

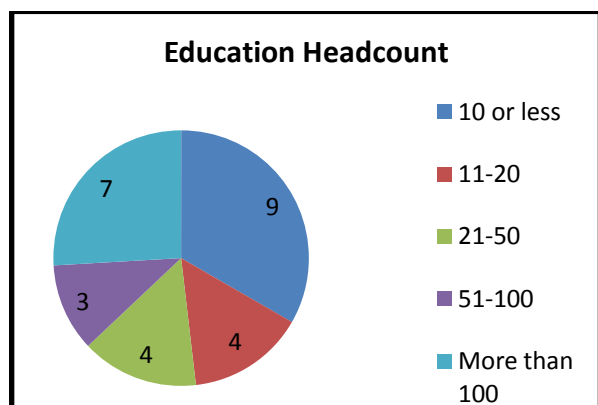
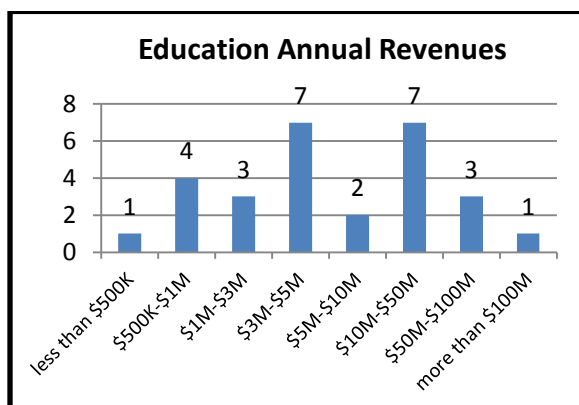
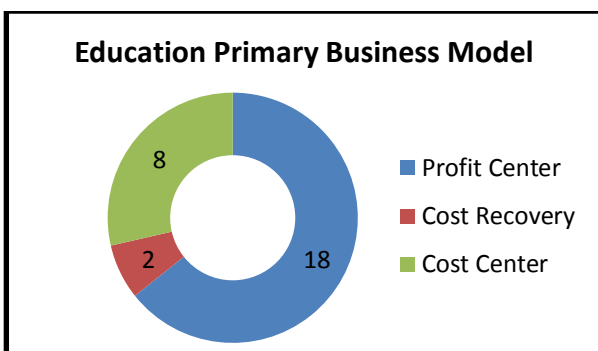
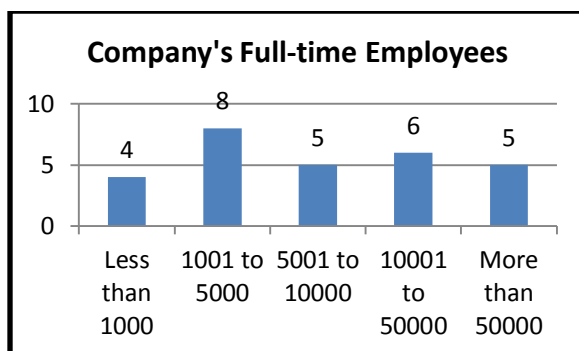
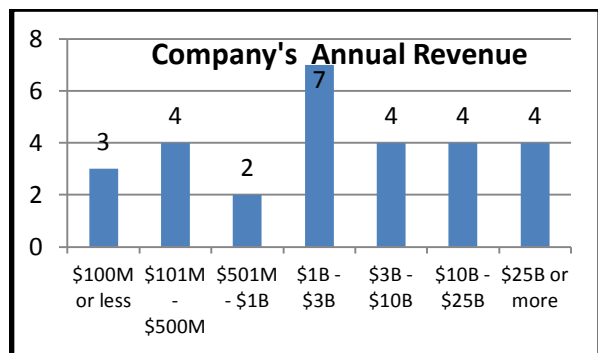
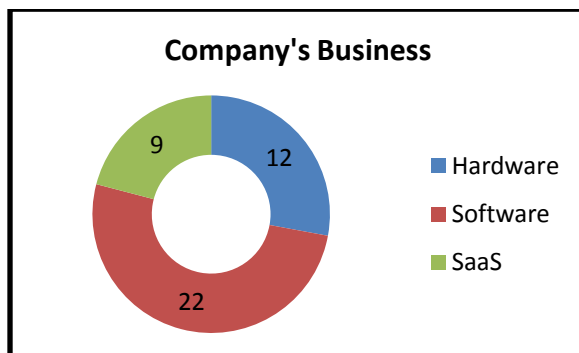
## CEdMA Europe Market Barometer

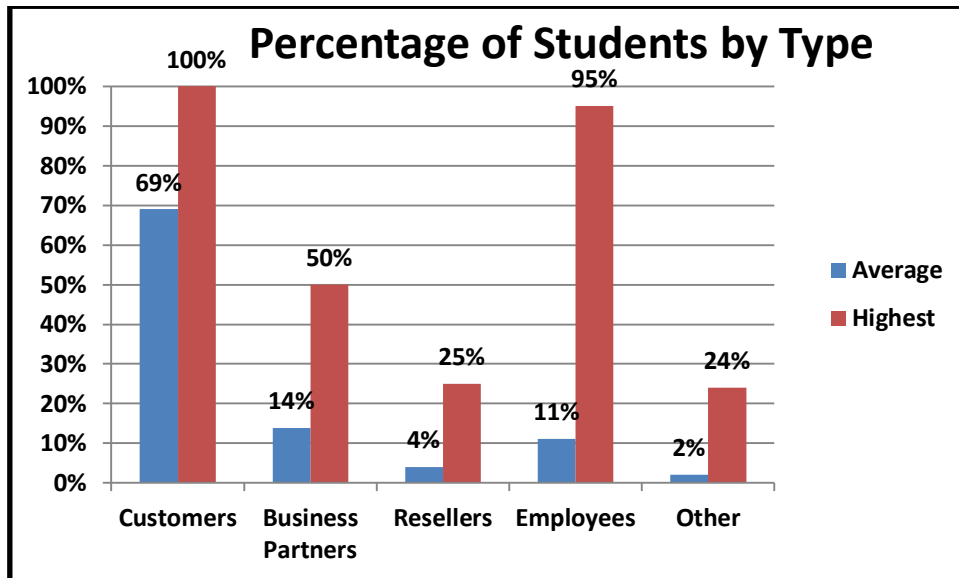
### 1<sup>st</sup> Quarter 2012 and forecast for 2<sup>nd</sup> Quarter 2012

#### 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 12Q1 actuals and 12Q2 forecast is based on input from 28 companies, whose profiles are as follows:

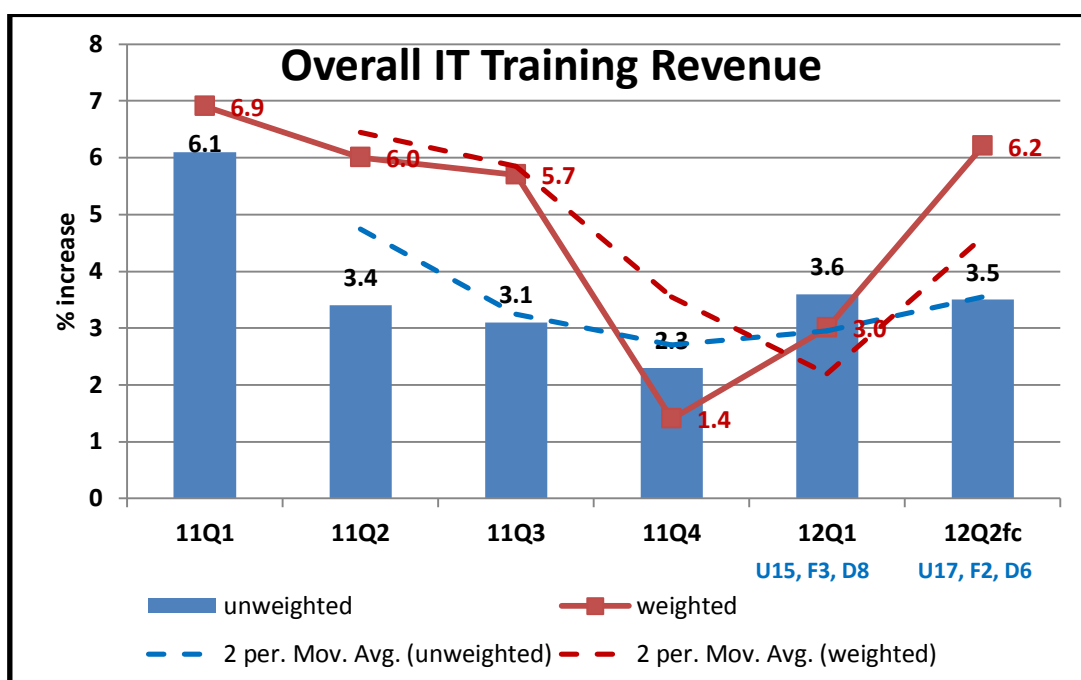




## Training Revenue

The unweighted total training revenue grew 3.6% in 12Q1 compared to 11Q4 while the unweighted forecast for 12Q2 is 3.5%. In comparison, the weighted total training revenue grew 3.0% in 12Q1 compared to 11Q1 while the weighted forecast for 12Q2 is 6.2%. 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 and 12Q1, but it's back again for the 12Q2 forecast. Note that in all these charts, U/F/D is the number of members reporting up/flat/down, respectively.

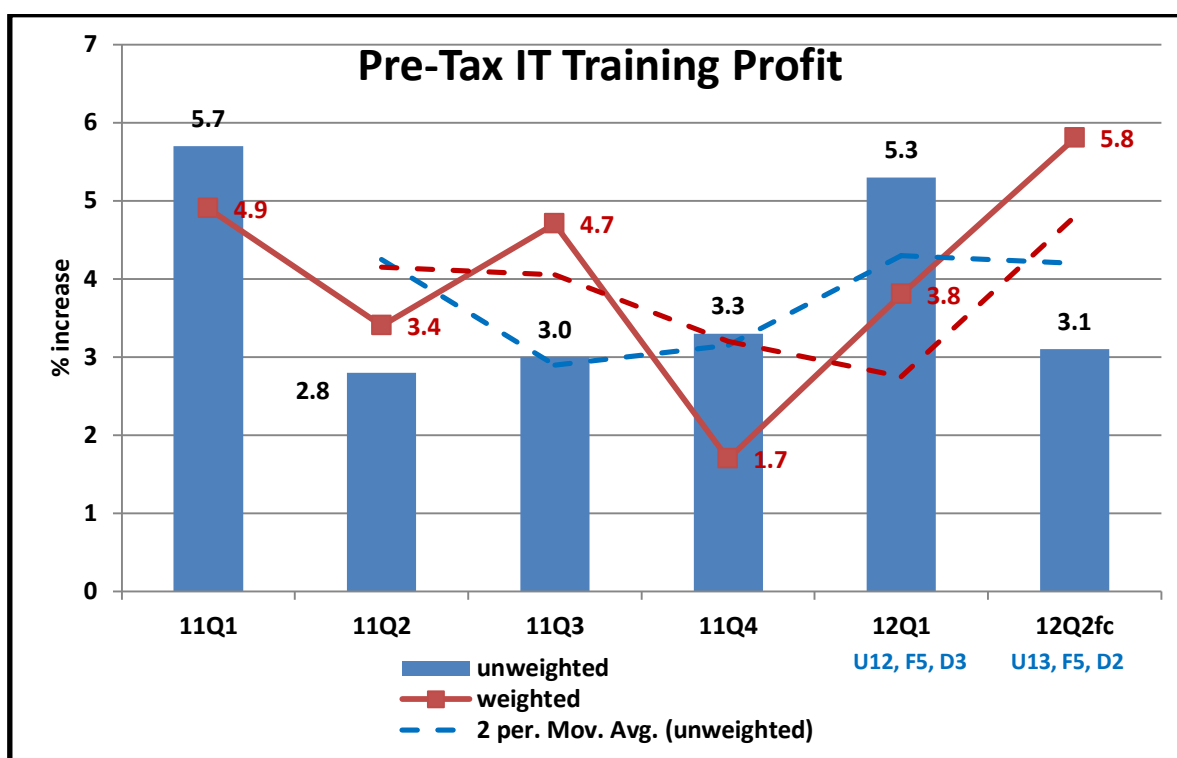
Total Training Revenue	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2 F/C
unweighted	6.1%	3.4%	3.1%	2.3%	3.6%	3.5%
weighted	6.9%	6.0%	5.7%	1.4%	3.0%	6.2%



## Training Profit

The unweighted training profit grew 5.3% in 12Q1 compared to 11Q1 with a forecasted increase of only 3.1% in 12Q2. In comparison, the weighted training profit grew 3.8% in 12Q1 compared to 11Q4 but is forecast to rise 5.8% in 12Q2. So, while the larger companies have seen on average smaller increases in profit for the last two quarters, they are really forecasting to bounce back in 12Q2. This is also seen in the two-quarter moving average.

Pre-Tax IT Training Profit	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2 F/C
unweighted	5.7%	2.8%	3.0%	3.3%	5.3%	3.1%
weighted	4.9%	3.4%	4.7%	1.7%	3.8%	5.8%

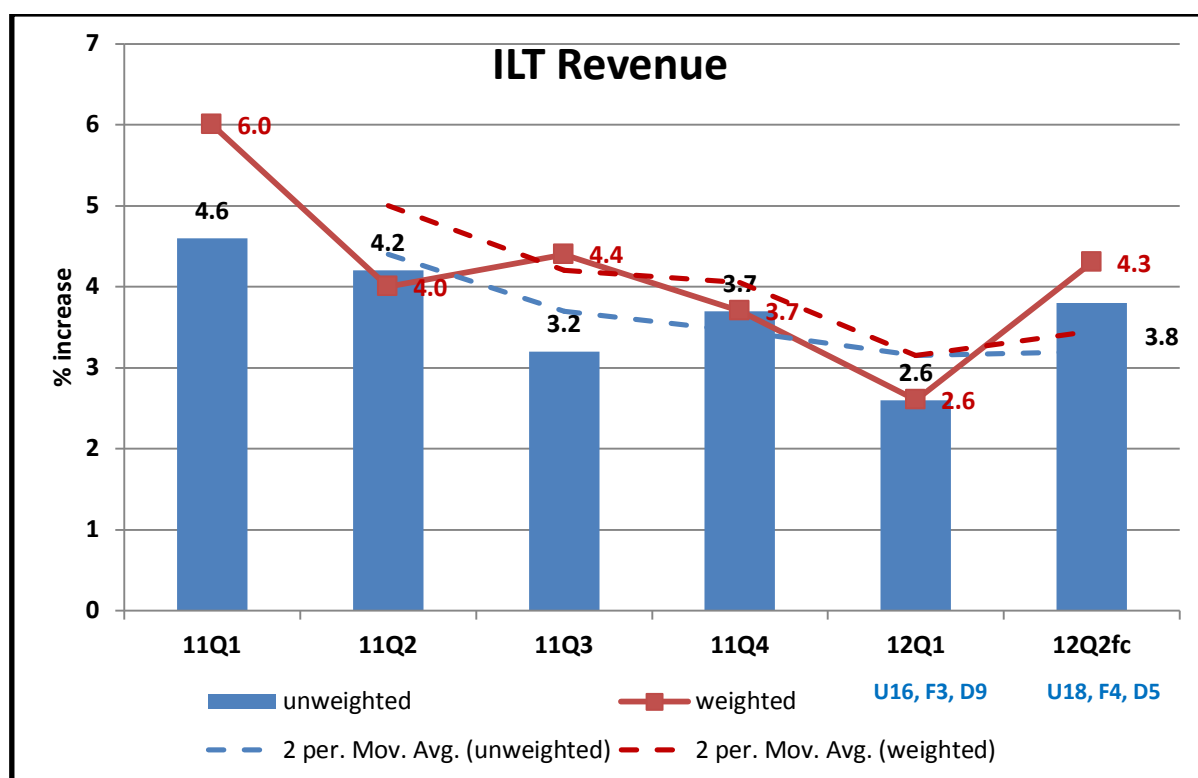


## Instructor-led Training

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. The two-quarter moving average lines both show that the quarter by quarter increase is flattening out.

Both public and onsite classes are still growing steadily.

Categories	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2 F/C
End-user	1.1%	4.9%	1.8%	1.0%	1.3%	
Technical	4.5%	3.9%	3.1%	4.4%	3.2%	
Personal, Professional and Business Skills	0.9%	0.6%	0.5%	0.8%	1.6%	
Public (scheduled)	3.4%	3.6%	2.5%	3.2%	2.2%	
Onsite (one-customer)	3.9%	3.5%	2.5%	3.2%	2.6%	
Total ILT Revenue – unweighted	4.6%	4.2%	3.2%	3.7%	2.2%	3.8%
Total ILT Revenue - weighted	6.0%	4.0%	4.4%	3.7%	2.6%	4.3%

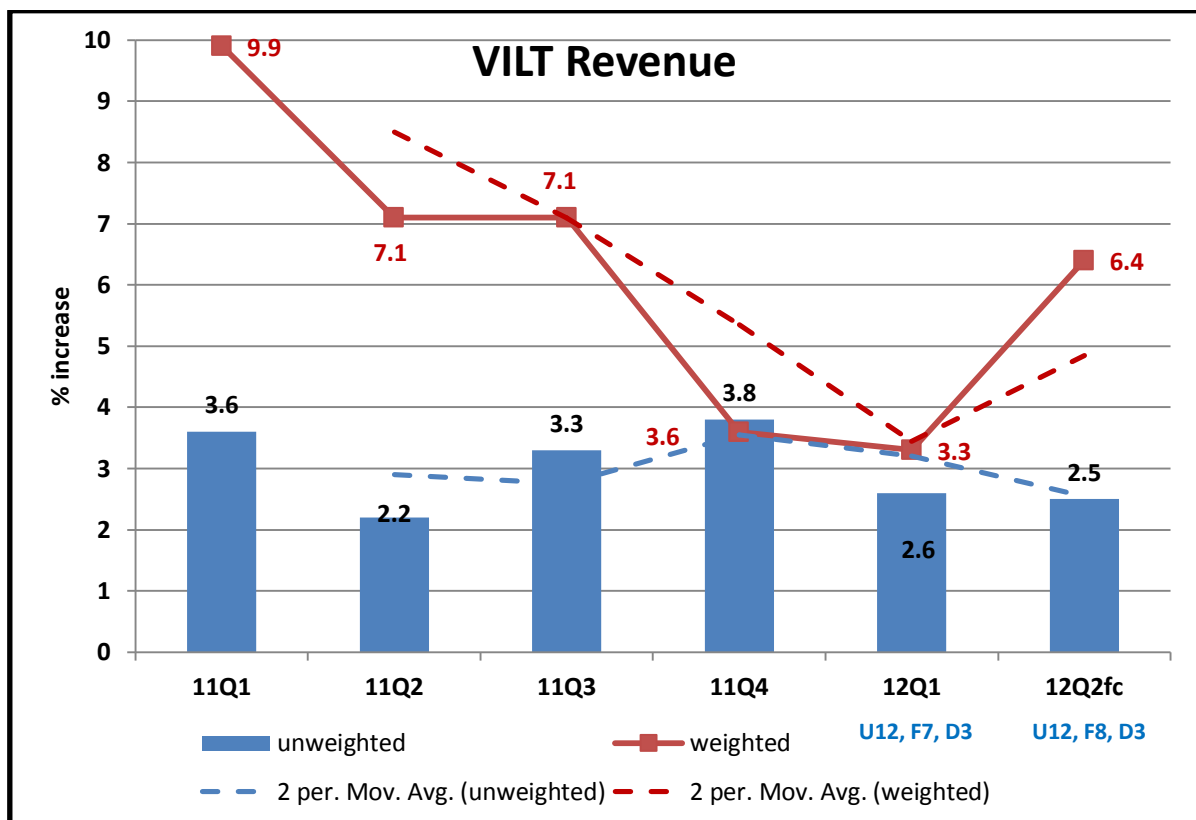


# Virtual Instructor-led Training

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

Apart from 11Q4, the weighted values have been higher than the unweighted. Fewer members are participating but a small number, especially the larger ones, has been doing particularly well.

Categories	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2 F/C
End-user	1.7%	0.6%	2.0%	1.3%	3.9%	
Technical	2.1%	2.5%	2.5%	4.8%	2.4%	
Personal, Professional and Business Skills	0.4%	(0.2%)	(0.1%)	0.5%	0.0%	
Public (scheduled)	3.2%	2.8%	1.3%	3.5%	0.7%	
Onsite (one-customer)	1.7%	2.6%	1.5%	0.3%	1.0%	
Total VILT Revenue – unweighted	3.6%	2.2%	3.3%	3.8%	2.6%	2.5%
Total VILT Revenue - weighted	9.9%	7.1%	7.1%	3.6%	3.3%	6.4%



## Learning Technologies Revenue

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

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

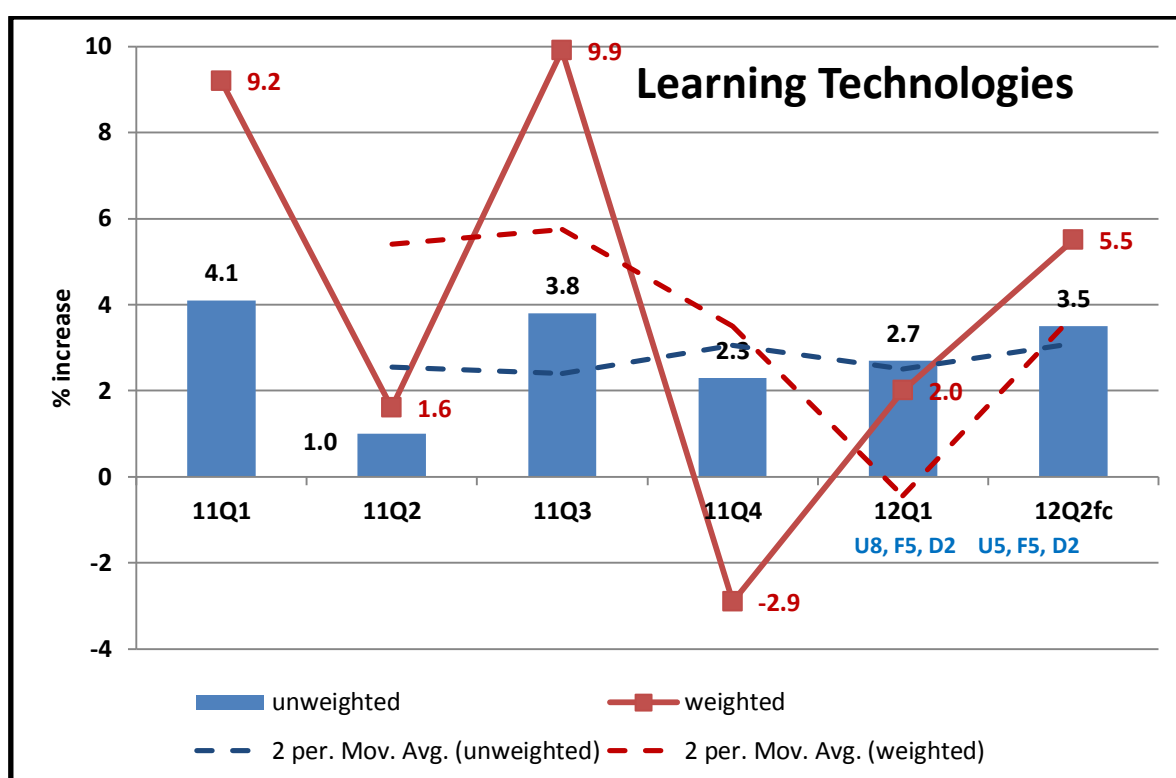
**Infrastructure** includes LMS/ LCMS/CLS, enterprise content management, performance management, competence management, e-skills portfolio management, social networks

**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 (15) 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	11Q4	12Q1	12Q2
Generic Content	4.9%	2.1%	2.6%	1.7%	1.5%	
Tools	1.6%	3.1%	3.5%	(1.3%)	1.8%	
Infrastructure	1.0%	1.3%	3.1%	2.5%	1.5%	
Development	1.8%	1.9%	1.9%	2.5%	2.5%	
Consultancy	3.0%	1.1%	2.7%	4.5%	5.0%	
<b>Total Learning Technologies – unweighted</b>	<b>4.1%</b>	<b>1.0%</b>	<b>3.8%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>3.5%</b>
<b>Total Learning Technologies – weighted</b>	<b>9.2%</b>	<b>1.6%</b>	<b>9.9%</b>	<b>(2.9%)</b>	<b>2.0%</b>	<b>5.5%</b>



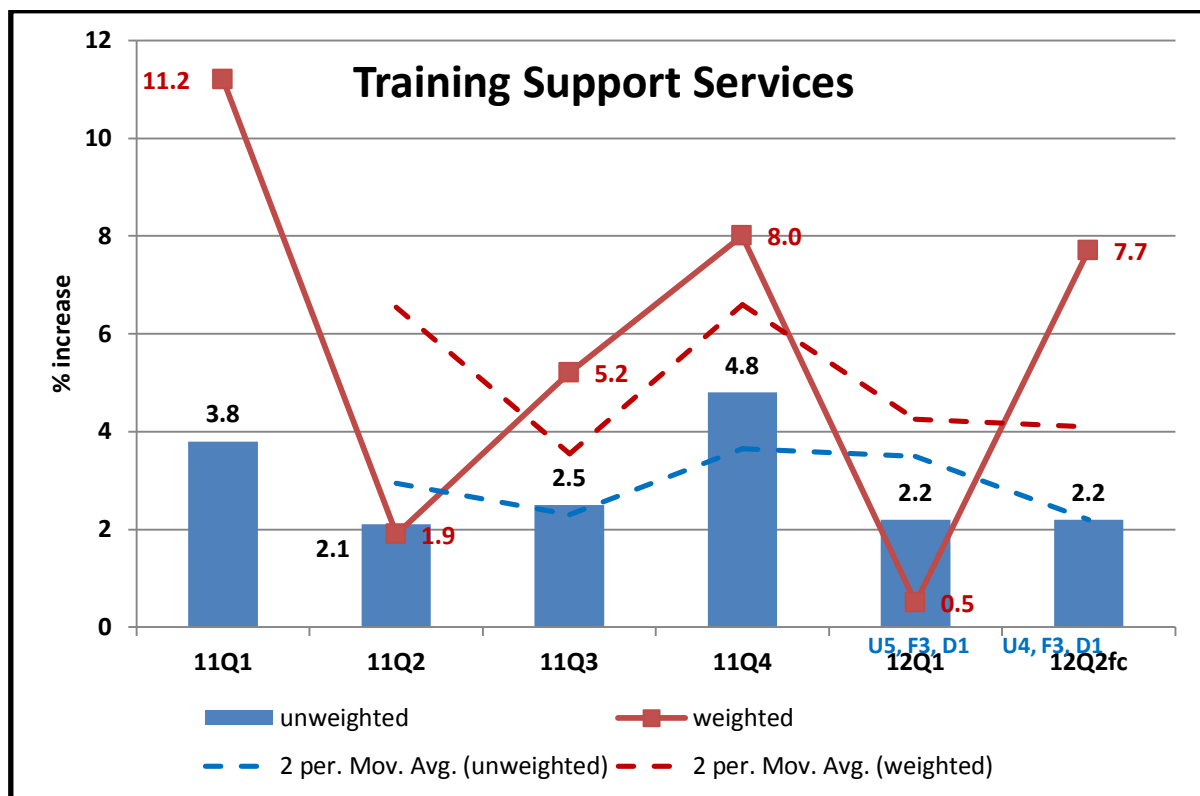
# Training Support Services

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 (9) 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. Both two-quarter moving averages are showing an almost flat increase.

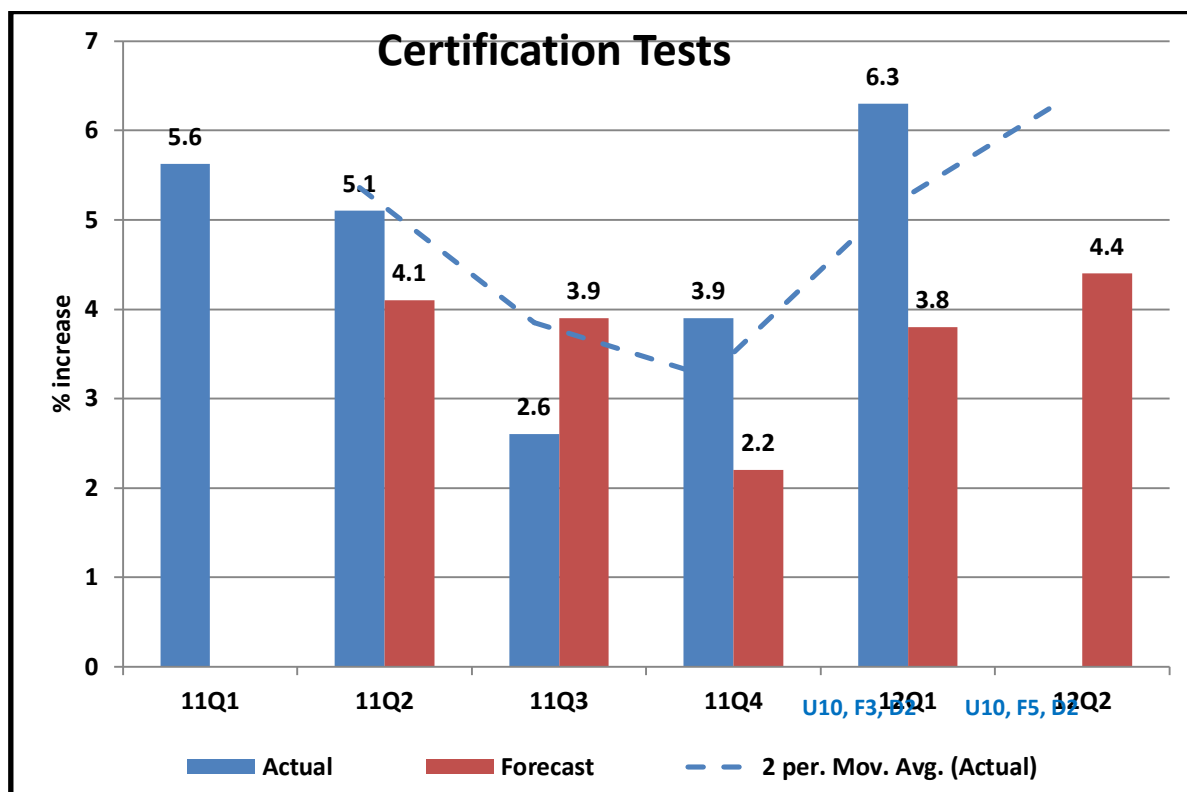
Categories	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2 F/C
Outsourcing/Managed Training Services	1.0%	3.0%	1.7%	5.0%	0.4%	
TNA and pre-training consultancy	4.8%	0.3%	1.6%	4.1%	4.3%	
Evaluation and post-training consultancy	1.8%	0%	2.0%	3.3%	1.5%	
Total Training Support Services – unweighted	3.8%	2.1%	2.5%	4.8%	2.2%	2.2%
Total Training Support Services – weighted	11.2%	1.9%	5.2%	8.0%	0.5%	7.7%



## Certification Tests Administered

Certification has started to grow again, despite a slight slowing in growth in 11Q3.

Certification	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2 F/C
Actual	5.6%	5.1%	2.6%	3.9%	6.3%	
Forecast		4.1%	3.9%	2.2%	3.8%	4.4%



## Miscellaneous

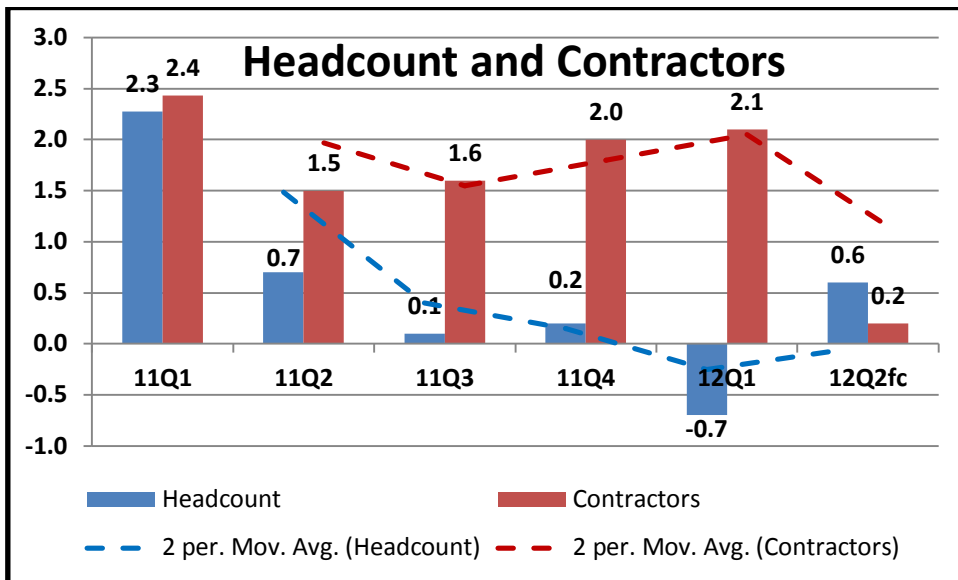
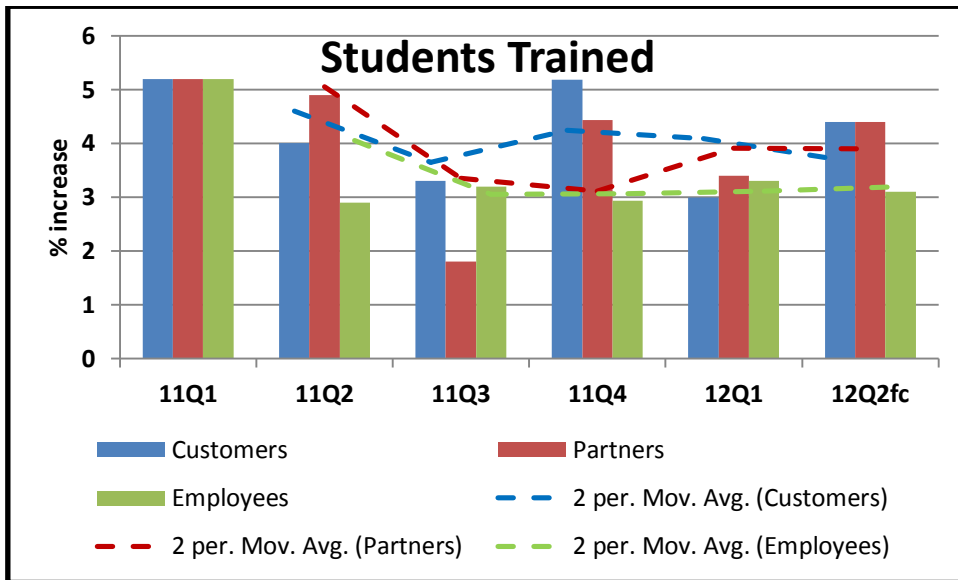
“Students trained” has been broken out into categories but still continues its steady increase.

Permanent headcount fell slightly in 12Q1 but is forecast to rise by a similar small percentage in 12Q2.

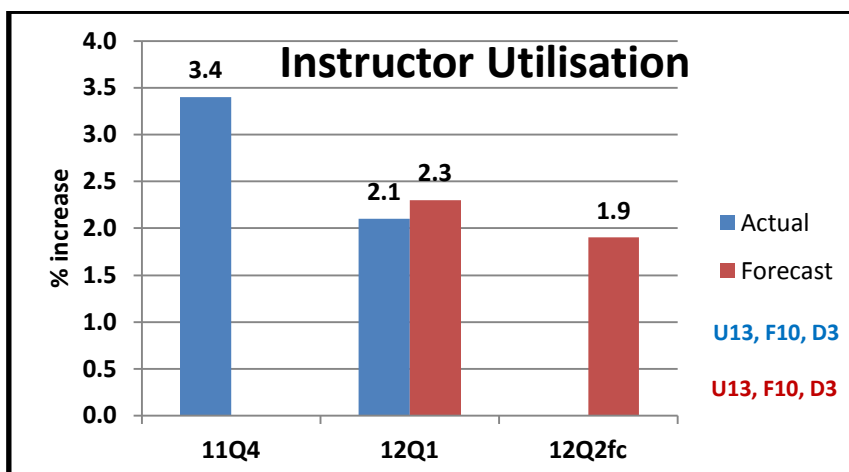
“Contractors” has grown by a small amount so far but is forecast to be almost flat in 12Q2.

Categories	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2 fc
Overall Number of Customer Students	5.2%	4.0%	4.2%	5.2%	3.0%	4.4%
Overall Number of Partner Students	5.2%	4.9%	3.0%	4.4%	3.4%	4.4%
Overall Number of Internal Students	5.2%	2.9%	1.7%	2.9%	3.3%	3.1%
Headcount (permanent)	2.3%	0.7%	0.1%	0.2%	(0.7%)	(0.2%)
Contractors (short and long term)	2.4%	1.5%	1.6%	2.0%	0.6%	0.2%
Instructor Utilisation					2.1%	1.9%





We introduced a question on instructor utilisation (billable time versus overall working time). There was an increase of 2.1% in 12Q1 with a forecasted increase of 1.9% in 12Q2, 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 training
2. Consulting
3. Onsite training
4. Unified Storage
5. Design Languages classes
6. Storage
7. Custom Development, Unlimited WBT and Private Classes
8. Education Consulting in the field of W7, Office 2010, migrations
9. ILT on new Release of ENOVIA (20% of our revenue)
10. None
11. Mentoring/Consulting
12. Sales technical internal billable training
13. Combined Private Workshops (modules from off-the-shelf content taken from public classes)
14. Software – MLS  
VLC - some signs of consistent growth
15. Training Subscriptions Revenue - 18% increase
16. On-site and large project work. We have 3 large training projects currently running
17. Fusion Middleware
18. Engineering
19. Public Schedule Classes
20. Shift from OE to Onsites
21. Workforce Management
22. Steady increases in the ILT Public courses  
Increase in Partner fees as we bring on-board more training partners and training enablement courses for their staff.
23. Subscription
24. New Partner Competency requirements released thus uptake in specialised content to meet partner needs

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

1. Public classes
2. VILT
3. VILT continues to have low traction
4. Storage management
5. Design techniques and methodologies
6. Microsoft
7. Public Schedule
8. Technical Training Open Enrolment
9. NA
10. Tailored onsite classes

11. Partner technical
12. None - every course offered for Admin/Developer/Consultant roles grew YoY, in every delivery type.
13. Standard classroom training for partners
14. Incremental Scheduled Course revenue - 17% decrease
15. Scheduled training is still in decline based upon historic numbers - no surprise!!
16. NA
17. User Adoption Services and Custom Training
18. Public scheduled classes down for more Onsites
19. Inbound Voice
20. Printed book revenue, having recently outsourced our book printing/distribution for our most popular books, purchased by training partners.  
Onsite training business remains peaking due to large projects driving this business (Q1-11 to Q1-12 show decline, Q2-11 to Q2-12 shows increase).
21. Public ILT

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

1. Margins, scheduling issues
2. Instructor resources  
Budget
3. Resourcing growth - nice problem to have.
4. Train instructors and field sales on so many new products - changing training network business model
5. Competitive rates and internal senior management changes restricting growth
6. Managing expectation of growth by over ambitious management
7. Classroom loading, slow decisions from principals
8. Push our Partners to sell and deliver new courses on new topics  
Push our Partners to sell eLearning content after the classes for a Blending learning approach
9. General economic woes...euro crisis...Q1 slow start
10. Lack of training budget available at customers  
Keeping margin while offsetting classes with mentoring/consulting
11. Pace of change due to new product releases  
Sales delivery training
12. Finding suitable subcontract candidates to become Authorized Instructors  
Speed to identify, evaluate and switch-on training partners in new markets
13. Shorter lead time for bookings  
Internal confusion on learning software strategy
14. Small team with 2 heads on maternity leave and 2 permanent leavers - average tenure reduced from 5 years to less than 1 year over a 2 month period  
Software sales under budget had large impact on training revenues.
15. Continued economic uncertainty  
Continued cutbacks in Government spending
16. Meeting the demand to support our schedule whilst completing large projects - resourcing headache.

17. Pressure on event margins as fill rates are dropping  
Getting the schedule right between ourselves and partners
18. Headcount/Resourcing and Certification Planning
19. Matching the record revenue months from last year, (May-Oct)  
Dealing with Customer Confidence fuelled by the 'Double Dip' recession.
20. Managing the delivery outsourcer  
Getting the outsourcer to skill up and on-board enough instructors on advanced level in the different languages in EMEA
21. Big changes in the organisation - the company was sold  
Increase internal awareness about Training
22. We lost our most experienced technical trainer last year, and the last 3-6 months has been hard backfilling with freelancers and maintaining high quality training. Having found a new full-time trainer, it is taking a long time to get him fully up to speed, but we're getting there. I'm having to double up on trainers, co-teach, shadow etc.
23. Sales focus was challenging  
Lack of larger deals means lower pipeline  
Finding new things to offer customers when you have no new product releases
24. Classroom fill rates  
Attach Rates
25. Driving sales and marketing strategy through our training partners

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

1. Feeling more positive for the year, have pulled in new partner products to the portfolio. This is where we will see most strategic growth
2. Positioning and is more important than ever. Can't be just "training" as associated with cost. Better linked towards COE's, Benefit realisation and enablement.
3. Our Partners are forecasting growth in North Europe for this year (UK, Germany, Nordics)
4. Very much moving to cloud based training and hot shot training
5. Increasing demand for private workshops - especially combination topics  
Increasing demand for VILT  
Emerging grey market
6. The classroom business (aka cash cow) is significantly struggling throughout Europe but specifically in the southern Europe - Italy, Spain, Greece
7. Given the continued difficult conditions our training sales representatives report that there is opportunity
8. We are doing better than last year and currently stand at 74% of 2012 revenue target (calendar year)  
Our margin is significantly up as a result of the larger projects that we are completing.
9. We're seeing steady increases in our ILT public training business this year and we had an overall growth of 12% in the training business from 2010 to 2011. We see public courses ILT continuing to grow, as well as our partner programme, which generates revenue through license fees and partner instructor enablement/certification courses. There is a demand to streamline courses and shorten our certification programme. We're looking at introducing a FastTrack version for experienced engineers. France is becoming very price sensitive and competitors in that region

are aggressive (we are the manufacturer offering training on our products, and our competitors are un-authorised training centres that have developed a good reputation in the market).

10. Customers booking late still and spending in smaller chunks  
Reluctance to commit to longer term projects