

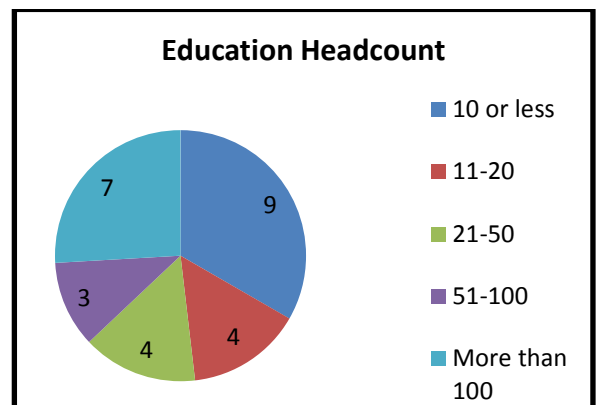
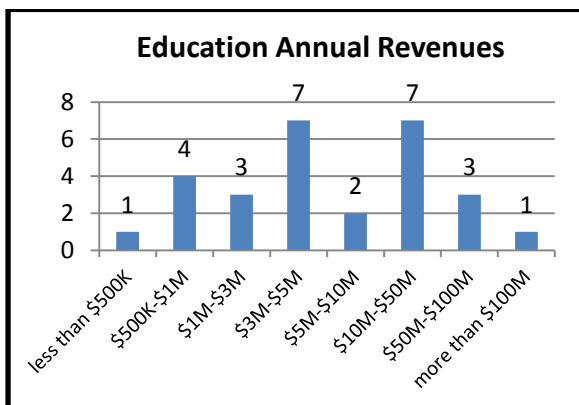
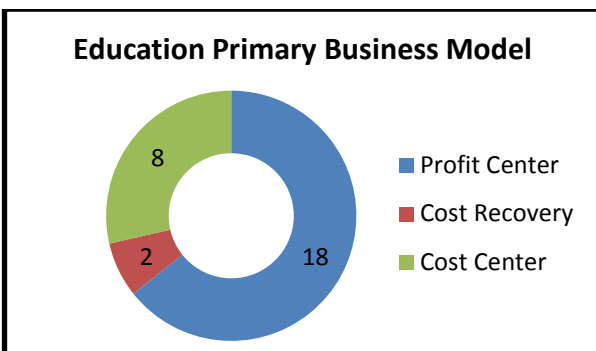
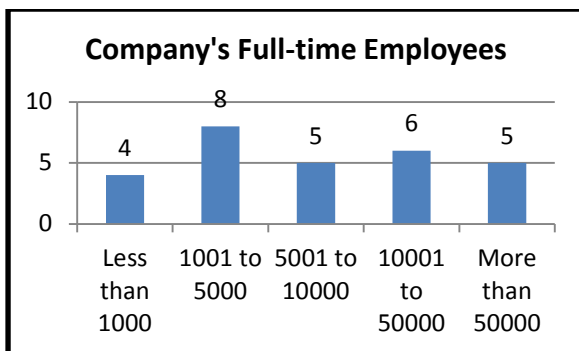
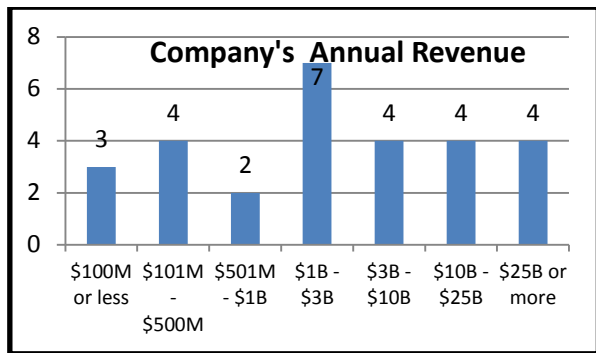
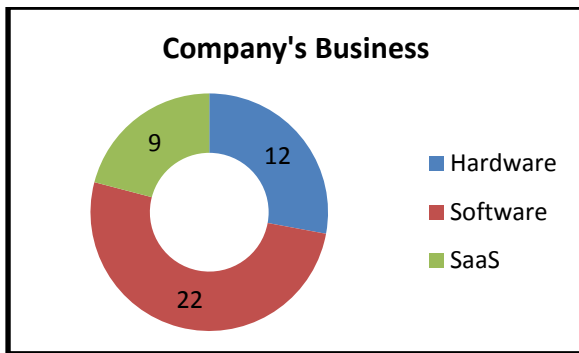
CEdMA Europe Market Barometer

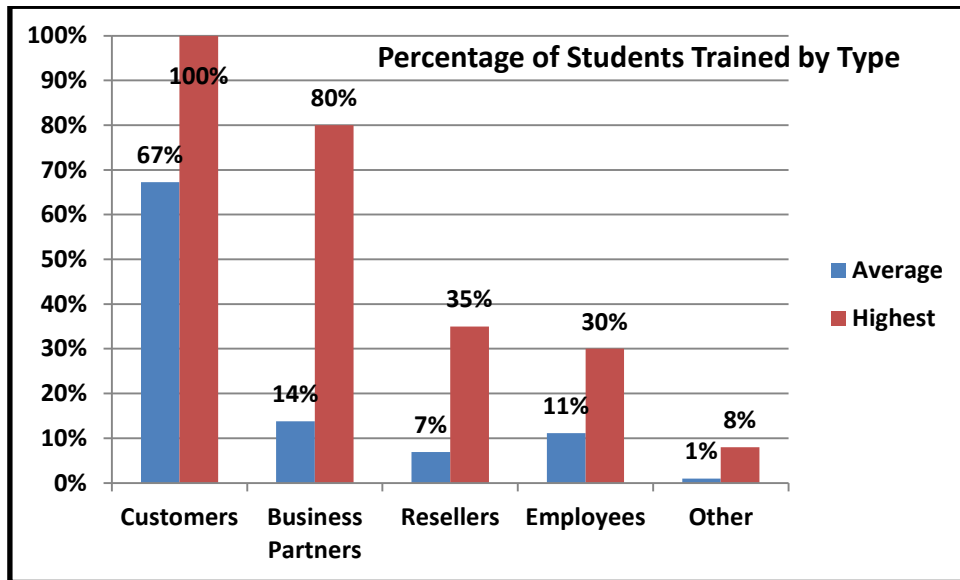
4th Quarter 2011 and forecast for 1st Quarter 2012

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 +/- 12.5%. Please note that has changed for 11Q4 and so the previous quarter numbers have been adjusted accordingly to be consistent with 11Q4 and going forward. Revenue refers to training services delivered in the quarter and not future bookings.

This report for 11Q4 actuals and 12Q1 forecast is based on input from 28 companies, whose profiles are as follows:

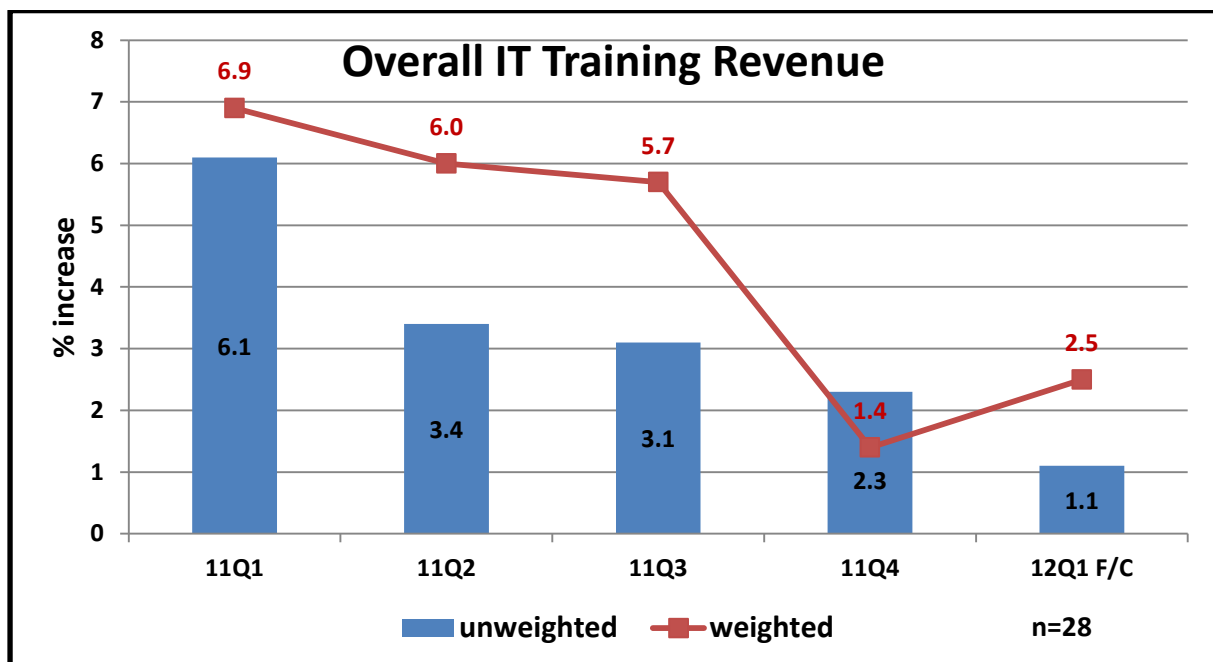




Training Revenue

The unweighted total training revenue grew 2.3% in 11Q4 compared to 10Q4 (forecast last quarter was 2.6%), while the unweighted forecast for 12Q1 is 1.1%. In comparison, the weighted total training revenue grew only 1.4% in 11Q4 compared to 10Q4 (forecast last quarter was 5.9%), while the weighted forecast for 11Q4 is 2.5%. So, for the first three quarters, the weighted increase in total revenue has been higher than the unweighted, indicating that the larger members were on average experiencing higher growth rates than smaller members. But that trend was reversed for 11Q4. 12 reported total revenue growth in Q4, with 4 flat, and 8 a decline, with a forecast of 11, 5 and 7, respectively, for 12Q1.

| Total Training Revenue | 11Q1 | 11Q2 | 11Q3 | 11Q4 F/C | 11Q4 | 12Q1 F/C |
|------------------------|------|------|------|----------|------|----------|
| unweighted | 6.1% | 3.4% | 3.1% | 2.6% | 2.3% | 1.1% |
| weighted | 6.9% | 6.0% | 5.7% | 5.9% | 1.4% | 2.5% |

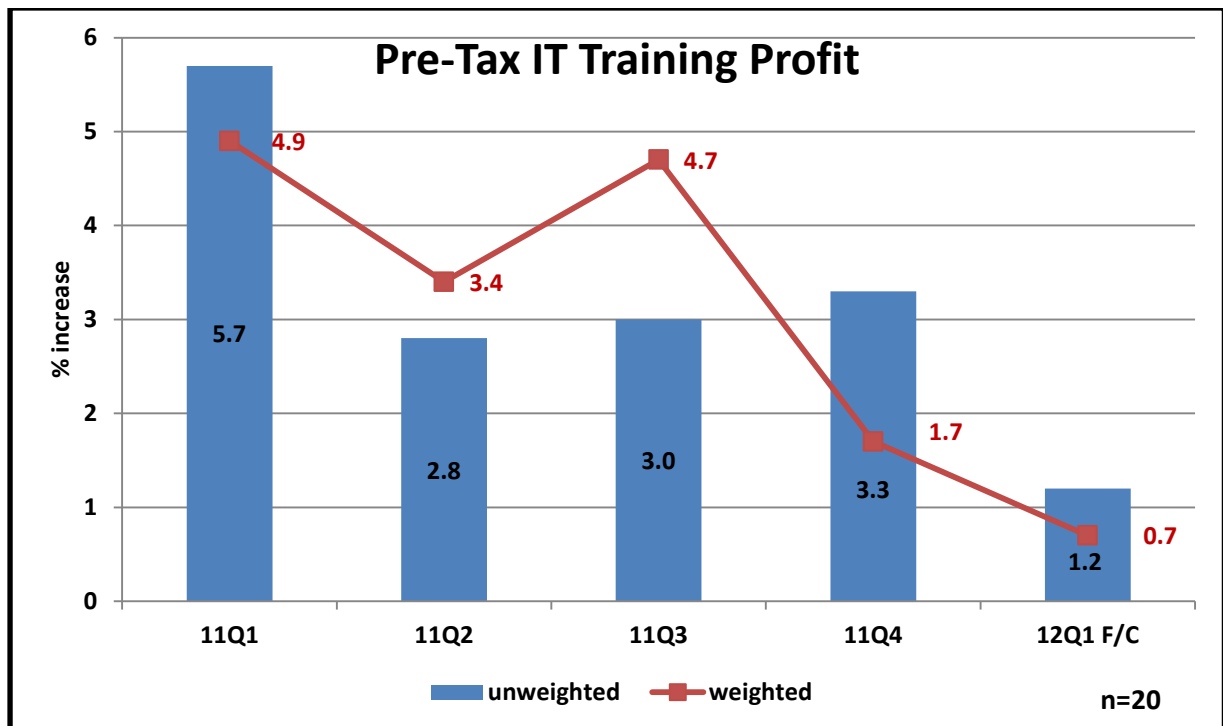


Training Profit

The unweighted training profit grew 3.3% in 11Q4 compared to 10Q4 (forecast last quarter was 4.2%) with a forecasted increase of only 1.2% in 12Q1. In comparison, the weighted training profit only grew 1.7% in 11Q4 compared to 10Q4 (forecast last quarter was 4.8%, while the weighted forecast for 12Q1 is 0.7%). So, while the overall picture is that profits continue on an upward trend, the rate of increase has slowed, especially for the larger companies. The forecast for 12Q1 also bears this out.

9 reported profit growth in Q4, with 6 flat, and 5 a decline, with a forecast of 7, 4 and 4, respectively, for 12Q1.

| Total Training Revenue | 11Q1 | 11Q2 | 11Q3 | 11Q4 F/C | 11Q4 | 12Q1 F/C |
|------------------------|------|------|------|----------|------|----------|
| unweighted | 5.7% | 2.8% | 3.0% | 4.2% | 3.3% | 1.2% |
| weighted | 4.9% | 3.4% | 4.7% | 4.8% | 1.7% | 0.7% |

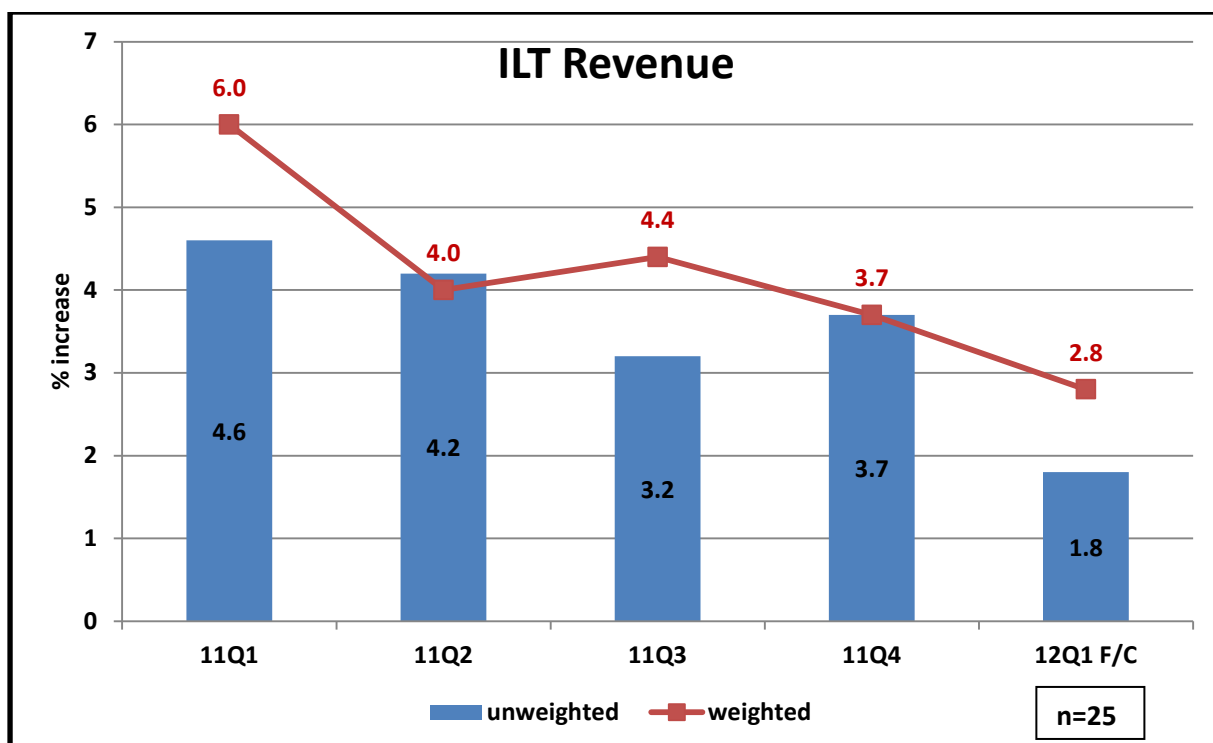


Instructor-led Training

As with the overall results, the weighted increases have been in general higher than the unweighted, suggesting that the larger vendors in general are doing better than the smaller ones, but in 11Q4 they were the same. 14 reported ILT revenue growth in Q4, with 2 flat, and 9 a decline, with a forecast of 15, 6 and 7, respectively, for 12Q1.

Both public and onsite classes are still growing steadily.

| Categories | 11Q1 | 11Q2 | 11Q3 | 11Q4 F/C | 11Q4 | 12Q1 F/C |
|--|------|------|------|----------|------|----------|
| End-user | 1.1% | 4.9% | 1.8% | | 1.0% | |
| Technical | 4.5% | 3.9% | 3.1% | | 4.4% | |
| Personal, Professional and Business Skills | 0.9% | 0.6% | 0.5% | | 0.8% | |
| | | | | | | |
| Public (scheduled) | 3.4% | 3.6% | 2.5% | | 3.2% | |
| Onsite (one-customer) | 3.9% | 3.5% | 2.5% | | 3.2% | |
| | | | | | | |
| Total ILT Revenue – unweighted | 4.6% | 4.2% | 3.2% | 3.3% | 3.7% | 1.8% |
| Total ILT Revenue - weighted | 6.0% | 4.0% | 4.4% | 4.6% | 3.7% | 2.8% |



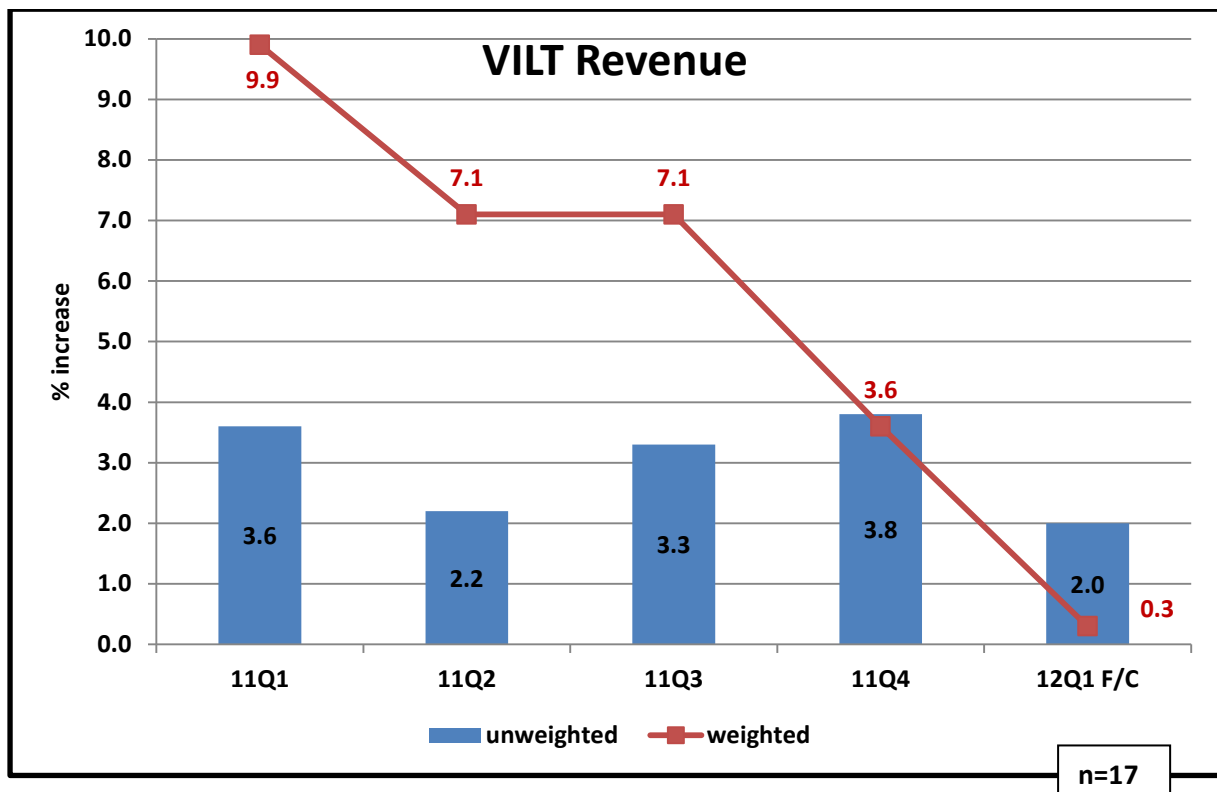
Virtual Instructor-led Training

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

Until this quarter, the weighted values have been much higher than the unweighted. Fewer members are participating but a small number, especially the larger ones, has been doing particularly well. However, that forecast is for a flat weighted average next quarter. 7 reported VILT revenue growth in Q4, with 9 flat, and 1 a decline, with a forecast of 8, 10 and 3, respectively, for 12Q1.

Public classes are showing a slightly larger increase this quarter, but onsites are flat.

| Categories | 11Q1 | 11Q2 | 11Q3 | 11Q4 F/C | 11Q4 | 12Q1 F/C |
|--|------|--------|--------|----------|------|----------|
| End-user | 1.7% | 0.6% | 2.0% | | 1.3% | |
| Technical | 2.1% | 2.5% | 2.5% | | 4.8% | |
| Personal, Professional and Business Skills | 0.4% | (0.2%) | (0.1%) | | 0.5% | |
| Public (scheduled) | 3.2% | 2.8% | 1.3% | | 3.5% | |
| Onsite (one-customer) | 1.7% | 2.6% | 1.5% | | 0.3% | |
| Total VILT Revenue – unweighted | 3.6% | 2.2% | 3.3% | 1.9% | 3.8% | 2.0% |
| Total VILT Revenue - weighted | 9.9% | 7.1% | 7.1% | 7.7% | 3.6% | 0.3% |



Learning Technologies Revenue

Generic Content includes generic courseware, templates, and models.

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

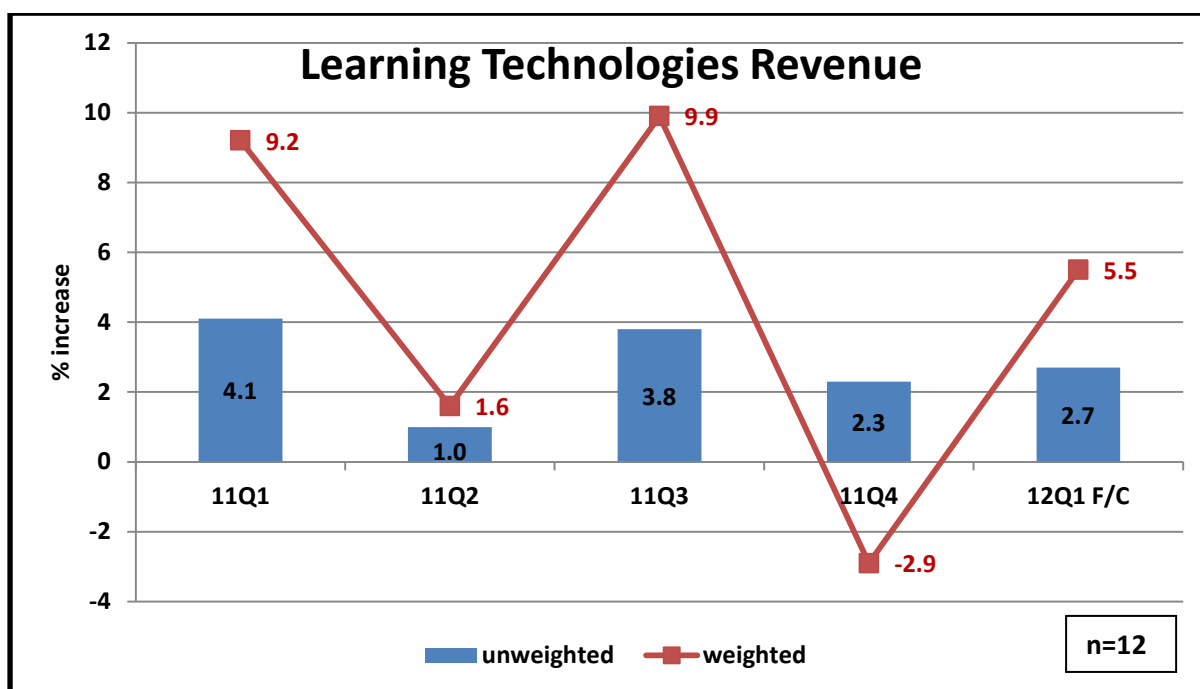
Infrastructure includes LMS/ LCMS/CLS, enterprise content management, performance management, competence management, e-skills portfolio management, social networks

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. Note that there are a smaller number of members (12) 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. 7 reported LT revenue growth in Q4, with 3 flat, and 2 a decline, with a forecast of 6, 5 and 1, respectively, for 12Q1.

| Categories | 11Q1 | 11Q2 | 11Q3 | 11Q4 F/C | 11Q4 | 12Q1 F/C |
|--|------|------|------|----------|--------|----------|
| Generic Content | 4.9% | 2.1% | 2.6% | | 1.7% | |
| Tools | 1.6% | 3.1% | 3.5% | | (1.3%) | |
| Infrastructure | 1.0% | 1.3% | 3.1% | | 2.5% | |
| Development | 1.8% | 1.9% | 1.9% | | 2.5% | |
| Consultancy | 3.0% | 1.1% | 2.7% | | 4.5% | |
| | | | | | | |
| Total Learning Technologies – unweighted | 4.1% | 1.0% | 3.8% | 2.2% | 2.3% | 2.7% |
| Total Learning Technologies – weighted | 9.2% | 1.6% | 9.9% | 3.0% | (2.9%) | 5.5% |



Training Support Services

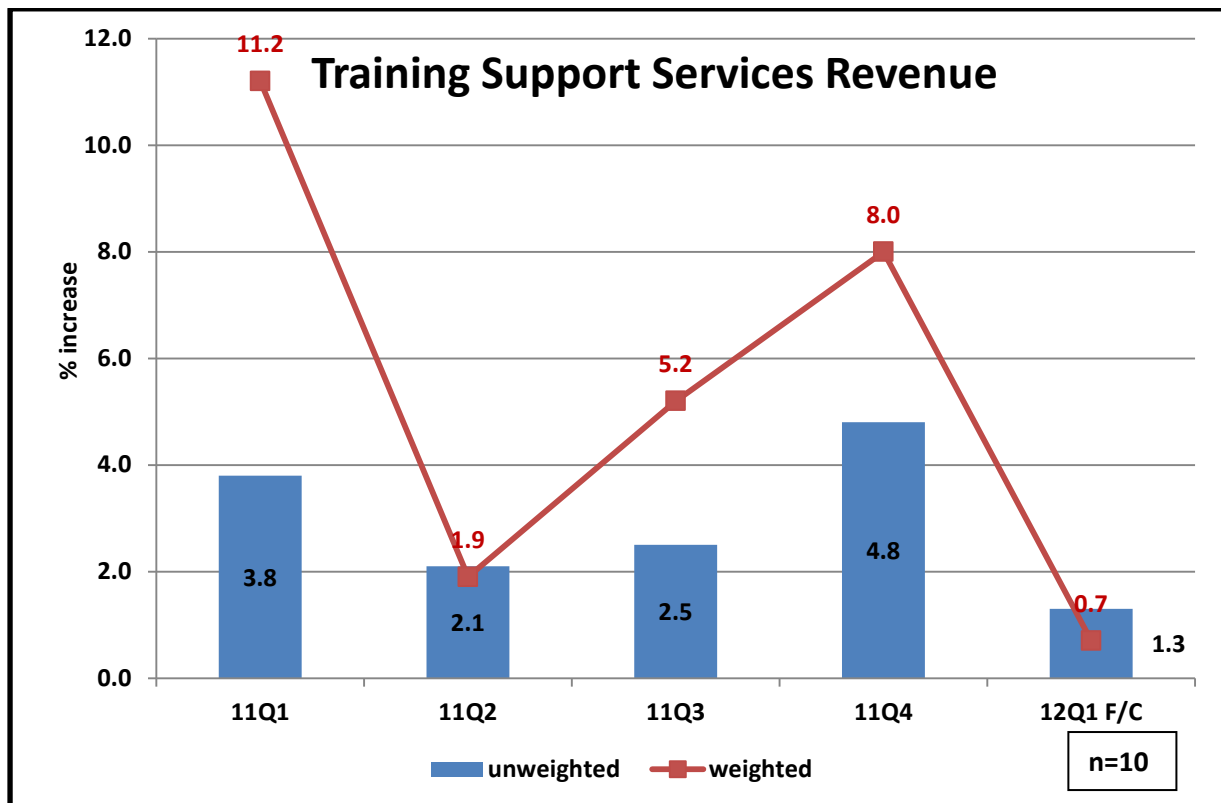
The values shown for each of the components are variable and small.

Actuals exceeded forecasts for both unweighted and weighted scores.

Note that there are a smaller number of members (10) 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.

6 reported TSS revenue growth in Q4, with 3 flat, and 1 a decline, with a forecast of 5, 6 and 1, respectively, for 12Q1.

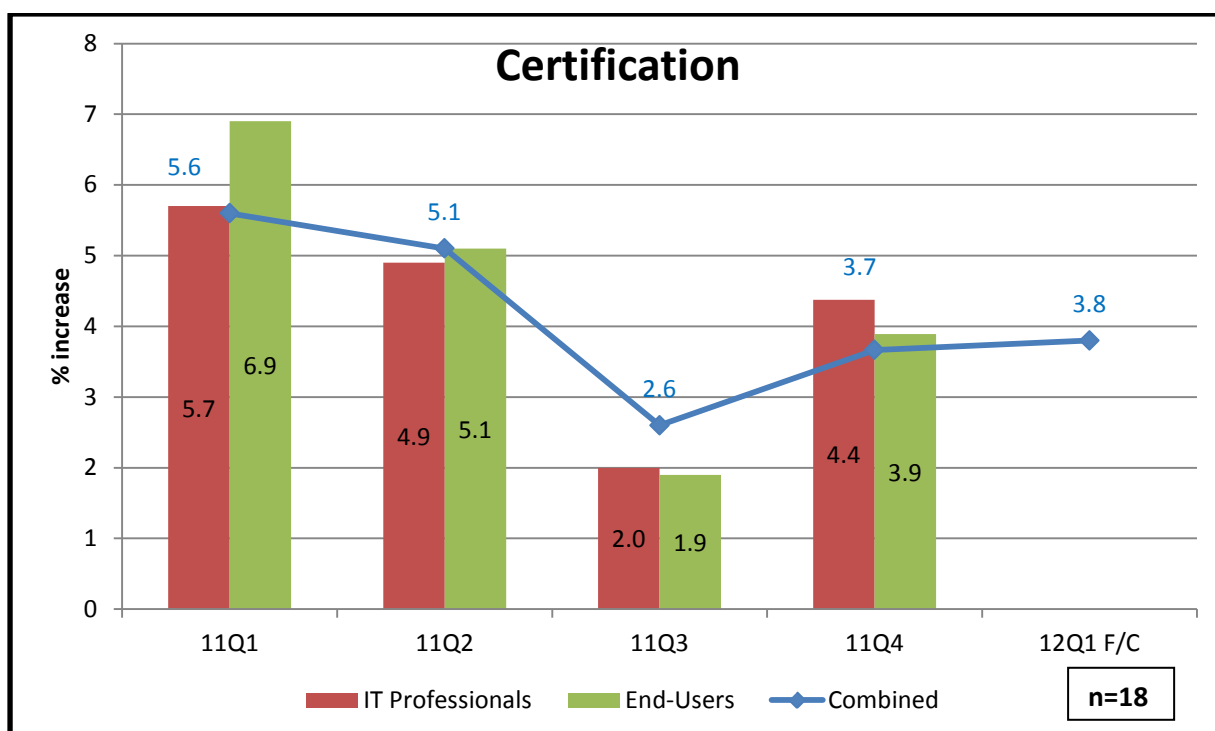
| Categories | 11Q1 | 11Q2 | 11Q3 | 11Q4 F/C | 11Q4 | 12Q1 F/C |
|--|-------|------|------|----------|------|----------|
| Outsourcing/Managed Training Services | 1.0% | 3.0% | 1.7% | | 5.0% | |
| TNA and pre-training consultancy | 4.8% | 0.3% | 1.6% | | 4.1% | |
| Evaluation and post-training consultancy | 1.8% | 0% | 2.0% | | 3.3% | |
| | | | | | | |
| Total Training Support Services – unweighted | 3.8% | 2.1% | 2.5% | 1.5% | 4.8% | 1.3% |
| Total Training Support Services – weighted | 11.2% | 1.9% | 5.2% | 4.6% | 8.0% | 0.7% |



Certification Tests Administered

Certification is still showing growth, at nearly the same pace as earlier in 2011, despite a slight slowing in growth in 11Q3. 12 reported overall growth in tests administered in Q4, with 4 flat, and 2 a decline, with a forecast of 12, 6 and 1, respectively, for 12Q1.

| Categories | 11Q1 | 11Q2 | 11Q3 | 11Q4 F/C | 11Q4 | 12Q1 F/C |
|---------------------|------|------|------|----------|------|----------|
| IT Professional | 5.7% | 4.9% | 2.0% | | 3.7% | |
| End-Users | 6.9% | 5.1% | 1.9% | | 4.4% | |
| | | | | | | |
| Total Certification | 5.6% | 5.1% | 2.6% | 2.2% | 3.9% | 3.8% |



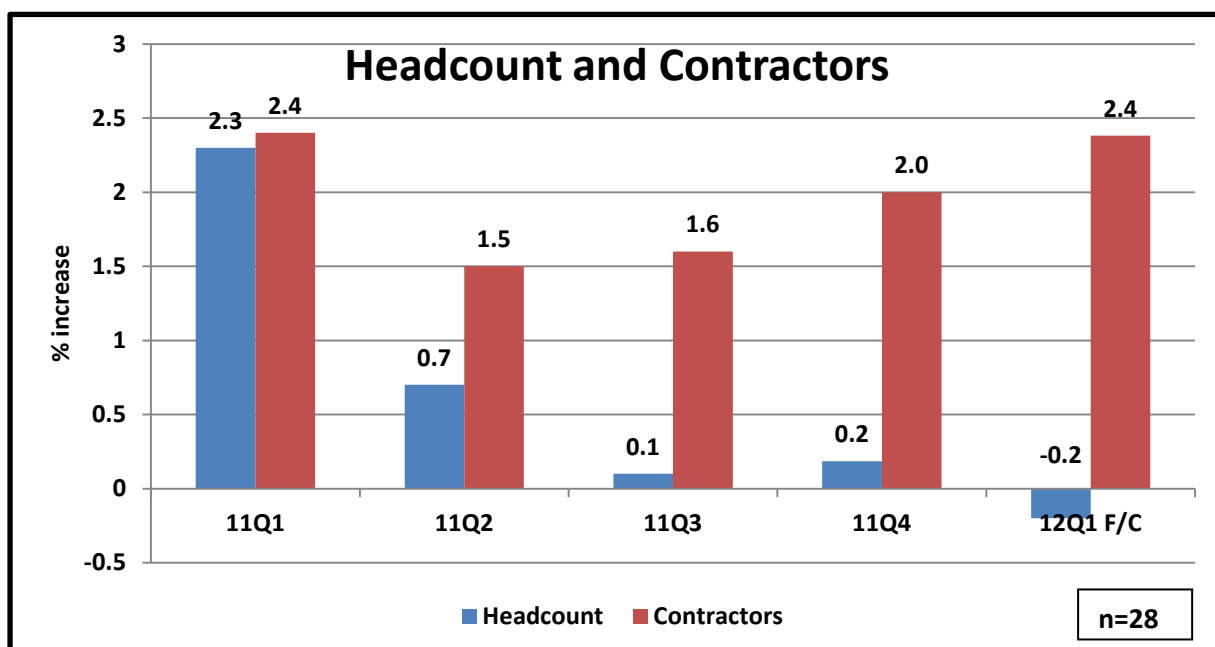
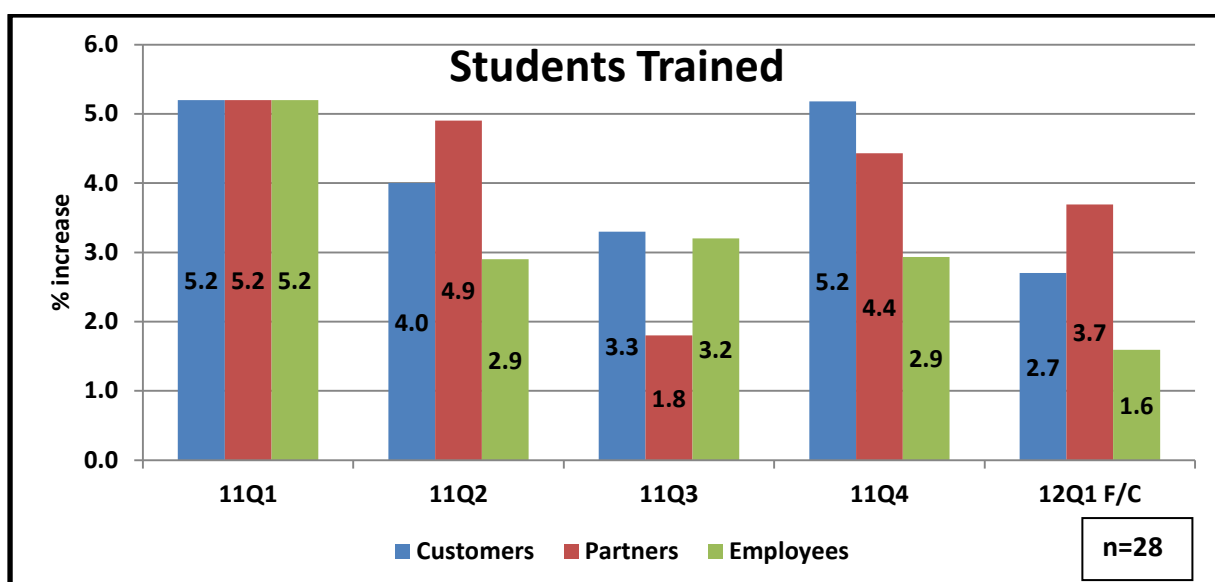
Miscellaneous

“Students trained” has been broken out into categories but still continues its steady increase but is showing slower growth in the 12Q1 forecast.

Permanent headcount remained flat which was better than forecast, so it’s no surprise that a small decrease is forecast for 12Q1. 6 reported an increase in permanent headcount in Q4, with 13 flat, and 8 a decline, with a forecast of 6, 13 and 6, respectively, for 12Q1.

“Contractors” continues to show and forecast a larger increase. 9 reported an increase in contractors in Q4, with 9 flat, and 7 a decline, with a forecast of 8, 9 and 4, respectively, for 12Q1.

| Categories | 11Q1 | 11Q2 | 11Q3 | 11Q4 fc | 11Q4 | 12Q1 fc |
|-------------------------------------|------|------|------|---------|------|---------|
| Overall Number of Customer Students | 5.2% | 4.0% | 4.2% | 3.6% | 5.2% | 2.7% |
| Overall Number of Partner Students | 5.2% | 4.9% | 3.0% | 2.6% | 4.4% | 3.7% |
| Overall Number of Internal Students | 5.2% | 2.9% | 1.7% | 1.7% | 2.9% | 1.6% |
| Headcount (permanent) | 2.3% | 0.7% | 0.1% | (0.6%) | 0.2% | (0.2%) |
| Contractors (short and long term) | 2.4% | 1.5% | 1.6% | 1.8% | 2.0% | 2.4% |



We introduced a question on instructor utilisation (billable time versus overall working time). There was an increase of 3.4% in 11Q4 with a forecasted increase of 2.3% in 12Q1, with 26 inputs. 11 reported an increase in instructor utilisation in Q4, with 13 flat, and 2 a decline, with a forecast of 13, 10 and 2, respectively, for 12Q1.

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

1. Private customer training
2. Specialization of partners in solutions including other vendors
3. Onsite
4. Enterprise learning and adoption programs; strategic desktop services onsite training
5. Training Subscription Revenue
6. Cloud courses. Partner certification courses
7. Training on new software tools
8. Storage product training
9. New product training; Storage virtualisation; Technical implementations – Partners
10. Learning Solutions
11. Mobility training
12. Admin and Developer training aligned to Certification credentials
13. Elearning
14. Onsite ILT
15. Onsite training saw the largest increase
16. Fusion Middleware; Java
17. One product line – routing
18. Public Schedule
19. Onsite business was increasing
20. Standard ILT
21. Security portfolio
22. End User training

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

1. Public scheduled classes
2. Open enrollment courses
3. Introduction courses (ILT), now moved exclusively to e-learning
4. Training on design techniques
5. Microsoft technical training
6. Technical Training Open Enrolments
7. End User Programmes (this is a volatile revenue stream)
8. Scheduled training is still slightly in decline
9. Solaris
10. eLearning
11. Middleware curriculum was not growing as expected
12. Classroom, online
13. Technology Licence sales - due to an anomaly in 2010 where we had one massive sale

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

1. To increase the public seat attendance; To develop courses rapidly for the different products we develop
2. On time demand gathering; travel restrictions
3. Maintaining profitability in a very competitive and uncertain economic environment; recruiting and hiring of resources
4. Continued uncertainty in the business climate; Acceptance of Live Virtual Training as a means to deliver Open Enrollment in Europe
5. VILT
6. Resourcing to meet demand (equipment and instructors) within budget.
7. Train instructors and field sales on so many new products; changing training network business model
8. Leveraging additional funding from the parent business to expand the sales element within our team; Changes at Director/VP levels within the business leaving us in a transitional period and delaying investment/growth plans
9. Building up general skills training; Implementing scholarship based partner training offerings
10. Classroom loading; Longer decision processes
11. Learning new courses and developing new courseware; satisfying Virtual training needs
12. Addressing employee training demands within confines of P&L; finding enough subcontractor technical trainers to meet demand
13. Unpredictable demand for classrooms (cancellations have increased); Budgets deferred with respect to software sales
14. Development keeping track of product. Senior management changes.
15. Reducing scheduled course cancellation rate; getting marketing support
16. Public sector spending virtually come to a complete stop across EMEA; Increasing level of uncertainty about the future leading customers to hold off making significant business decisions
17. Lack of material; Lack of staff
18. Increasing Headcount; Sourcing Delivery Resources
19. Getting the global outsourcing partner setup and running; maintaining ongoing performance of global outsourcing partner
20. Get more involved in license deals; Launch Presales training
21. Reduced revenue, reduced delegate numbers
22. Terrible economic
23. high
24. In middle of acquisition and also settling down a Q1 2011 acquisition.

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

1. Online delivery still challenging especially due to language constraints for WBT and weak network performance VILT
2. In 2011 we changed our European model for delivering Open Enrollment training to a Channel Partner Delivery model - we are fairly certain that we've lost some data here and can't accurately measure the impact that the channel has had on our overall business in Europe
3. More demand for remotely delivered learning solutions in EMEA.
4. In comparison with last year we have trained more people. However revenues do not reflect this increase as in 2011 these tended to be internal staff, partners at discounted rates. Overall revenue was down on 2010
5. Private (onsite) classes continue to grow - customers/partners can see the cost efficiencies of per-event pricing, versus per-person and zero travel/hotels; Virtual classes becoming more culturally acceptable and demand for public schedule is increasing; Despite advancements in eLearning self-study re interactivity, and soon, customers/partners still want, and will pay for, ILT.
6. Training is now being consumed only as a necessity and to support career development
7. On the whole, training revenues are seeing a slight upward trend. Scheduled is still in decline but on-site is growing. VILT is still relatively new and growth in this area is not significant.
8. Are we a leading indicator about a forthcoming double dip recession?
9. Our segment is strong - but we are a niche
10. Last year our training business bucked the trend slightly, with unprecedented revenue growth from May through to Oct. We grew 24% YoY with profitability around 12%. What can we put this down to? Two things; firstly, I think clients held back on spending their training budgets until the second part of the year; secondly, our marketing activities were more direct and timely and this definitely had an impact on our Public Schedule. Although we have witnessed a slow start in Q1 2012, slightly down YoY, we are managing our costs better and are more profitable YoY. Long way to go though!
11. Pricing continues to be eroded - major concern with our partners
12. Consolidating nicely.....