



CEdMA Europe Market Barometer

1st Quarter 2011 and forecast for 2nd Quarter 2011

Introduction

This report is compiled by CEdMA Europe for its members and is based on input for their EMEA businesses. It is based around a series of absolute growth or decline percentages in the range +/- 11.25%. Revenue refers to training services delivered in the quarter and not future bookings.

This first report is based on input from 22 companies, whose profiles are as follows:

- 9 are hardware vendors, 20 are software and 8 are software-as-a-service.
- There is 1 with company worldwide annual revenue less than \$100M, 4 in the range \$101M-\$500M, 4 between \$501M and \$1B, 3 between \$1B and \$3B, and 10 over \$3B.
- 3 companies have less than 1,000 employees world-wide, 7 are between 1,001 and 5,000, 4 between 5,001 and 10,000, 4 between 10,001 and 50,000 and 4 above 50,000.
- 15 operate their education organisation as profit and loss, 1 as cost recovery, 2 as a cost centre and 4 as a hybrid depending upon the business unit.
- 7 have less than 10 education headcount, 4 have 11-20, 7 have 21-50, 2 have 51-100 and 2 have more than 100.
- Overall, 68% of their students are customers, 9% business partners, 7% resellers, 11% employees and 5% a variety of others.

Growth in Q1

As this is the first quarterly report, we have no history to which we can compare.

The unweighted total training revenue grew 5.3% in 11Q1 compared to 10Q1, while the unweighted forecast for 11Q2 is 4.1%. In comparison, the weighted total training revenue grew 5.9% in 11Q1 compared to 10Q1, while the weighted forecast for 11Q2 is also 5.9%.

Training Profit

The training profit grew 4.8% in 11Q1 compared to 10Q1, with a forecasted increase of 5.2% in 11Q2.

Instructor-led Training

As with the overall results, the weighted values are slightly higher than the unweighted, suggesting that the larger vendors are doing a little bit better than the smaller ones.

Categories	11Q1 Actual	11Q2 Forecast
End-user	1.1%	
Technical	4.5%	
Personal, Professional and Business Skills	0.9%	
Public (scheduled)	3.4%	
Onsite (one-customer)	3.9%	
Total ILT Revenue – unweighted	4.1%	3.9%
Total ILT Revenue - weighted	5.0%	5.3%

Virtual Instructor-led Training

This is a fairly new but important area which is yet to reach its potential in EMEA owing to slow customer acceptance.

Here, the weighted values are higher than the unweighted. Fewer members are participating but a small number are doing particularly well.

Categories	11Q1 Actual	11Q2 Forecast
End-user	1.7%	
Technical	2.1%	
Personal, Professional and Business Skills	0.4%	
Public (scheduled)	3.2%	
Onsite (one-customer)	1.7%	
Total VILT Revenue – unweighted	3.1%	3.2%
Total VILT Revenue - weighted	8.8%	8.4%

Learning Technologies Revenue

The highest increase was for generic content, although the forecast overall is slower growth.

Again, the weighted values are higher than the unweighted. Fewer members are participating but a small number are doing particularly well.

Categories	11Q1 Actual	11Q2 Forecast
Generic Content	4.9%	
Tools	1.6%	
Infrastructure	1.0%	
Development	1.8%	
Consultancy	3.0%	
Total Learning Technologies Revenue – unweighted	3.5%	2.2%
Total Learning Technologies Revenue – weighted	8.2%	6.9%

Training Support Services

The only increase of any note was for TNA and pre-training consultancy, although the forecast overall is slower growth.

Again, the weighted values are higher than the unweighted. Few members are participating but a small number are doing particularly well.

Categories	11Q1 Actual	11Q2 Forecast
Outsourcing/Managed Training Services	1.0%	
TNA and pre-training consultancy	4.8%	
Evaluation and post-training consultancy	1.8%	
Total Training Support Services Revenue – unweighted	3.4%	1.5%
Total Training Support Services Revenue – weighted	10.1%	9.6%

Certification Tests Administered

Certification appears buoyant, although the forecast overall is slightly slower growth.

Categories	11Q1 Actual	11Q2 Forecast
IT Professional	5.7%	
End-Users	6.9%	
Total Certification	5.6%	4.1%

Miscellaneous

“Students trained” continues its steady increase, but permanent headcount is forecast to be about flat, having risen slightly this quarter. “Contractors” has and is forecast to show a slight increase.

Categories	11Q1 Actual	11Q2 Forecast
Overall Number of Students Trained	5.2%	4.5%
Headcount (permanent)	2.3%	0.7%
Contractors (short and long term)	2.4%	2.2%

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

1. System Administration training for new product line is increased a lot
2. Our main storage products as a result of new launches
3. Learning Solutions
4. Mobility
5. DBA PLUS Fusion Middleware
6. Across all business lines PLUS Onsites and customised training continue to grow
7. Data Network Training
8. Project / Private Training
9. Consulting - Operational Implementation / Change Management PLUS Role/Workflow based Training – ILT PLUS Public Classes - ILT
10. IT integration
11. Onsite customer training and partner revenue related to certification
12. Storage Management
13. Application Development Technologies PLUS End User Computing
14. Virtual classes

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

1. Application related training has decreased
2. Traditional technical training to IT professionals
3. Software development tools
4. Communications
5. Public courses on legacy products
6. Public customer training, although improving, is still struggling
7. 9-12 months ago - Public Classes - ILT - but this is now recovering.

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

1. Dependence on sales team to sell training PLUS marketing budget
2. Selling education services at point of sale with sales teams where no incentives in place (commissions or bonus)
3. Special offers for partner training PLUS geographical coverage for our end-user training
4. Longer decision cycles in large projects PLUS Education brokers activities
5. Reskill to new classes PLUS keeping classrooms full
6. Continued need to expand and develop new offerings.
7. Keeping a good relationship with the fast growing corporate sales organisation PLUS fight for own sales and marketing budget
8. Expected margin PLUS delivery in Emerging countries

9. Recovering the Public Classes bookings – ILT PLUS Driving reseller training - technical certification
10. Getting customers to burn down pre-paid training PLUS finding good manager material to hire (ongoing challenge)
11. Economic climate in certain countries (such as Spain) PLUS Customers' inability to travel
12. Resource/Demand planning PLUS Process integration of acquired businesses
13. Impact of Japan earthquake
14. Technical setup issues PLUS demands on delivery versus project work
15. Resourcing, finding it PLUS Chasing late payments
16. Resourcing – finding instructors to run classes, especially virtual training

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

1. Our product market share is growing and I expect that with it will follow our end user and partner training upon which our revenue is dependant. Our internal technical and other training is expanding also given new product releases, and also deployment of talent management associated training programmes.
2. Market is moving from traditional training into a new environment where for instance social media are being used for training events PLUS High discounting is taking place in certain countries
3. More custom training requested
4. Seeing some recovery of public class bookings, but slow PLUS German training business dropped off last year, struggling to bring back up PLUS Customers reluctant to release their staff for 5 day training courses.
5. Economies across EMEA continue to be a concern PLUS VILT starting to raise difficult questions on legality of control
6. Market is picking up with increasing demand
7. Activity seems to be increasing. People are significantly busier than last year.