



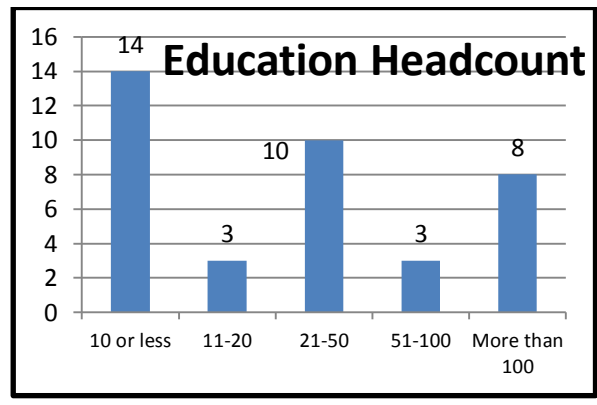
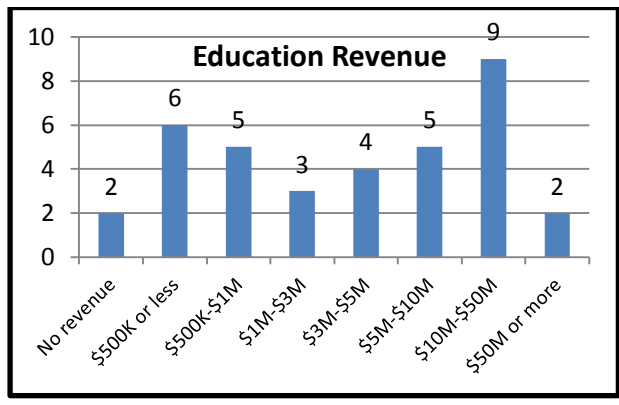
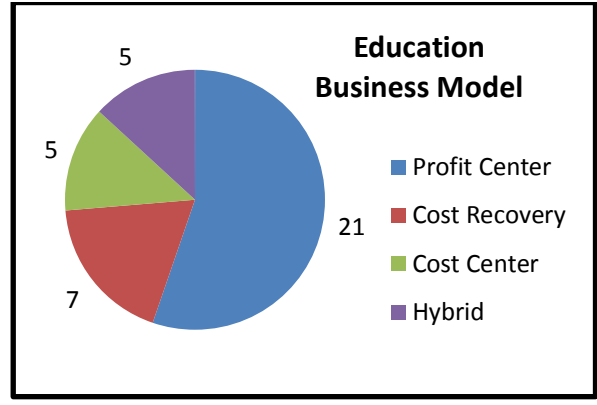
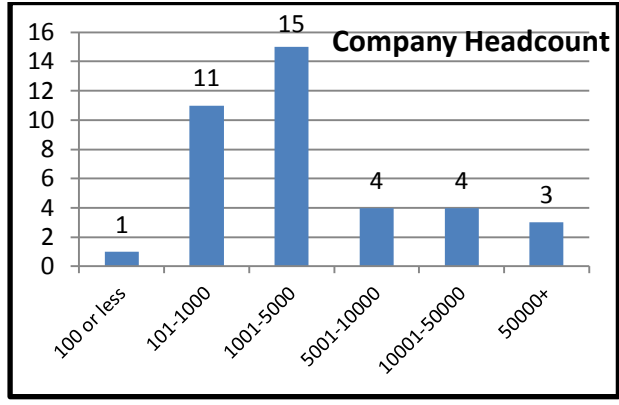
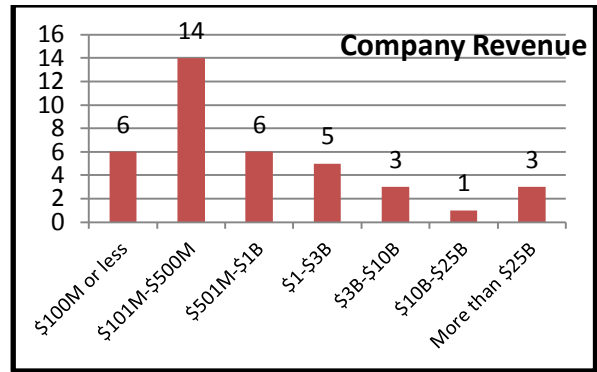
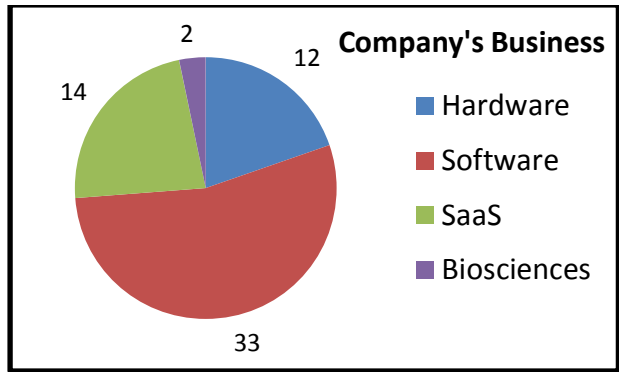
CEdMA Training Market Barometer

1st Quarter 2013 actual and forecast for 2nd Quarter 2013

Introduction

This report is compiled by CEdMA for its members about their Education businesses. It is based around a series of absolute growth or decline percentages in the range +- 12.5%. Revenue and volumes refer to training services delivered in the quarter and not future bookings. Members were asked to indicate whether their data was for the global business or that for North America.

There were 34 responses for global and only 6 for North America so the 40 profiles are as follows:



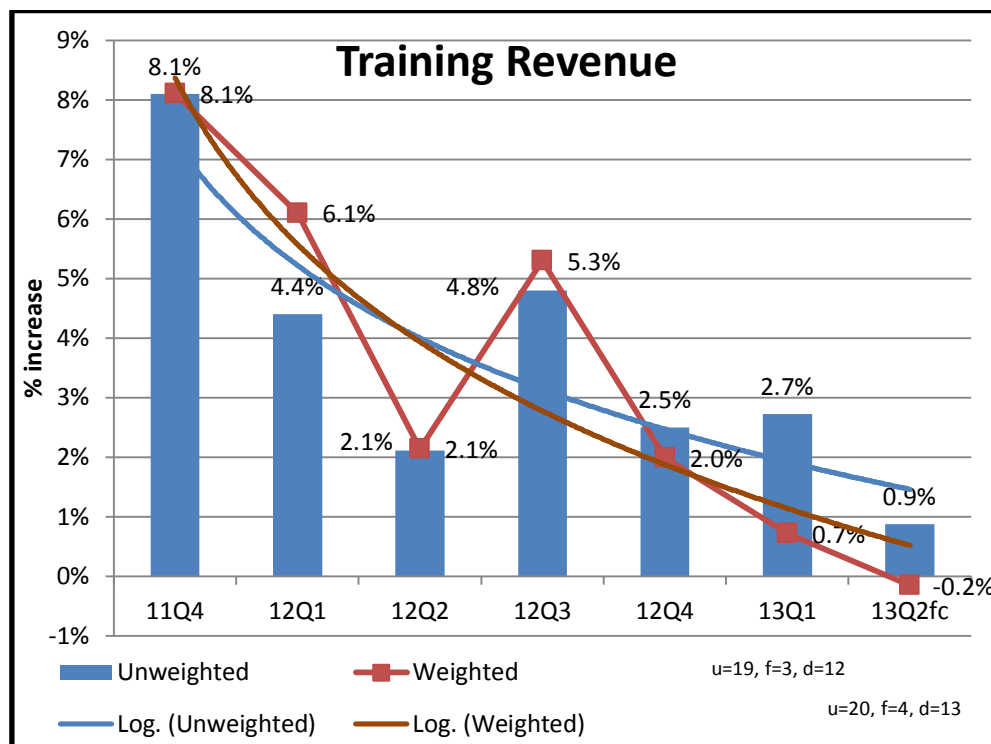
Prologue

The fall in the number of returns is disappointing. In addition to the 40 valid returns, there were some nine others which simply chose “world-wide” or “North America” then didn’t go any further. “As useful as a chocolate teapot” comes to mind.

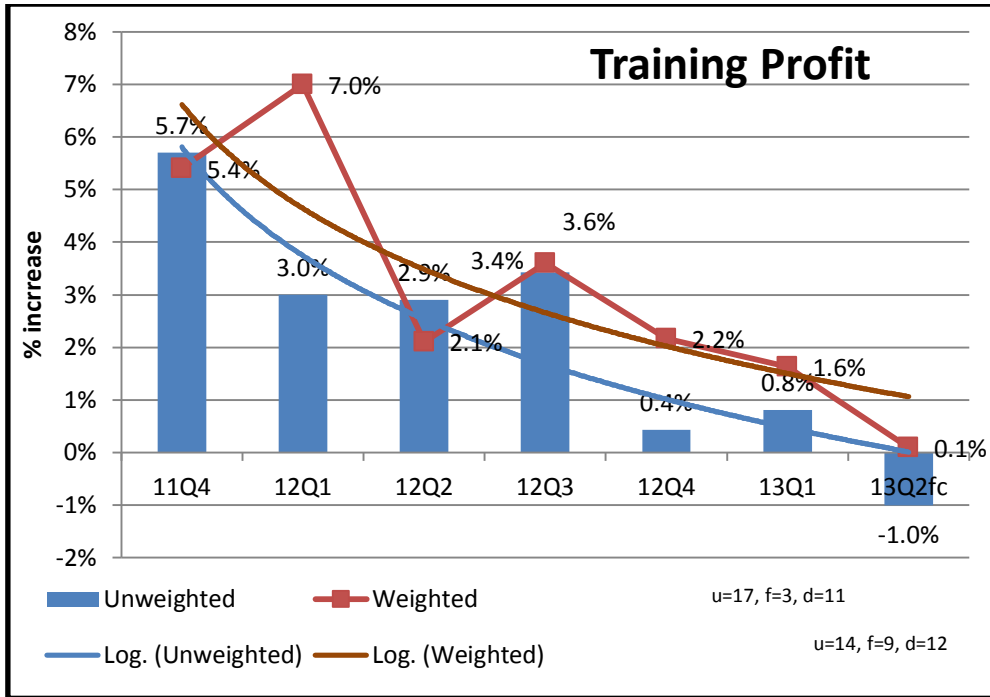
But we must remember that the barometer is simply that, a barometer of the health of our vendor IT training industry. The total accuracy of the input, based on company results, is not important. Several members hide behind their inability to access and/or report such data. But that’s not what it’s all about. It’s simply a view by the business manager on whether he or she feels that the trend in each area of the business is moving and by approximately how much, year on year. The input is anonymous and confidential. The more inputs we get, the more reliable the report will be.

Revenue and Profit

The unweighted average is the average of all responses whereas the weighted average uses the size of the company in terms of number of the relevant education revenue multiplied by the growth/decline rate, so larger companies have a bigger impact. The charts also indicate the number of members who show for their business an increase (Up=u), flat business (f) and a decline (Down=d).



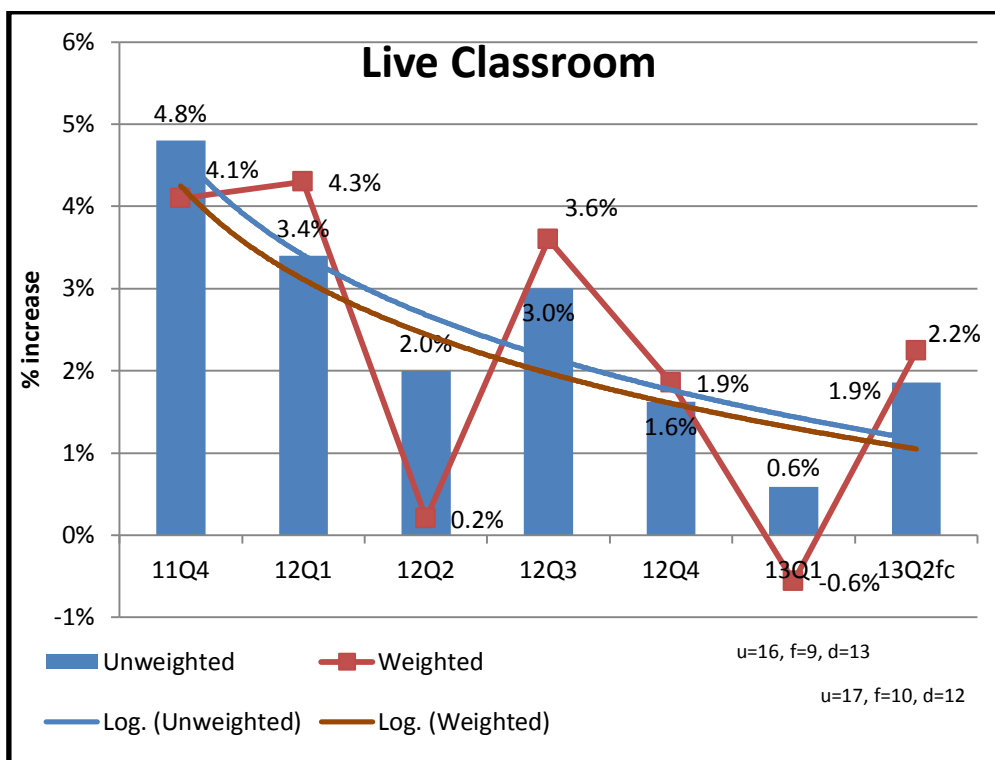
The unweighted total training revenue increase was 2.7% against a forecast in the last report of 2.5%. The weighted total training revenue increase of 0.7% was much lower against 5.3% forecast. However, the 13Q2 forecast is basically flat. In general, the learning market is tending to flat, based on the trendlines.



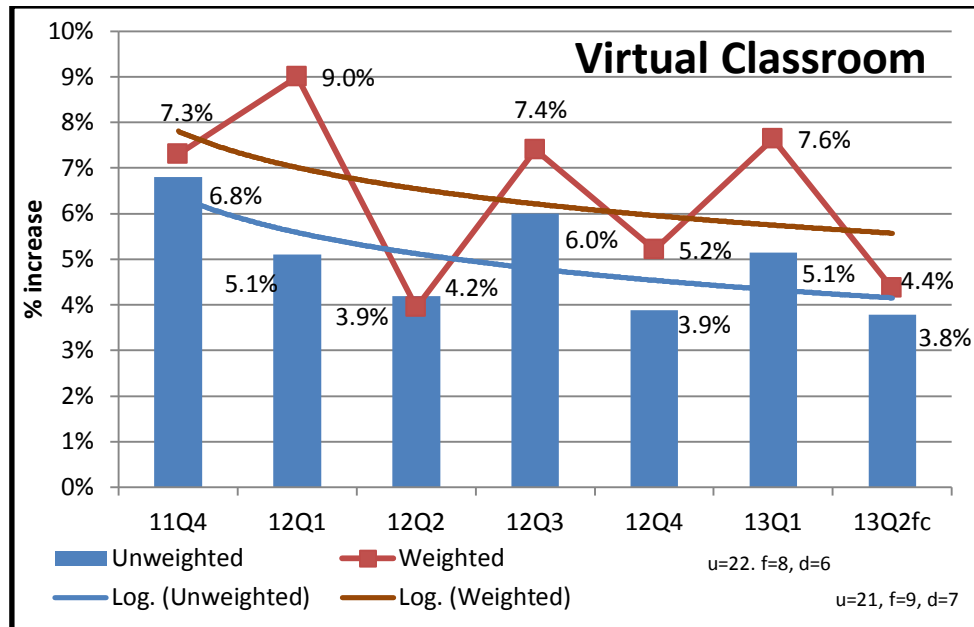
Training profit in 13Q1, both unweighted and weighted, was slightly lower than the forecast in 12Q4 (0.8% and 1.6% against 1.5% and 3.2%). The 13Q2 forecasts are -1.0% and 0.1% for unweighted and weighted, respectively. Therefore, the training profit is tending to flat, as shown by the trendlines.

Activities (Customer and Partner Training)

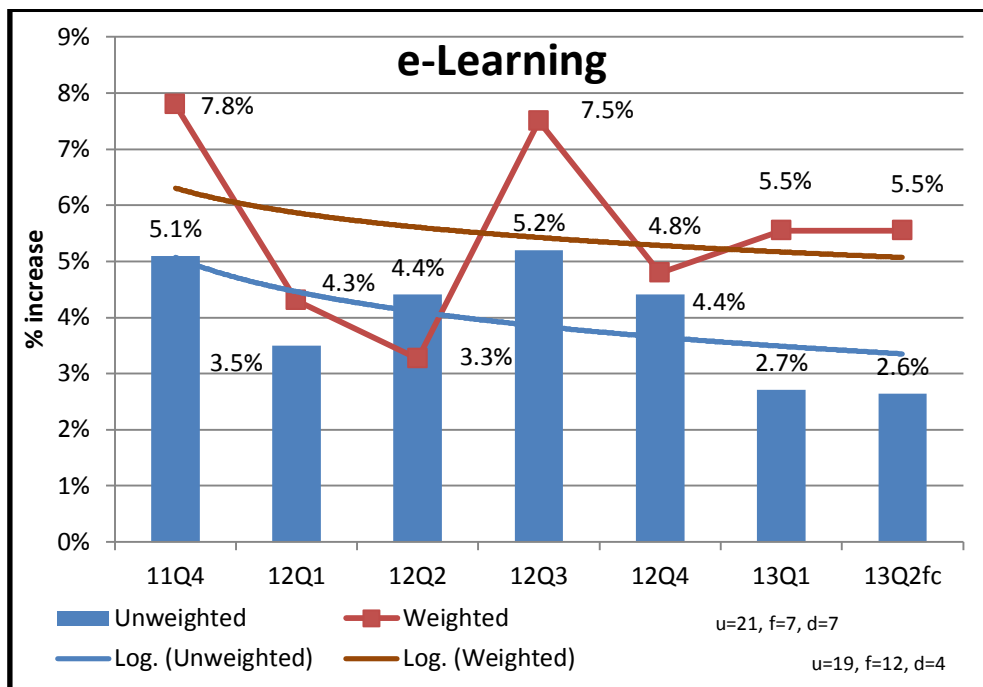
Live classroom is still increasing but the rate is slowing down over the period. The 12Q4 forecasts were a little optimistic.



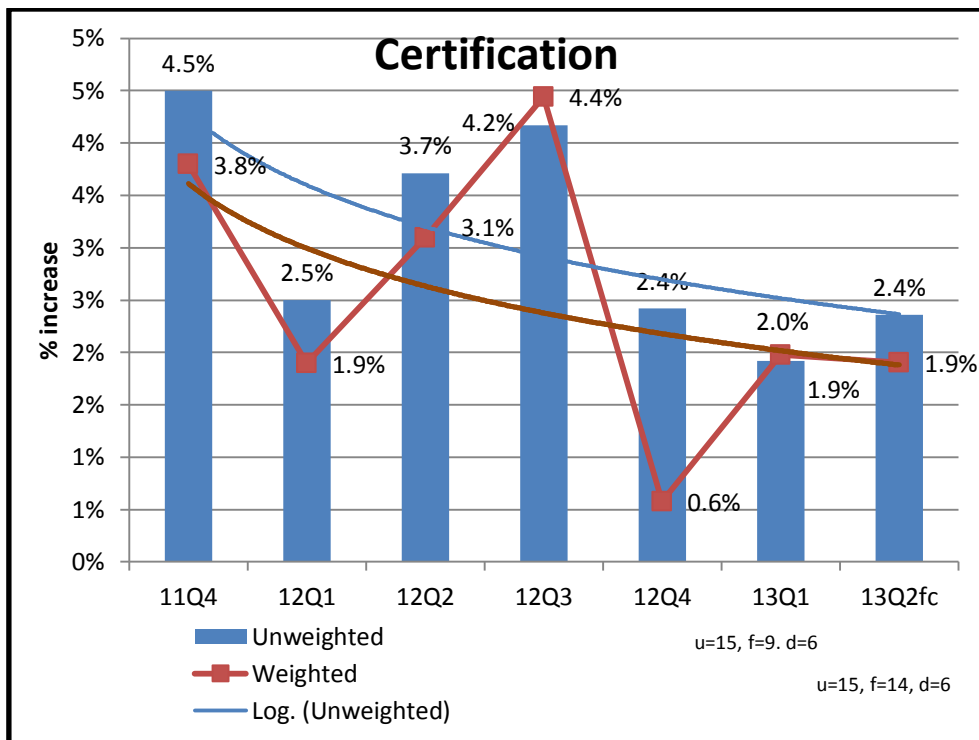
Virtual classroom on the other hand is growing faster, and slightly more for the larger companies who potentially jumped on board much earlier. The 12Q4 forecasts for 13Q1 were under-called by a factor of two. Live and virtual classroom data underline the expected trend to virtualize more training to save travel expenses and allow better resource utilization. The trendlines are becoming flat, but the increase is still showing 4-5%.



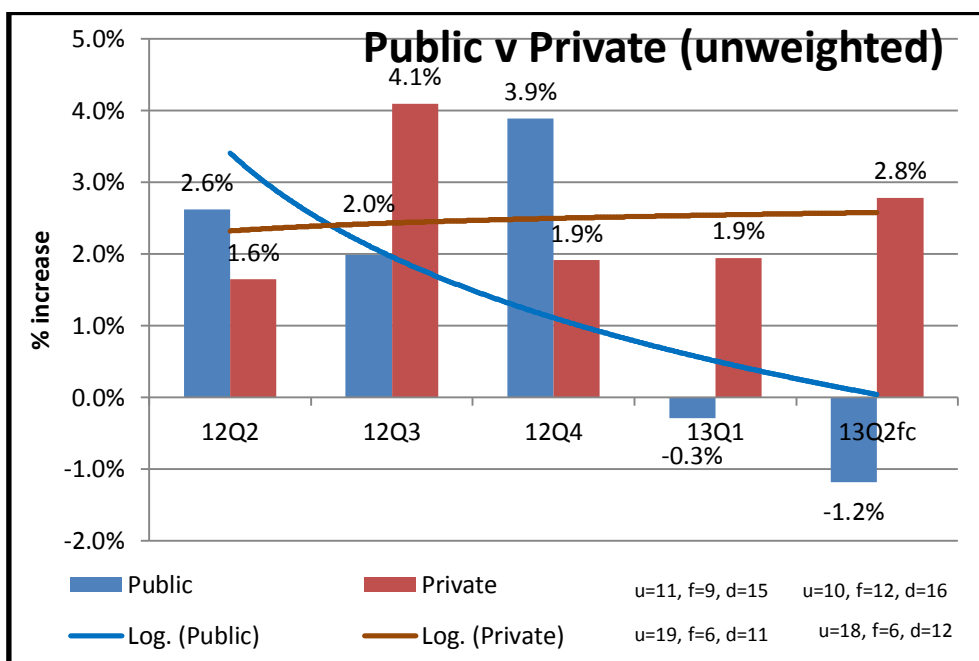
The e-Learning 12Q4 forecast for 13Q1 was about right. In general, the growth is about the same as virtual classroom. Weighted changes are slightly higher, probably because larger companies have the resources to engage.



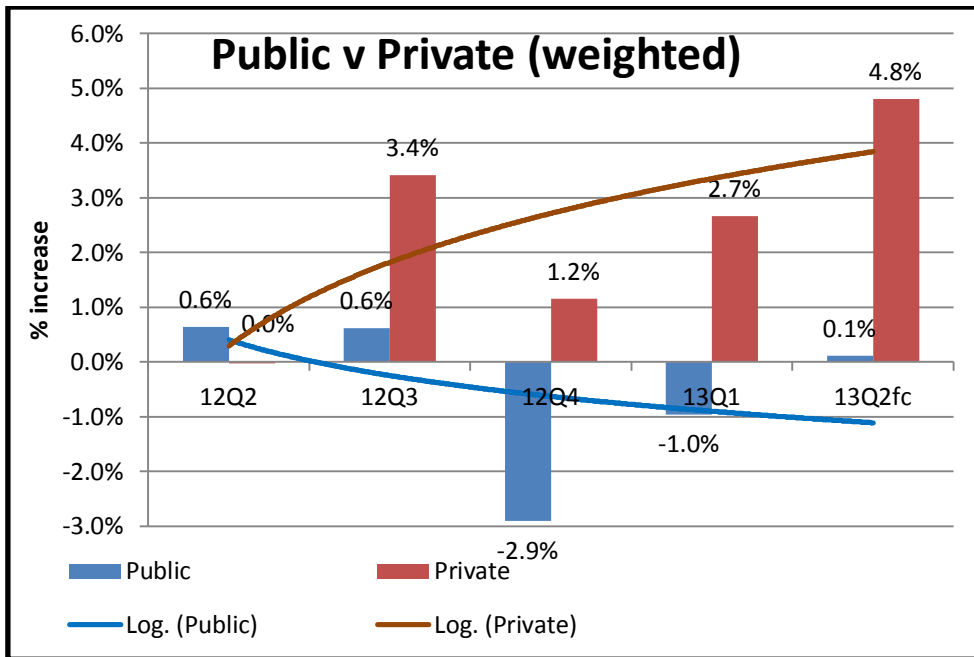
The certification 12Q4 forecasts were accurate, too. Year-on-year increases, though falling, are still around 2%.



We now include questions on public classes and private classes. Private classes are still growing by 2-3%, but public classes are falling into negative territory.

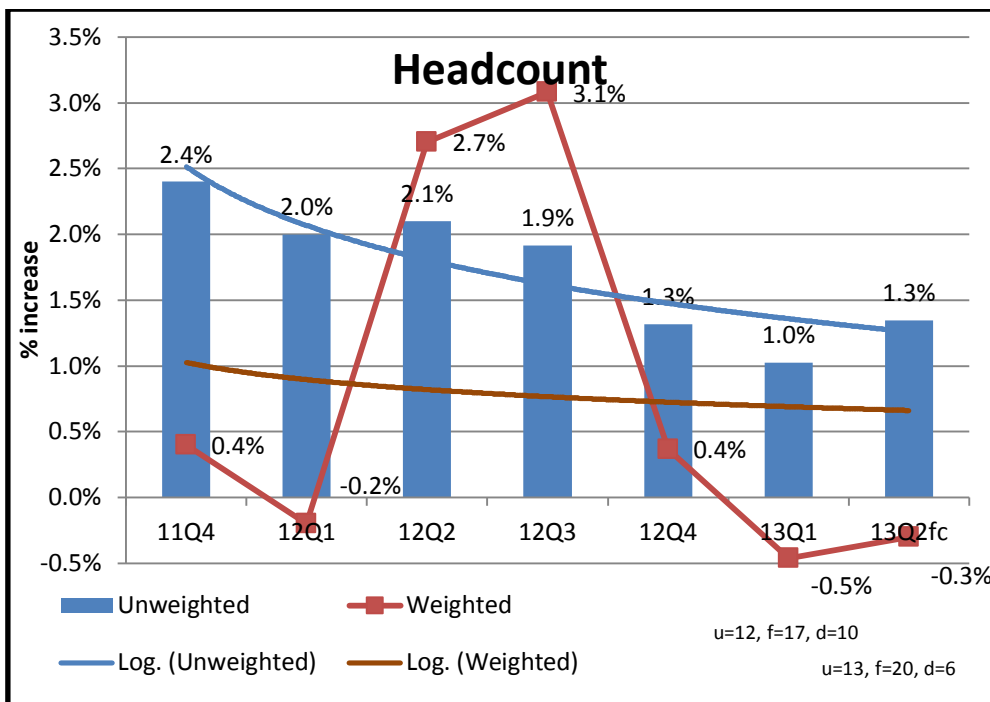


When weighting is taken into account, the changes are more dramatic, with public trending to 1% decrease while private is moving towards a 4% increase.

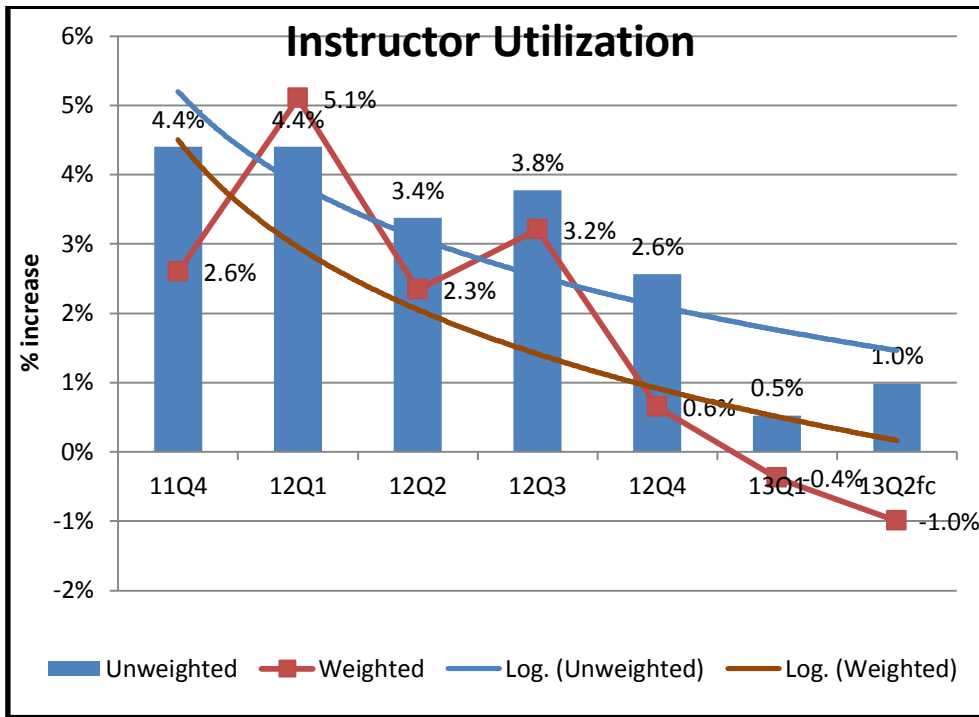


Team

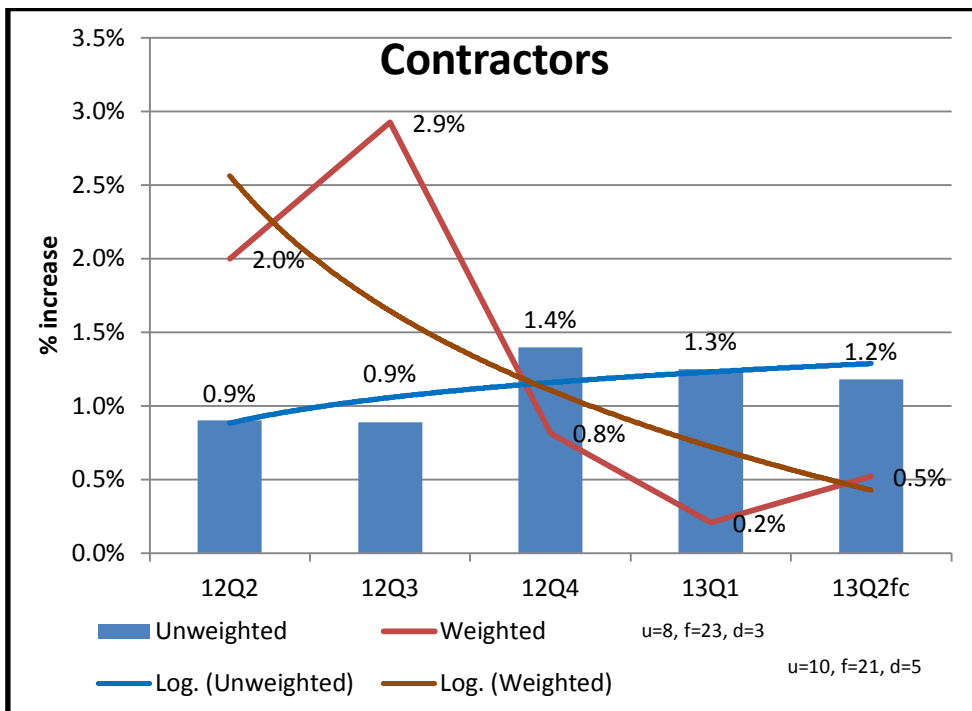
Unweighted headcount has largely remained constant over six quarters, with the weighted numbers showing more erratically.



Maybe as a result of more hiring, the instructor utilization increases are smaller than previously forecast (flat as opposed to a 2% increase), again especially for the larger companies.



We also added a question on the use of contractors recently. While the results overall show tiny increases, the weighted numbers again are quite erratic.



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

1. eLearning
2. System Administrator Training, all verticals
3. Administration
4. Virtual training
5. Advanced courses beyond fundamentals
6. Private (on-site) training
7. Distant Learning (Virtual Classrooms)
8. We've intentionally shifted more of our instructor-led training to online sessions this year - about 70% classroom/30% online. However, overall demand is off due to delays in our company's latest major software release - customers have pulled back the reins on training spend. We successfully rolled out a 5-day full-immersion class in January with very positive customer feedback; however, limited demand due to only early adopter customers attending.
9. Developer-level/architect training
10. Virtual
11. Subscription Revenue
12. Cloud Technologies, Big Data
13. Across the board - ILT, VILT, public, onsite
14. Partner training (Sales, Services, Support)
15. Linux, simulation, multi-core programming
16. Analytics training for business intelligence and reporting has had the biggest increase in training volumes
17. Custom classes
18. Cloud and security
19. End user training (tool and search language)
20. Advanced training
21. New release training, partner training, short customization work
22. System Administration
23. Storage Area Networks and IP training
24. We only have product technical training - n/a
25. New Product
26. IPv6 Migration
27. Transceiver, Advanced Timing Analysis, OpenCL
28. Increase in requests for training at the customer's site most likely related to the closing of our training center on the East coast, hence customers who don't want to travel to CA are opting to get training at their facility instead.
29. Channel Partner Training; virtual delivery
30. Master Data Management
31. Introductory level classes

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

1. Employee training
2. No large decreases
3. Public classes
4. Developer training
5. Certification attempts, particularly at the entry level

6. In-Center (face-to-face) public classes
7. Business is off in general due to delays in latest release.
8. User-training remained somewhat flat
9. None
10. Scheduled Course Revenue
11. EOL products
12. n/a
13. NA
14. Proprietary OSs
15. ILT
16. No one subject area has had a decrease; however, our one-day course offerings have the lowest attendance
17. In-center training
18. PPM and CAPA
19. No decreases
20. Basic training
21. Private onsite sessions, longer custom projects, virtual enrollments
22. Web Conference configuration
23. Routing and Extension
24. We only have product technical training - n/a
25. General skills
26. Nios II Hardware, Quartus II Debug and Analysis
27. In class training at training facility in San Jose, CA
28. Classroom training
29. Data Integration
30. Older technology classes

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

1. Decrease in training demand
2. Replacing experienced teaching resource; Moving Training Operations base from UK to US
3. Lack of resources
4. Requests for virtual training, hiring of instructors
5. Macro-economics in EMEA, product sales achievement decline (leading indicator for subsequent training)
6. Technology used to manage the business and our current portfolio which is 95% Instructor Led
7. First, latest major release, supposed to be out last September, is not out yet. Early adopter training business has been minimal, as other groups (Professional Services/Consulting, Advanced Technical Services) have been providing closely guided implementation support. Second, stable product release availability so we can develop accurate curriculum.
8. Lack of product sales to new clients; lack of training sales by sales team
9. 9 We have dramatically cut down our use of subs, while pushing our own trainers' utilization rates up by about 10%. Both have been very challenging, but have yielded a 20% jump in margin.
10. New geographies; New product lines
11. Accounts consuming the training subscription they've purchased - realizing full value
12. Availability of SMEs; forecasting
13. Recruiting and hiring
14. Lack of staff: Documenting strategy
15. Cutbacks in US defense budgets; increased export scrutiny of sales in EMEA.
16. Filling our in-person classroom training

17. Economy and travel restrictions
18. Keeping up with demand for classes; Keeping up with product changes and additional add-on products
19. Sequester with government accounts; Lack of proper LMS.
20. Fewer new customers from software sales; Continued acquisition-related challenges
21. Resources to meet demand; Keeping up with rapid product changes
22. Filling Public Classes; Internal Systems and Tools
23. Attach rates; More consulting doing knowledge transfer instead of formal training
24. Attaching training to end product revenue
25. Not enough man power to create new advanced courses; Increasing demand for remote training has led to remote regions training teams operating independently, causing a lack of consistency and decentralized processes.
26. Driving asynchronous eLearning registrations
27. Dealing with closure of East coast training center and lost of remaining staff due to people leaving the company or department for other jobs.
28. Shrinking product business; limited customer budgets
29. Lack of resources; HR slow to move on hiring
30. Training that is needed is greater than available development resources; Assigned a lot of side-projects
31. Lack of infrastructure; newly hired instructors not up to speed
32. Demand on resources to meet delivery requests of customer; and to provide sufficient time for course development.

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

1. Although our revenue is at record levels, margins are squeezed due to higher costs (especially travel), and it's much more difficult to sell on-site or one-customer courses this year due to customer budget constraints.
2. ILT (private and open enrollment) business remains strong but market appetite for small 'nuggets of training' continues to grow.
3. We are seeing a big shift from Face-to-Face to Distant Learning space. Adoption is growing in South America and we are beginning to see signs in Europe. APAC is still not there.
4. We are seeing good increases across the board; demand seems to be strong.
5. SaaS model for software companies will have an impact on the way we train and charge going forward.
6. Definitely believe that companies are struggling with how to address the SaaS market place from a training standpoint - no longer one size fits all, but rather multiple sizes must address many.
7. It is a soft quarter for the IT quarters. Training organizations are looking for alternative ways to deliver and sell their training like using mobile/rapid delivery methods.