

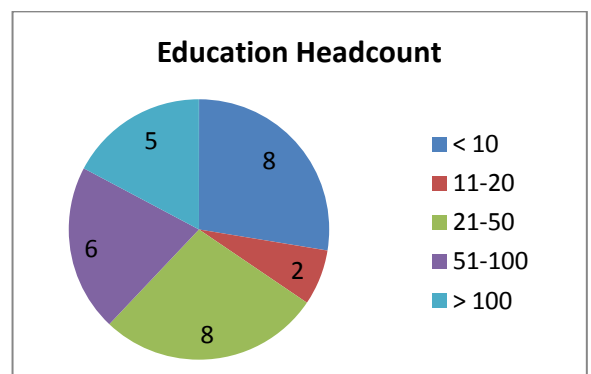
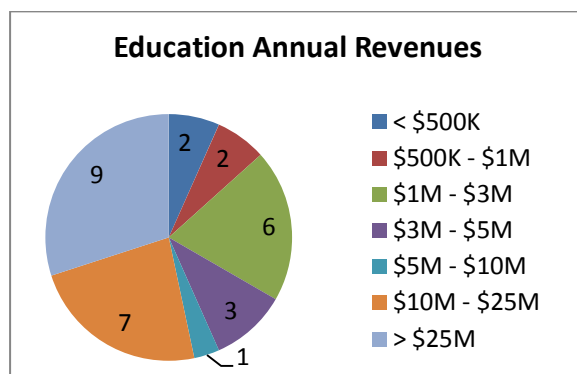
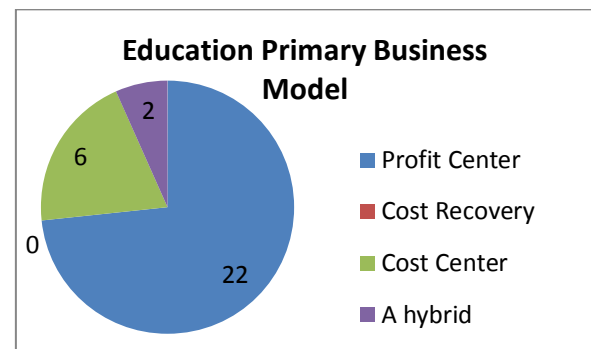
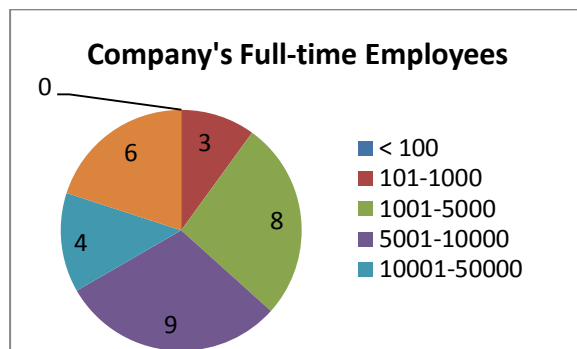
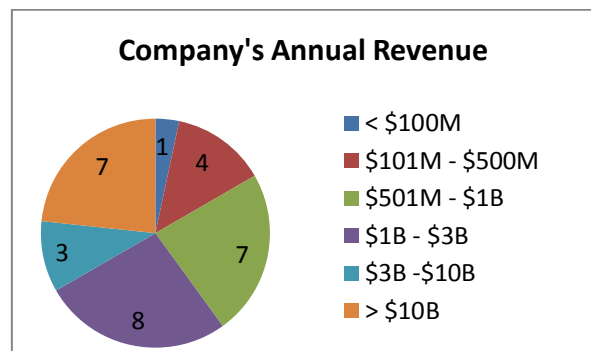
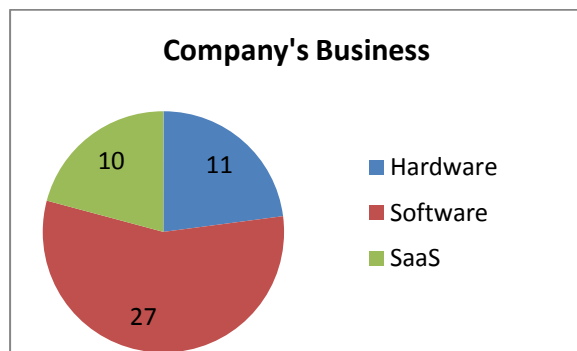
## CEdMA Europe Market Barometer

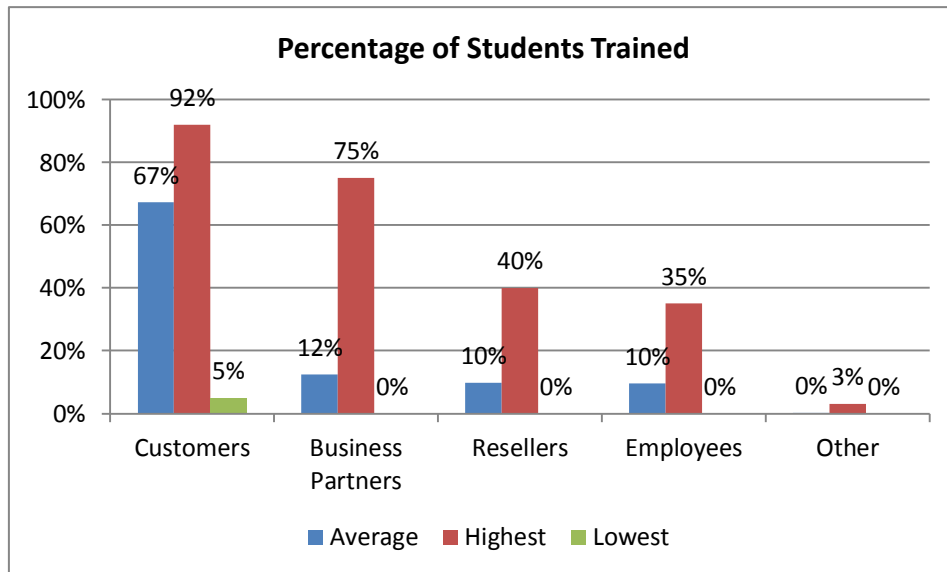
### 3<sup>rd</sup> Quarter 2011 and forecast for 4<sup>th</sup> Quarter 2011

#### 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 report for 11Q3 actuals and 11Q4 forecast is based on input from 30 companies, whose profiles are as follows:

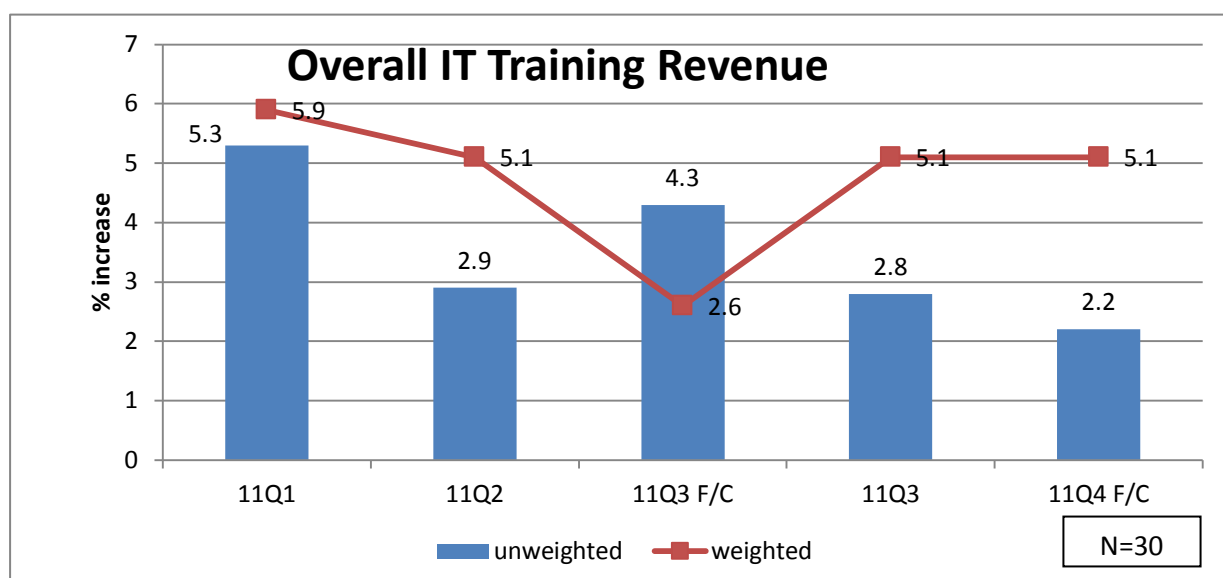




## Training Revenue

The unweighted total training revenue grew 2.8% in 11Q3 compared to 10Q2 (forecast last quarter was 4.3%), while the unweighted forecast for 11Q4 is 2.2%. In comparison, the weighted total training revenue grew 5.1% in 11Q3 (the same as 11Q2) compared to 10Q3 (forecast last quarter was 2.6%), while the weighted forecast for 11Q4 is again 5.1%. So, for our three quarters so far, the weighted increase in total revenue has been higher than the unweighted, indicating that the larger members are on average experiencing higher growth rates than smaller members. However, only 55% actually reported growth in Q3, with 17% flat, and 28% a decline.

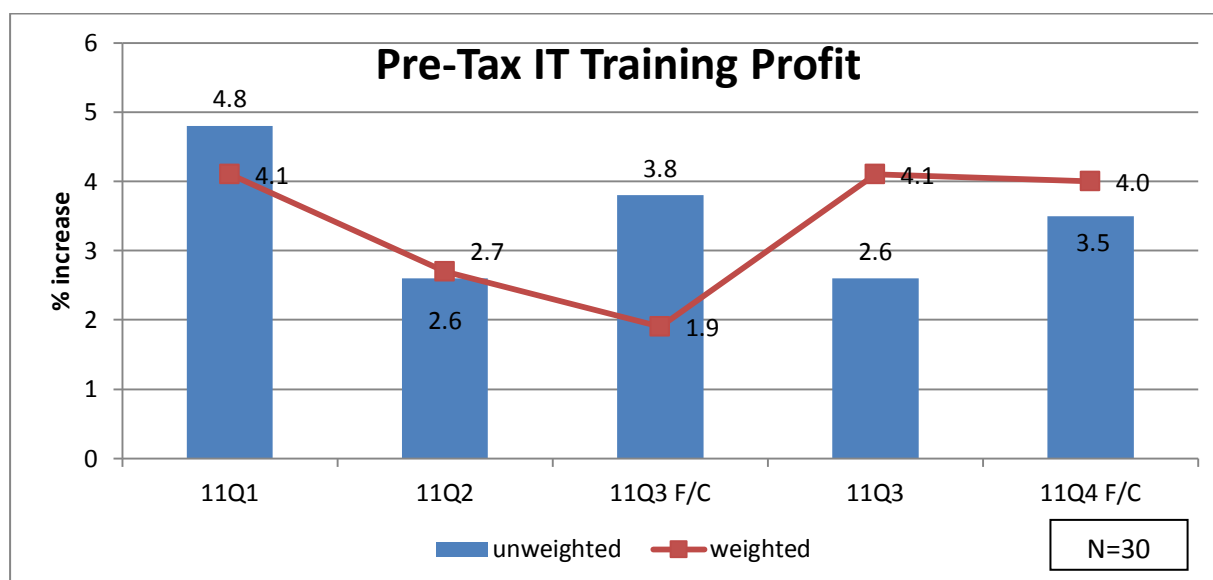
Total Training Revenue	11Q1	11Q2	11Q3 F/C	11Q3	11Q4 F/C
unweighted	5.3%	2.9%	4.3%	2.8%	2.2%
weighted	5.9%	5.1%	2.6%	5.1%	5.1%



## Training Profit

The unweighted training profit grew 2.6% again in 11Q3 compared to 10Q3 (forecast last quarter was 3.8%) with a forecasted increase of 3.5% in 11Q4. In comparison, the weighted training profit grew 4.1% in 11Q2 compared to 10Q3 (forecast last quarter was 1.9%, while the weighted forecast for 11Q4 is 4.0%). So, the overall picture is that profits continue on an upward trend.

Total Training Revenue	11Q1	11Q2	11Q3 F/C	11Q3	11Q4 F/C
unweighted	4.8%	2.6%	3.8%	2.6%	3.5%
weighted	4.1%	2.7%	1.9%	4.1%	4.0%

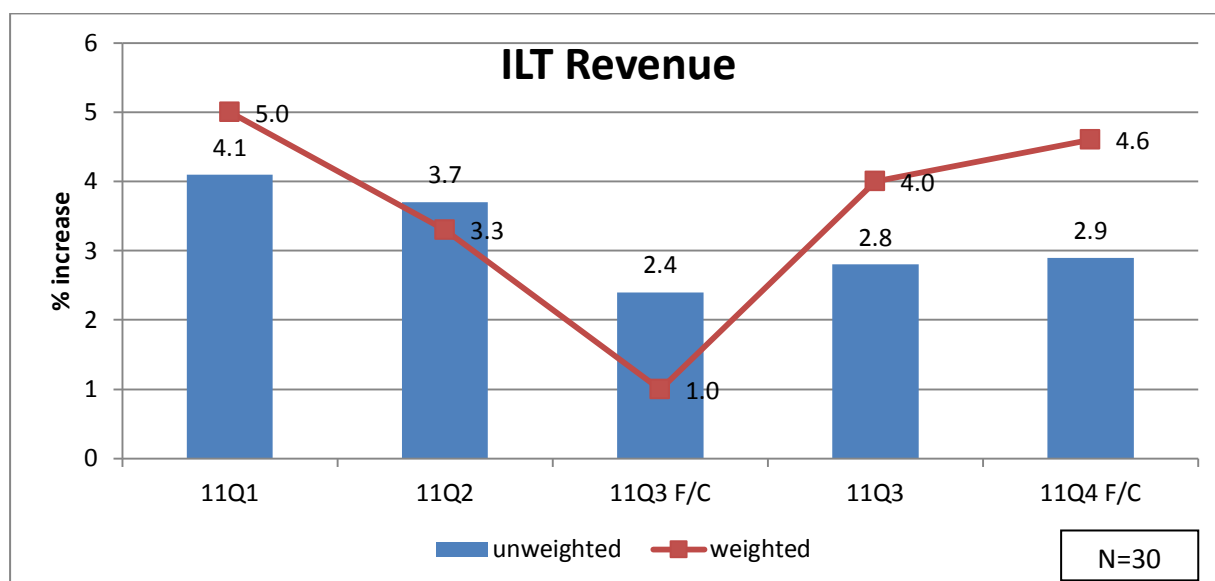


## Instructor-led Training

As with the overall results, the weighted increases are higher than the unweighted, suggesting that the larger vendors in general are doing better than the smaller ones.

Both public and onsite classes are still growing, but at a slightly slower rate.

Categories	11Q1	11Q2	11Q3 F/C	11Q3	11Q4 F/C
End-user	1.1%	4.9%		1.8%	
Technical	4.5%	3.9%		3.1%	
Personal, Professional and Business Skills	0.9%	0.6%		0.5%	
Public (scheduled)	3.4%	3.6%		2.5%	
Onsite (one-customer)	3.9%	3.5%		2.5%	
Total ILT Revenue – unweighted	4.1%	3.7%	2.4%	2.8%	2.9%
Total ILT Revenue - weighted	5.0%	3.3%	1.0%	4.0%	4.6%



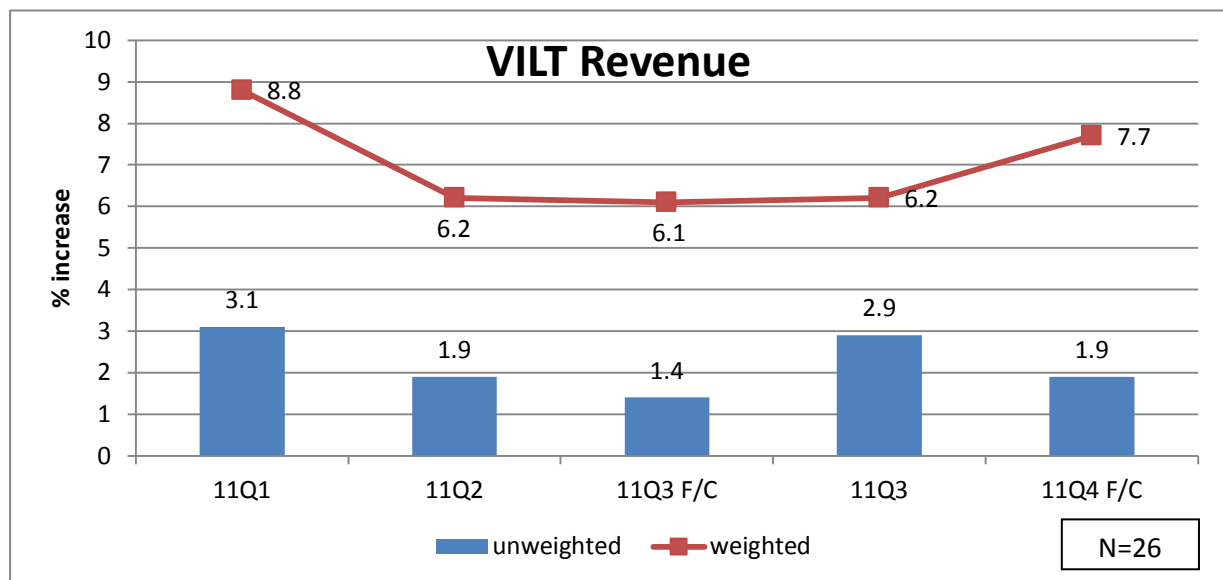
# Virtual Instructor-led Training

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

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

Like ILT, both public and onsite classes are showing a smaller increase this quarter.

Categories	11Q1	11Q2	11Q3 F/C	11Q3	11Q4 F/C
End-user	1.7%	0.6%		2.0%	
Technical	2.1%	2.5%		2.5%	
Personal, Professional and Business Skills	0.4%	(0.2%)		(0.1%)	
Public (scheduled)	3.2%	2.8%		1.3%	
Onsite (one-customer)	1.7%	2.6%		1.5%	
Total VILT Revenue – unweighted	3.1%	1.9%	1.4%	2.9%	1.9%
Total VILT Revenue - weighted	8.8%	6.2%	6.1%	6.2%	7.7%



## Learning Technologies Revenue

**Generic Content** includes generic courseware, templates, and models.

**Tools** includes authoring, performance support, virtual labs, simulation, collaboration, modelling, and assessment tools.

**Infrastructure** includes LMS/ LCMS/CLS, enterprise content management, performance management, competence management, e-skills portfolio management, social networks

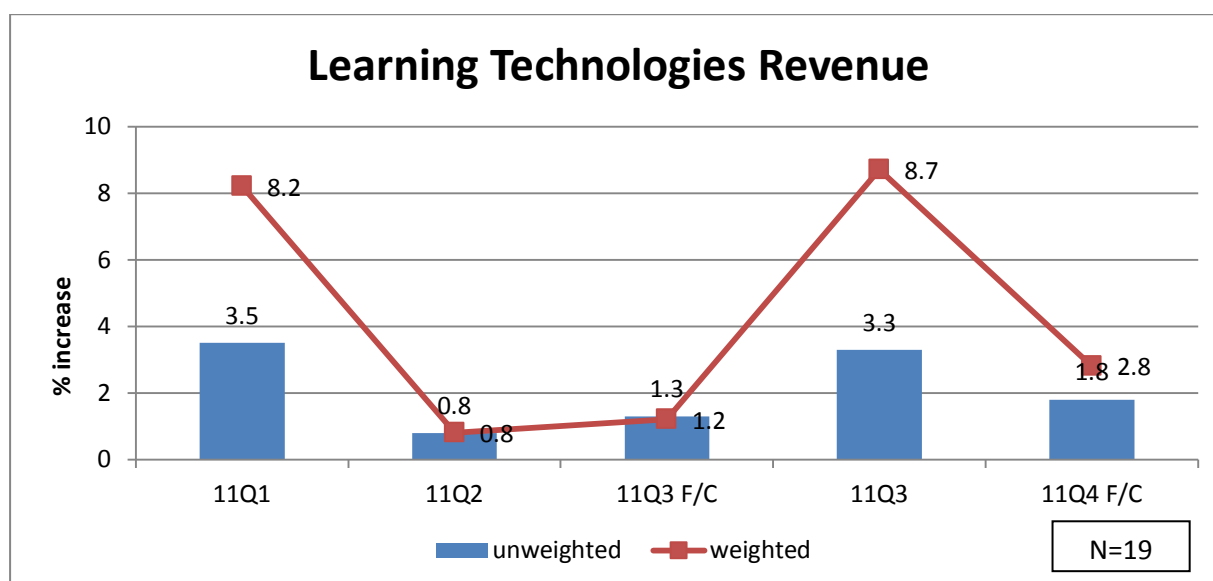
**Development:** the facilitation of client content and bespoke development of solutions using learning technologies

**Consultancy:** services that support the client in the application of learning technologies - includes strategy, vision and direction, engagement models, advice and guidance.

This whole area is still growing, but slowly. A few larger members had higher than forecast increases in 11Q3, so the weighted increase is showing quite a spike, like in 11Q1. The Tools component continues to be the component with the highest increase.

Note that there is a smaller number of members (19) in this space which means that the overall values can be influenced by a small number of larger players and therefore make the results less reliable.

Categories	11Q1	11Q2	11Q3 F/C	11Q3	11Q4 F/C
Generic Content	4.9%	2.1%		2.6%	
Tools	1.6%	3.1%		3.5%	
Infrastructure	1.0%	1.3%		3.1%	
Development	1.8%	1.9%		1.9%	
Consultancy	3.0%	1.1%		2.7%	
Total Learning Technologies – unweighted	3.5%	0.8%	1.3%	3.3%	1.8%
Total Learning Technologies – weighted	8.2%	0.8%	1.2%	8.7%	2.8%



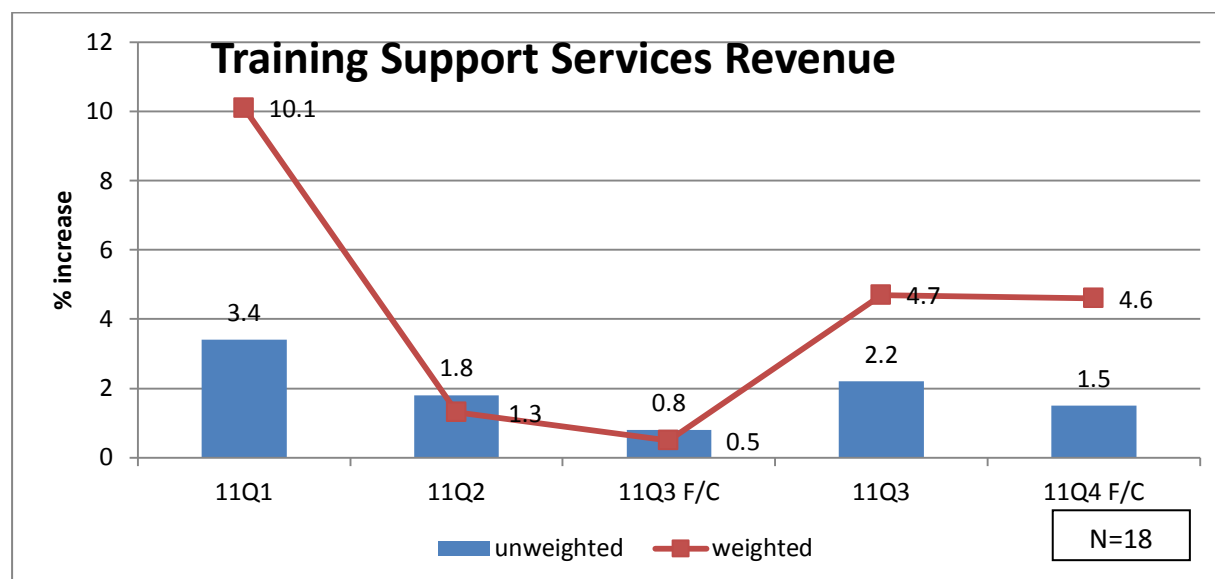
## Training Support Services

The increases shown for each of the components are consistent but small.

Actuals exceeded forecasts for both unweighted and weighted scores.

Note that there is a smaller number of members (18) in this space which means that the overall values can be influenced by a small number of larger players and therefore make the results less reliable.

Categories	11Q1	11Q2	11Q3 F/C	11Q3	11Q4 F/C
Outsourcing/Managed Training Services	1.0%	3.0%		1.7%	
TNA and pre-training consultancy	4.8%	0.3%		1.6%	
Evaluation and post-training consultancy	1.8%	0%		2.0%	
Total Training Support Services – unweighted	3.4%	1.8%	0.8%	2.2%	1.5%
Total Training Support Services – weighted	10.1%	1.3%	0.5%	4.7%	4.6%

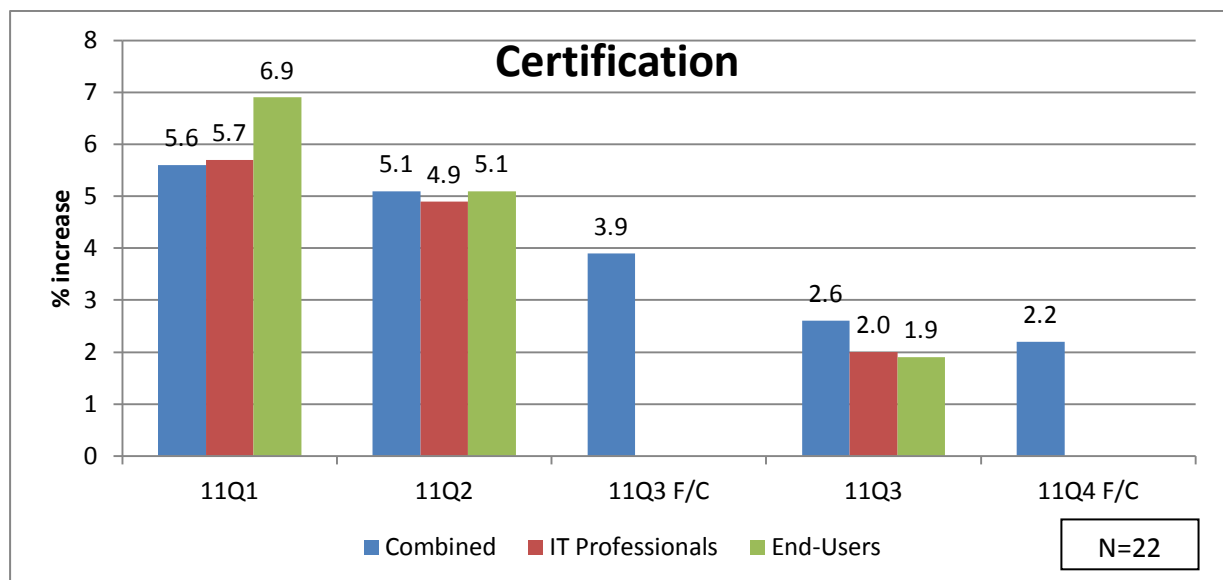


## Certification Tests Administered

Certification is still showing growth, but this is smaller as 2011 progresses.

This is consistent with an outside survey reported at the CEEdMA Europe Autumn Conference.

Categories	11Q1	11Q2	11Q3 F/C	11Q3	11Q4 F/C
IT Professional	5.7%	4.9%		2.0%	
End-Users	6.9%	5.1%		1.9%	
Total Certification	5.6%	5.1%	3.9%	2.6%	2.2%



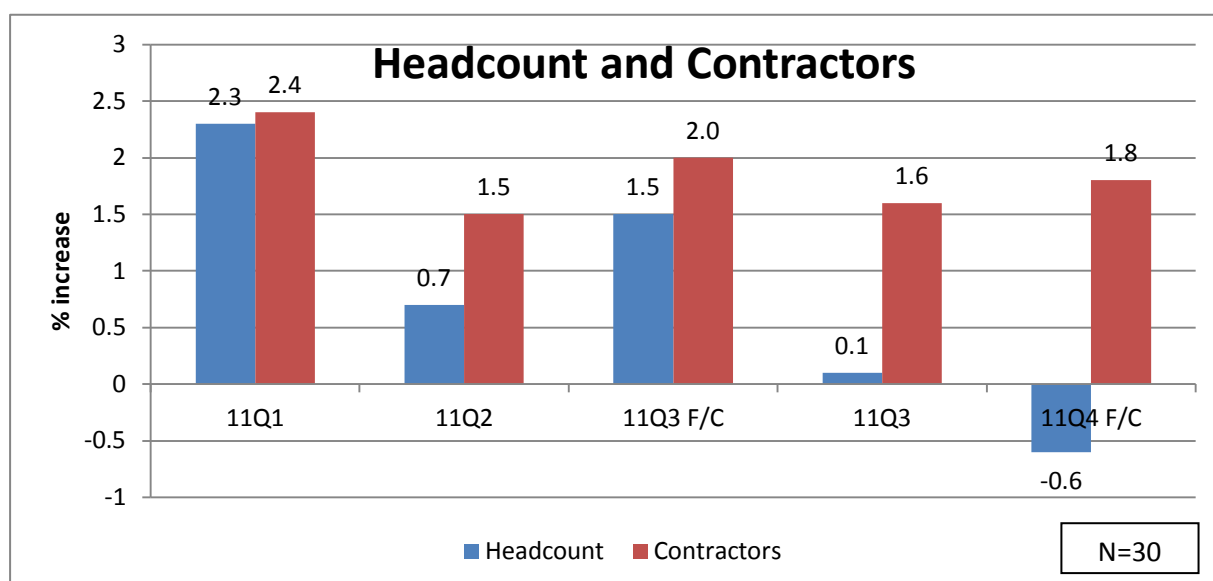
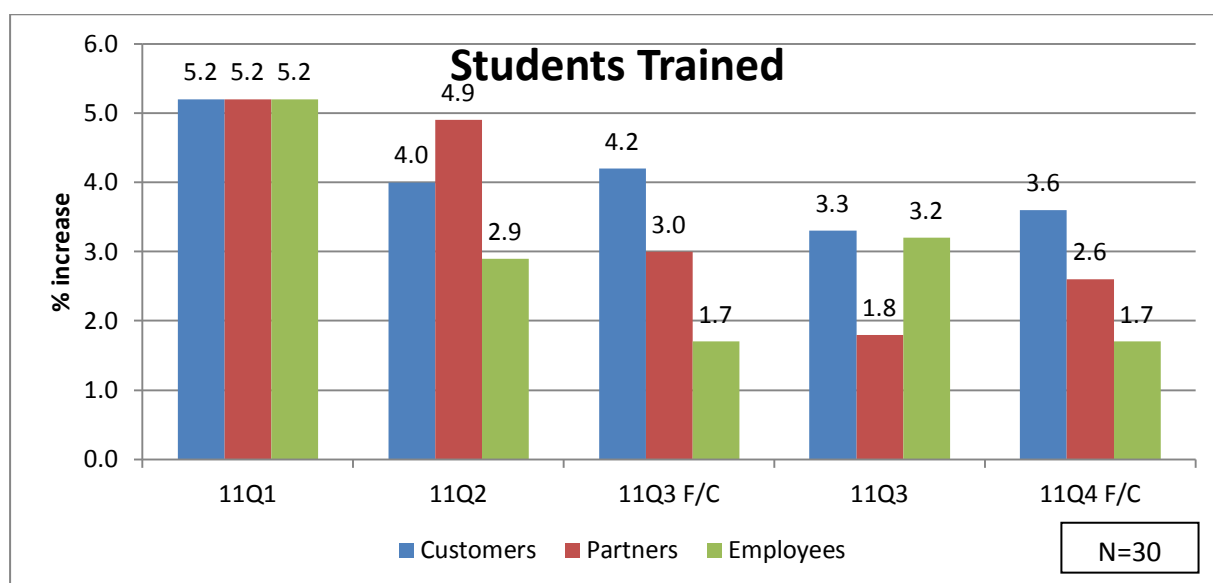


## Miscellaneous

“Students trained” has been broken out into categories but still continues its steady increase. Permanent headcount remained flat which was below forecast, so it’s no surprise that a small decrease is forecast for 11Q4.

“Contractors” continues to show and forecast a slight increase.

Categories	11Q1 Actual	11Q2 Actual	11Q3 Forecast
Overall Number of Customer Students	5.2%	4.0%	4.2%
Overall Number of Partner Students	5.2%	4.9%	3.0%
Overall Number of Internal Students	5.2%	2.9%	1.7%
Headcount (permanent)	2.3%	0.7%	1.5%
Contractors (short and long term)	2.4%	1.5%	2.0%



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

1. Onsite customer training with related to technical training
2. Identity and Security
3. IP training
4. Multi-week learning and adoption projects related to \$200k+ Integrated Services projects
5. Training Subscription Revenue
6. No changes
7. End User Web based Training and Adoption Services
8. wireless/mobile topic areas
9. Learning Solutions (W7, Office 2010 migrations).
10. Training services
11. Mobility
12. New software releases
13. Administration Essentials
14. Software - Learning tools and system
15. VILT continues to replace ILT as only offering, LMS Subscription service is continuing to see largest increase
16. Technical training to customers
17. Sun, DBA
18. Master Data Management, Data Quality and Powercenter
19. End-user certification
20. Updated release of core products, multiple new product releases
21. Data network training
22. Onsite ILT has increased from Q2 throughout Q3 and to Q4 this year. But project dependent, so can be volatile.
23. UNIX / IBM POWER, WebSphere Private class volumes
24. Onsite training - implementers
25. Mobile device management and integration
26. Technology Based Tools (Simulators)
27. VILT, Major new product release also boosted revenues at end of Q3.
28. End User project work

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

1. Public customer training
2. Basic admin level courses
3. SAN
4. In-centre training
5. Incremental scheduled course revenue
6. Less Face to face
7. ITIL
8. All across the board
9. Technical Training Open enrolment classes
10. None
11. EOL for old services
12. None - we have small portfolio of classes and all grew revenues and # students trained
13. VLC continues to be a challenge - no consistent successes

14. ILT due to not being offered for core courses apart from on a private course basis
15. None
16. None
17. "standard" open public courses
18. e-Learning
19. IP telephony
20. No areas saw decreases - overall training revenue up 10% from 2010.
21. Intel platform / IBM System x, and Public class fill rates
22. End user training
23. large deals resulting in onsite/custom classes
24. Public ILT
25. Partners attending ILT/VILT to attain competencies. No new competencies in last 6 months.
26. Licence sales down on prior year - fully anticipated due to phasing of deals

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

1. Public customer training, resourcing of instructors
2. Corporate changes due related to integration of two businesses
3. VCT
4. Recruiting for services sales people and for trainers with change management experience; lead management and follow up
5. Encouraging existing training subscribers to utilize their training subscriptions; Acceptance of Live Virtual courses as a viable alternative to classroom courses in Europe, MEA and LAOU
6. Incite people using VLIT
7. Bandwidth, leadership/management changes, organisational realignment
8. Encourage sales team to sell customer education; and Increase overall profit margin
9. Attach rates (as always); and Although more students taught due to new internal financial process changes, training department didn't see revenue.
10. Slow-down of decision processes, delays; and Classroom loading
11. e-Learning projects
12. Developing new content for classroom
13. Change within the organisation; and new courseware development
14. Finding high calibre subcontractors to grow our EMEA pool of instructors; and tax rules limiting countries we can operate Public Schedule classes and therefore the speed in which we can scale into new markets and meet customer demand.
15. VLC and reduced class sizes leading to lower profitability per event
16. Delivering training in local languages; and Turnover of staff
17. SME availability; and Teaching load
18. Finding good sales reps; and Gaining approval fast enough to react to market opportunities
19. Finding the right staff to deliver training plus bringing out new product courses
20. Maintaining sales relationship and performance with core resellers during economic downturn; and managing the corporate decision about outsourcing the training delivery
21. Being a profit centre and partners not wanting to pay for training; Rebuilding the public training business, 2009/10 dropped off, growing again in 2011.
22. Filling public classes; ILO not accepted by clients; Some markets are decreasing
23. Lower revenue; and technical issues
24. Very difficult economic conditions in EMEA , mostly in UK and Med region
25. Change partners' behavior addressing new customers and new areas of training
26. Pressure on Margins/headcount
27. Perfect storm in Q3; economic climate, vacation period, waiting on new version, fewer 'net new' customers

28. Managing acquisitions and integration; and Project delivery through partners.

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

1. Private training seem to be picking up
2. Generally, European customers are becoming more open to web-based training EXCLUDING Virtual ILT classes which we have not got any traction with
3. Dichotomy between existing and recognized needs AND investing time and money to attend
4. Q3 was a tough quarter for training in EMEA; and Primary growth for training came from our APAC region
5. Lot of nervousness regarding Government spending due to the economic uncertainties.
6. Private, Onsite training has grown increasingly popular as a cost efficiency measure, 110% growth YOY
7. Time to book cycle reduced (the date from booking a course to the start date of the course) reduced by 12 days
8. Still volatile and unpredictable
9. Training business grew by about 40% in the first 3 quarters compared to 2010 however I am seeing a bit of a slowdown in October and Q4.
10. Surprisingly we have not been hit by the crisis yet; and no pressing demand from customer base for eLearning or virtual training
11. Private class volume now 50% of deliveries in e.g. UK