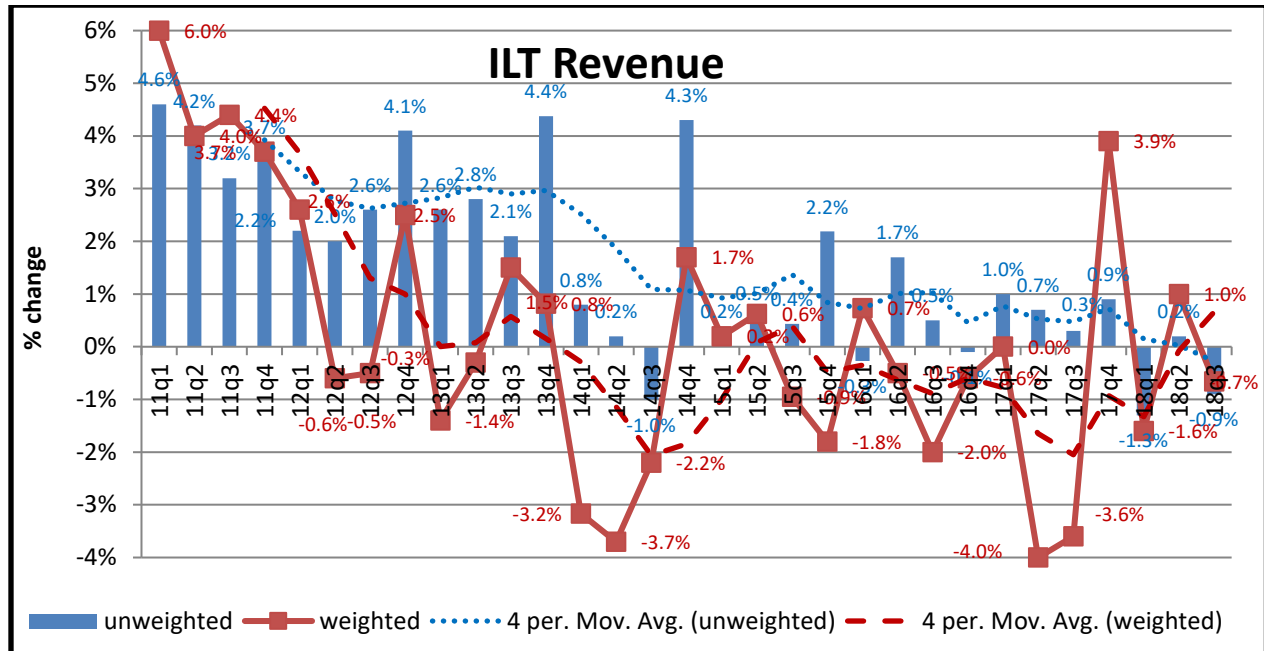


The unweighted total training profit grew 1.1% in 18q3 (u=13, f=6, d=6). And, with the weighted numbers, there was an increase of 2.9%. The weighted trendline shows an ongoing profit increase of around 3% over the last year when size of company is considered.



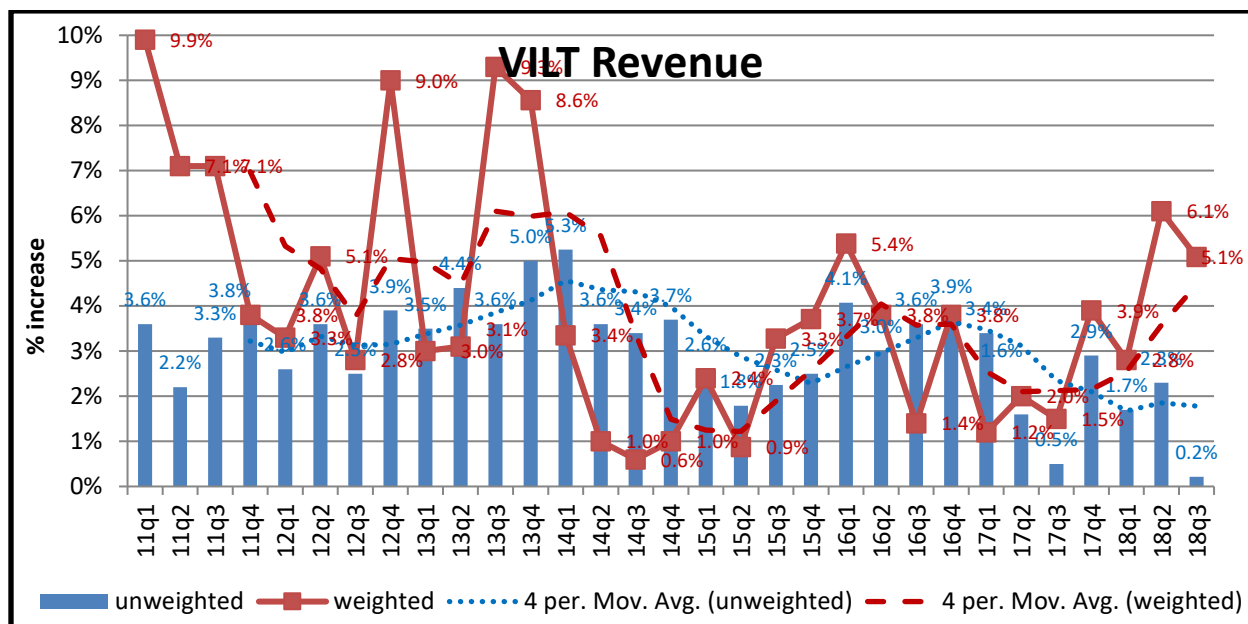
## Live Instructor-led Training

This chart below suggests that ILT **revenue** for the larger companies has been the main cause of lower overall training revenue increases. The unweighted 18q3 decrease was 0.9% (u=8, f=6, d=11) and the weighted number an decrease of 0.7%. The weighted trendline shows ongoing ILT revenue as flat when size of ILT revenue is considered.

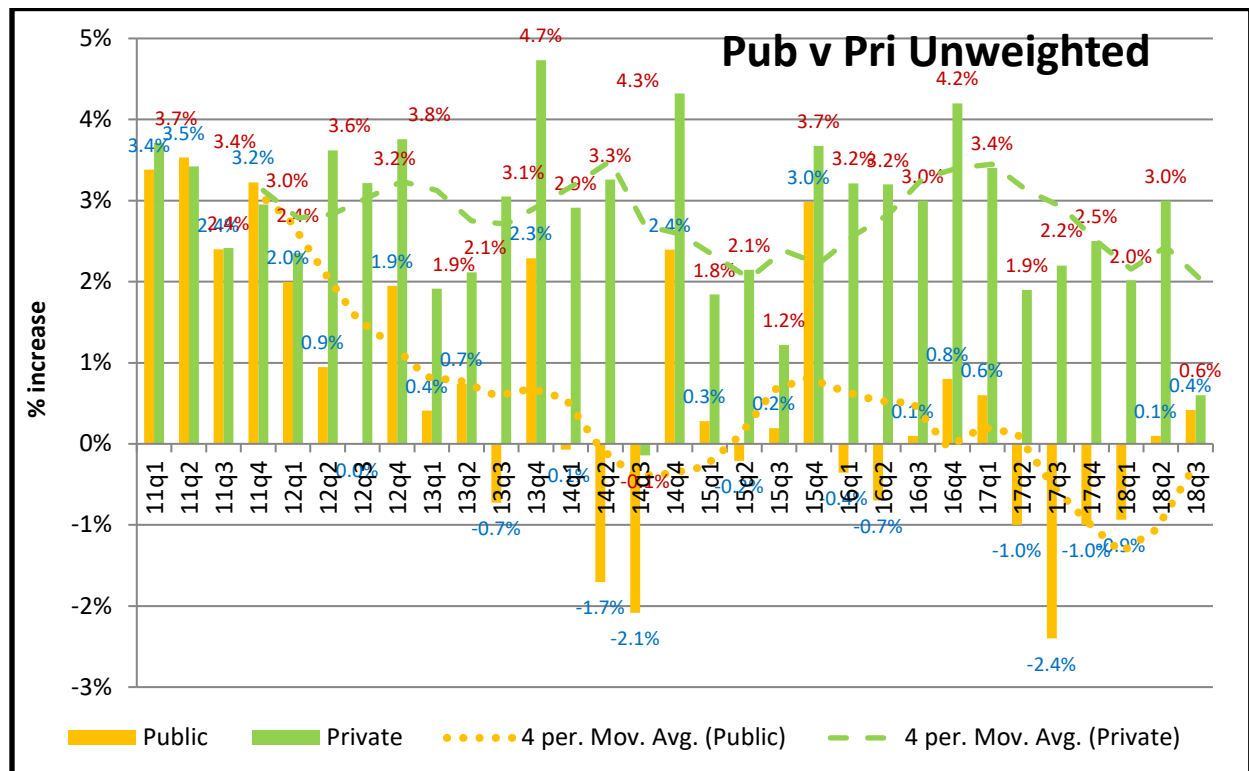


## Virtual Instructor-led Training

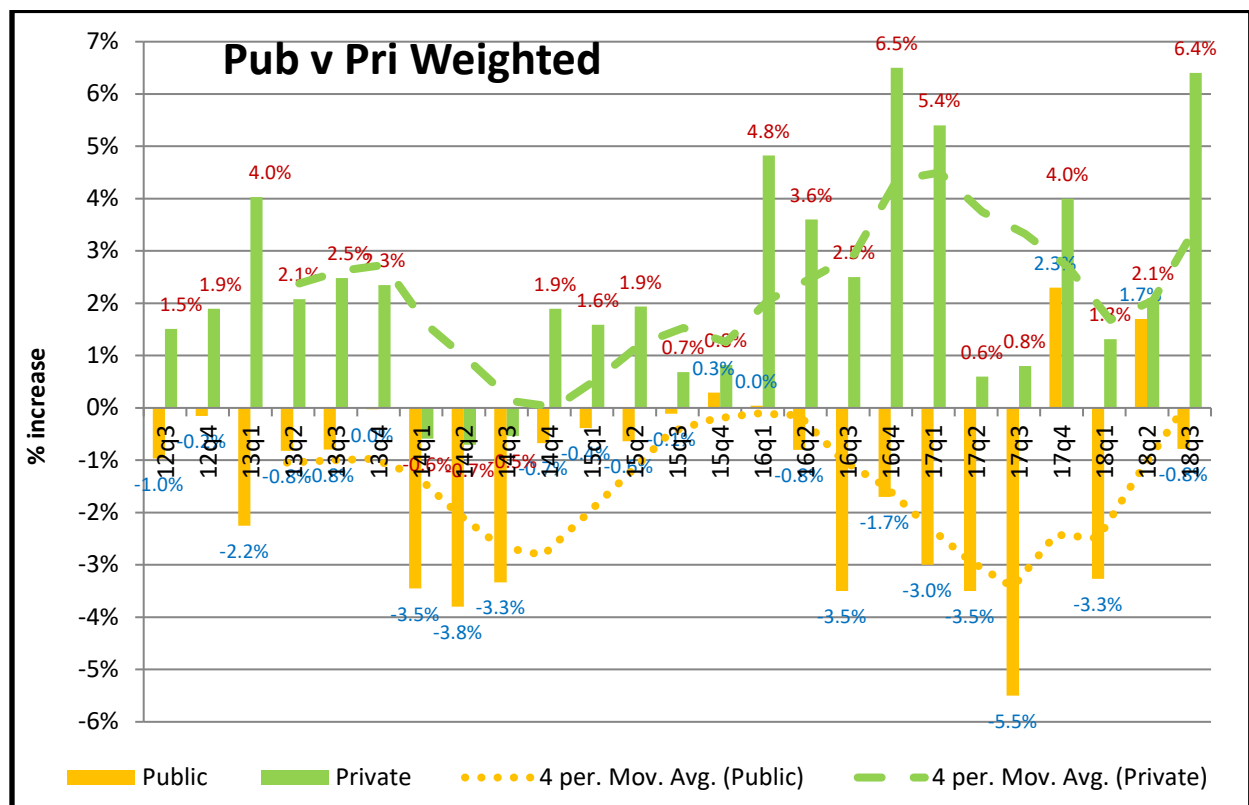
On the other hand, the VILT increase fell badly in 2014 but recovered. The unweighted 18q3 **revenue** increase is 0.2% (u=8, f=9, d=6) and the weighted increase is 5.1%. The weighted trendline shows an ongoing VILT increase of 3% when size of VILT revenue is considered, but it was 3-4% in 2016, having been 1% in 2014. Note that 2 of the 23 who reported VILT had no revenue.



We are now asking you to forecast both public (u=8, f=6, d=10) and private (u=11, f=5, d=9) classes and have enough history to show that private classes show a consistent steady **revenue** increase of around 2%. Public classes have dipped to negative 1%. This shows unweighted values.

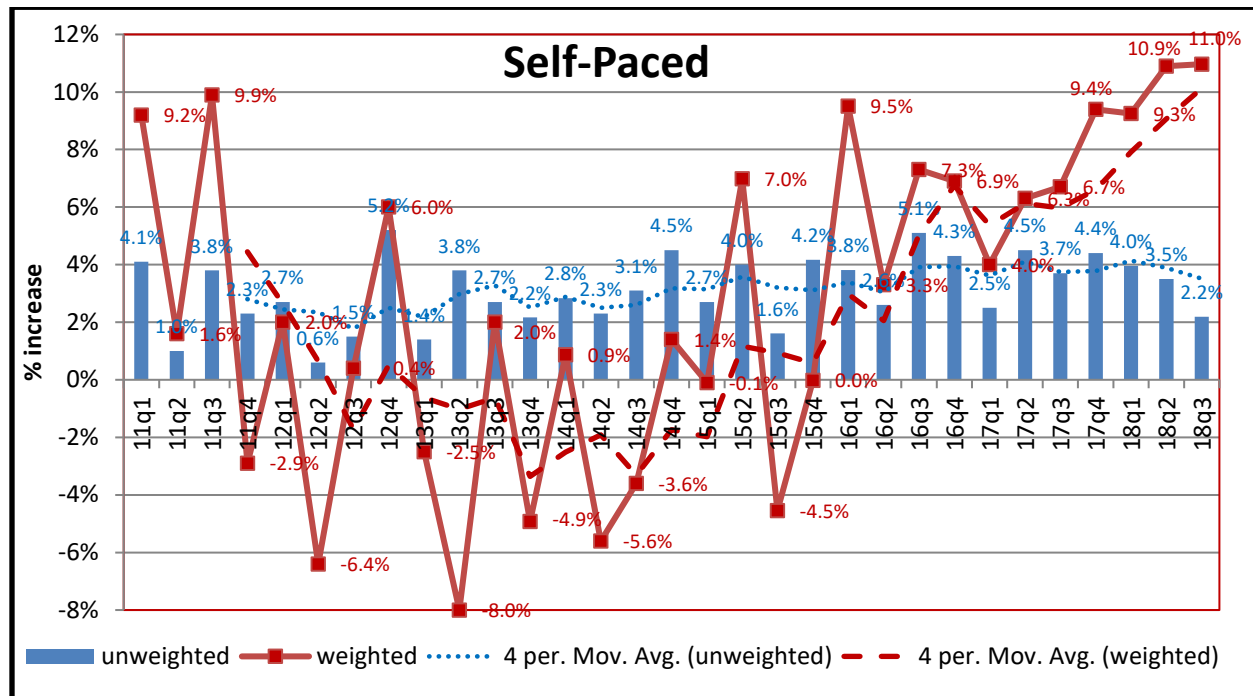


When weighted values are used, the **revenue** for public is showing flat with private a 3% increase.



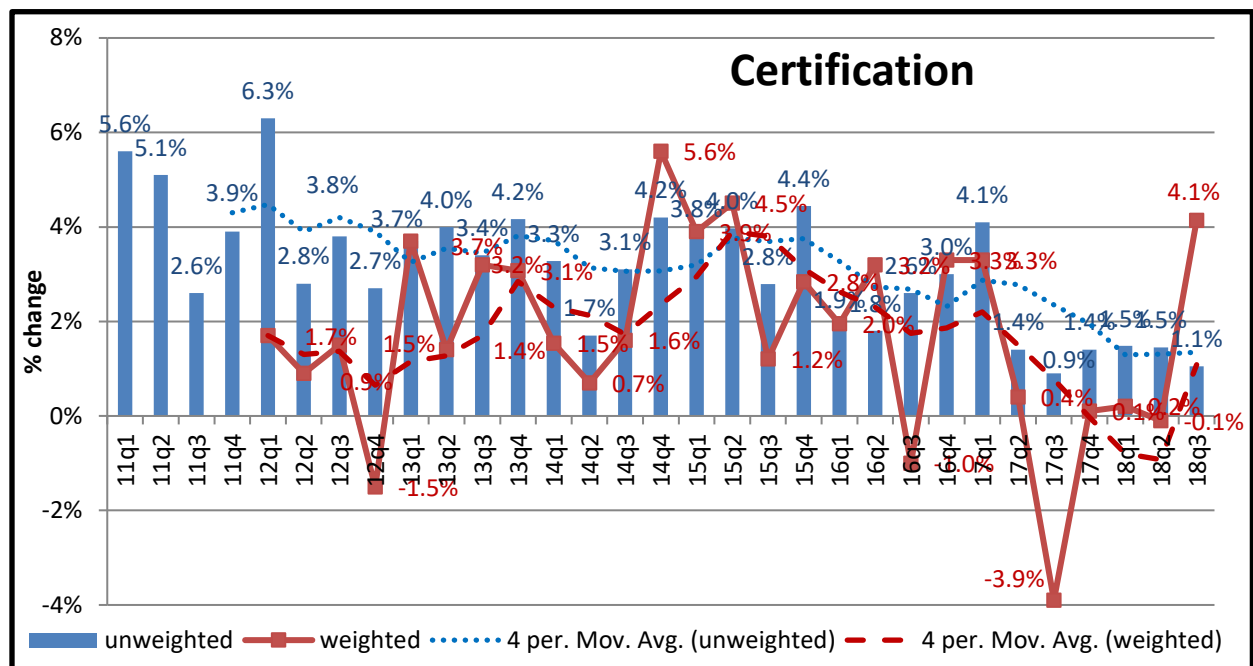
## Self-Paced

The results for 18q3 (u=8, f=6, d=2) were 2.2% increase unweighted and 11.0% increase weighted. This shows how larger companies can have a significant effect on these averages. The 4-period moving average shows an 10% increase for weighted. Note that 8 of the 22 who reported had no revenue.



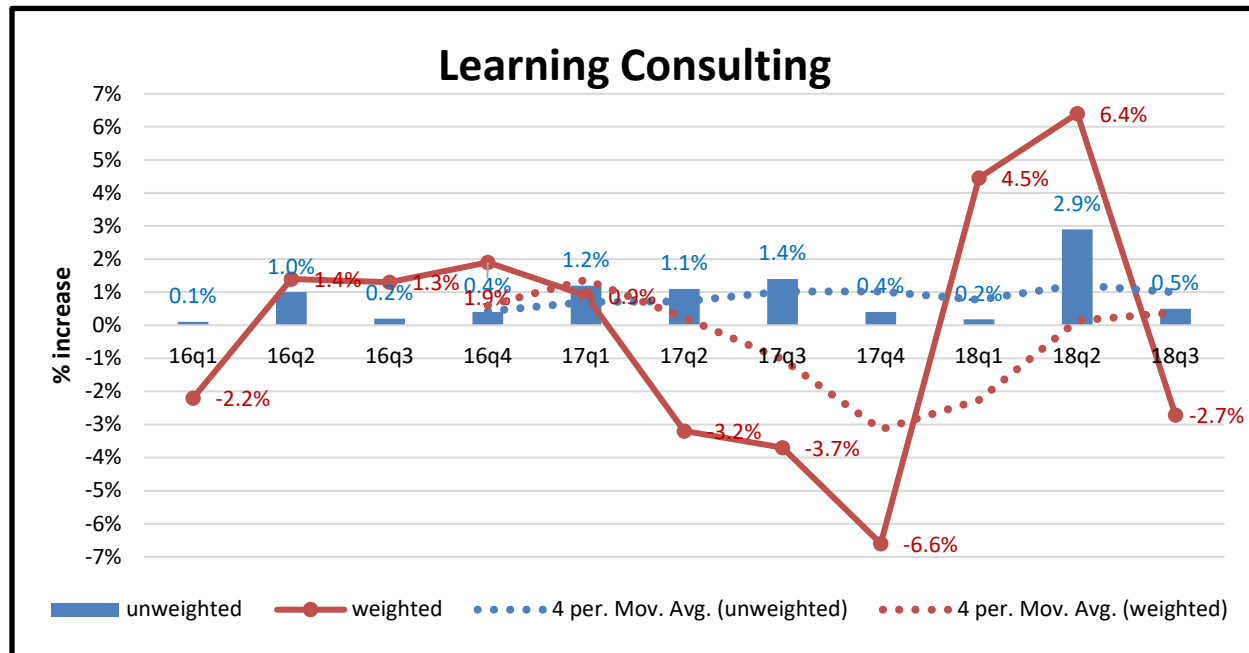
## Certification

Up to 2015, certification reported an increase of around 3% year-on-year when unweighted. In that four-year period, the weighted scores grew from a 1% to 4%, too, showing a resurgence in the larger companies, but has now fallen back to 1%. The **revenue** increases for 18q3 (u=8, f=9, d=2) are 1.1% for unweighted and 4.1% when weighted. Note that 3 out of the 19 who reported had no revenue.



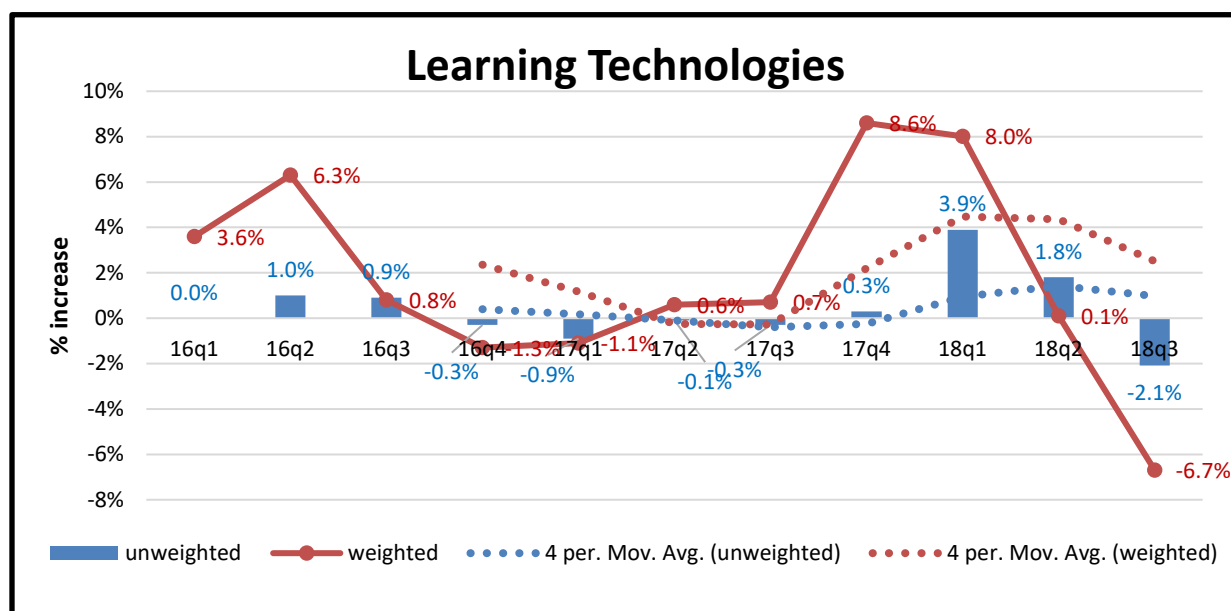
## Learning Consulting

We now have over two full years reporting this area. In that period, the unweighted scores have largely remained flat. However, weighted scores have moved dramatically. The **revenue** increases for 18q3 (u=6, f=2, d=2) are 0.5% for unweighted but negative 2.7% when weighted. The four-period average for weighted is flat. Note that only 10 out of 19 who reported had revenue.



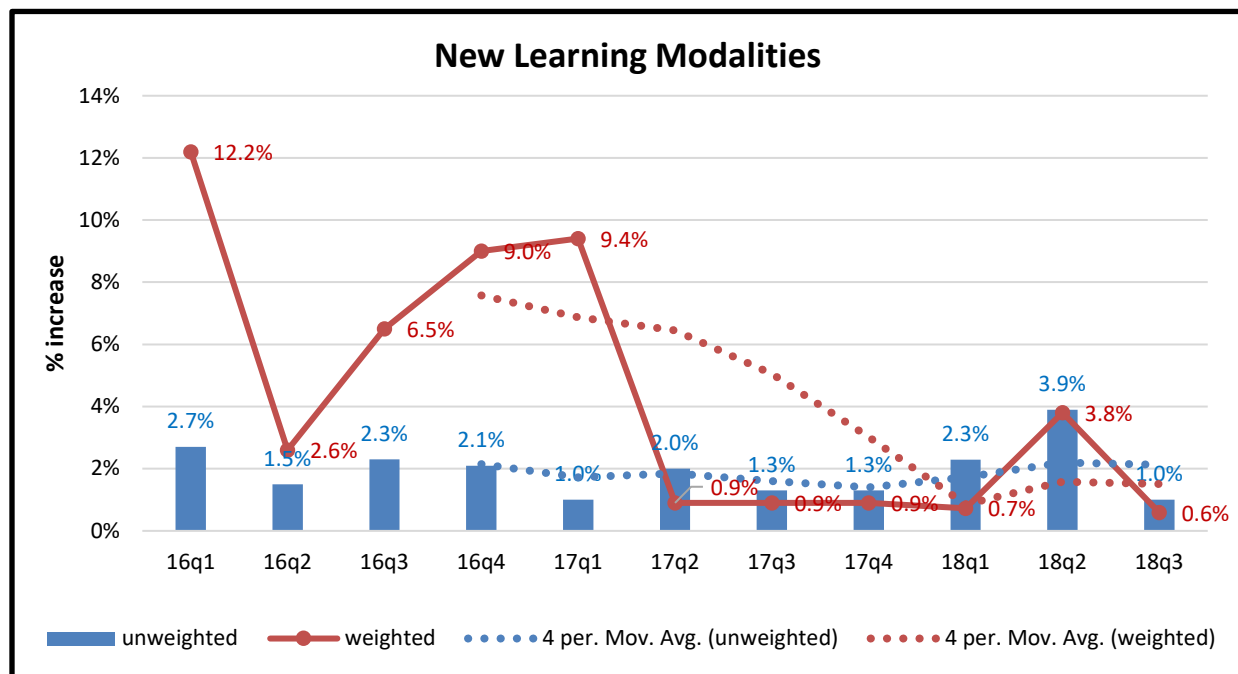
## Learning Technologies

We also now have over two full reporting this area. In that period, the unweighted scores have recently showed volatility, but weighted scores even more so. The **revenue** decreases for 18q3 (u=1, f=3, d=2) are 2.1% for unweighted and 6.7% when weighted. The trendline for weighted has dropped back to 2%. Note that only 6 out of 18 who reported had revenue.



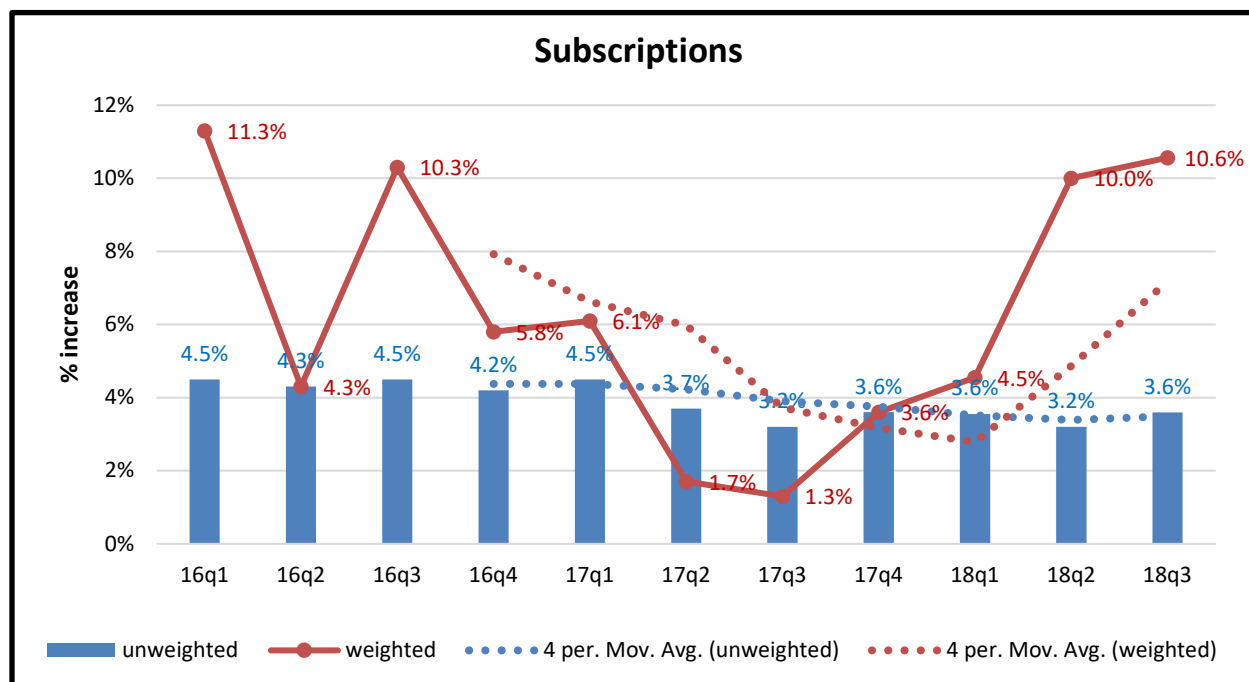
## New Learning Modalities

The unweighted trendline is 2%, while the weighted trendline shows 1%, but falling from 7%. The **revenue** increases for 18q3 (u=2, f=3, d=0) are 1.0% for unweighted and 0.6% when weighted. Note that only 5 out of 17 who reported had revenue.



## Subscriptions

The unweighted trendline is 3% whereas the weighted trendline is now showing 7% increases. The **revenue** increases for 18q3 (u=11, f=3, d=2) are 3.6% for unweighted and 10.6% when weighted. Note that 16 out of 20 who reported had revenue.





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

1. Data Loss Prevention and Network Protection
2. None - Only addition was subscription
3. Instructor videos
4. We have not seen any real increase in the last 3 - 6 months. We see increase in subscriptions only because subs were 0 for us in FY18Q2, and a few thousand dollars in FY19Q2.
5. WorkForce Management - Cloud based and VIA
6. Tailored Education Programs (Education Consulting)
7. Self-paced learning subscriptions
8. VILT; Authorised Training Partner seats
9. Customer Training packages
10. Nothing. Poor quarter
11. None
12. Private Onsite
13. Dedicated courses, but mainly decrease all round
14. None
15. Pre-Sales Training
16. Private events picking up in last 3 months
17. Onsite Training (Instructor lead)
18. Analytics and Smart Data Center
19. Admin and Marketing Cloud
20. ILT, VILT
21. Customised Onsite Training; eLearning; Subscriptions
22. Partner Enablement
23. Public training increased in EMEA.
24. Robotics; AI

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

1. Management Services
2. Private classes
3. Public courses
4. We have seen decreases across the board
5. Premise based
6. Technical Training traditional classroom F2F deliveries
7. Live Classroom
8. All
9. On Premise and Learning Consulting. All a question of phasing of Software Licenses and also Learning Consulting Projects cycles.
10. We had a large one-off project in 2017 that explains our much lower revenue this year for private courses.
11. Public
12. Public classes, but mainly decrease all round

13. Continuing decrease in big data-related technology training as not part of company strategy now
14. Direct onsite Classroom Training (somewhat seasonal)
15. Flat
16. Exams from a modality; Middleware from business line
17. Standard Storage Infrastructure
18. None
19. Public classes; Project-related enablement
20. eCommerce
21. Subscriptions and OnDemand

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

1. Skilled contract instructors
2. Lowering revenue, loss of instructors
3. Loss of direct sales team. 50% head count reduction in the remainder of the team, and no new courses added to the portfolio which is now looking very tired.
4. VIA Subscriptions; giving free training through product attach - and reduce product sales
5. Attach; declining technical training enrollments
6. Attaching Training; Pushing VILT in the Emerging region
7. Continued lack of net new sales in UK
8. Continued nonsense around GDPR and endless form filling for Clients - especially around Learning Technologies.
9. Getting the sales team to always include training in their proposals; low seat numbers for public scheduled but having to run them for customer service
10. Declining net new customers; Consulting services to educate customers; new technologies do not grow as fast as expected
11. Sales headcount and operational issues
12. Ongoing realignment of the training portfolio to be consistent with corporate strategy; delays in product releases have delayed new training curriculum
13. Big push to virtual training, high registrations, high % no-shows.
14. Continuing transition into wider Oracle University Cloud org
15. Hire new people- make corporate sales team sell more training
16. Local Sales teams not selling training properly, local Partners not selling training properly
17. Continuing to engage sales with selling training credits
18. Define new training experience
19. Tax entity set up across EMEA not appropriate for public classes
20. Hiring
21. Headcount; lack of software sales; Centralisation
22. Working across regions with different KPIs; Planning growth
23. Partnership with cloud hosting provider; Content refreshes.
24. Filling public class seats; Introducing mentored self-study programs

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

1. Increased demand for dedicated onsite classes
2. Training revenues are seeing a 30-40% drop in classroom delivered training in the UK. Germany is increasing. Brexit?
3. In general, the market seems to be moving towards training as a driver of software adoption and customer success. This is not currently our approach, we are still driven by revenue targets
4. Looks quite stable
5. Unpredictability - poor Q4 and Q1, unusually strong Q2. Political and financial climate having an impact on spending.
6. The drive to Digital continues and remains our sore focus for Cloud products
7. That digital badging is changing the landscape.
8. US seeing very different business to EMEA. Public training way down.