



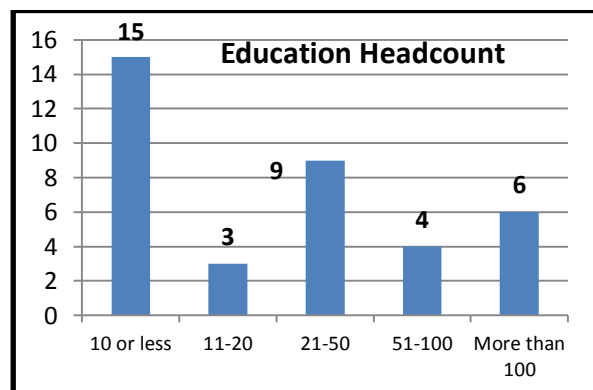
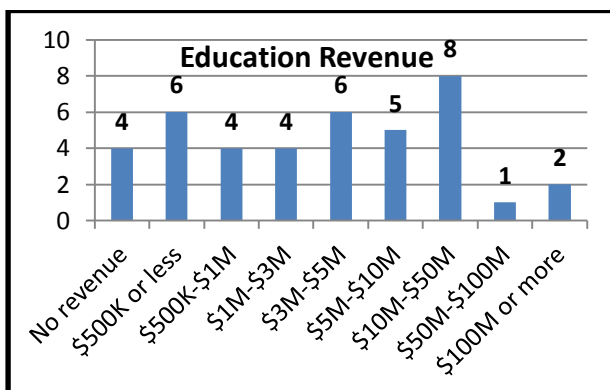
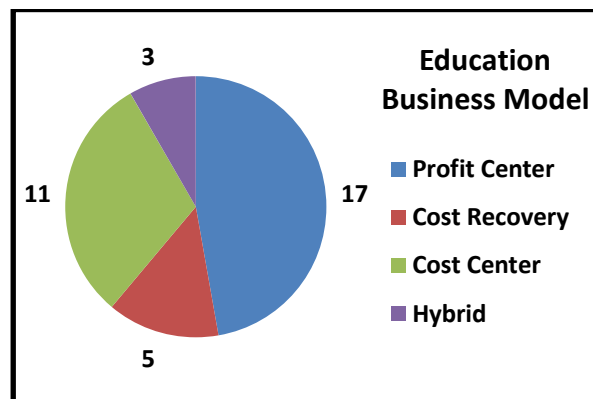
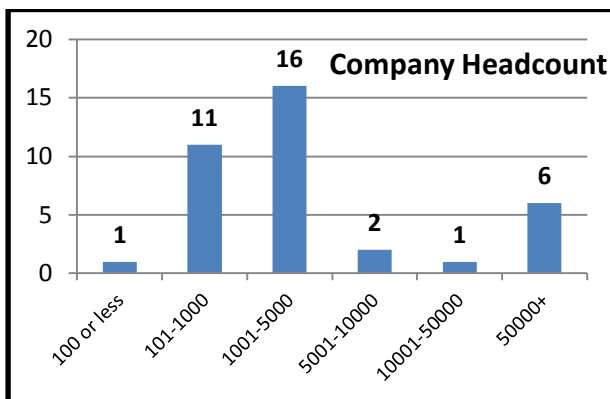
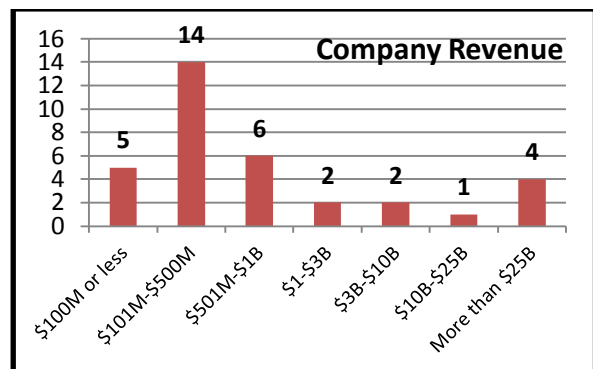
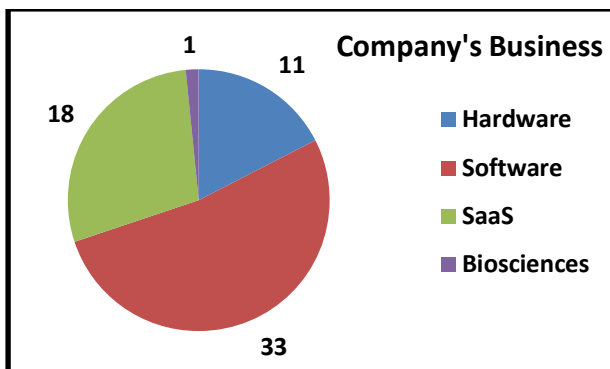
CEdMA Training Market Barometer

3rd Quarter 2013 actual and forecast for 4th Quarter 2013

Introduction

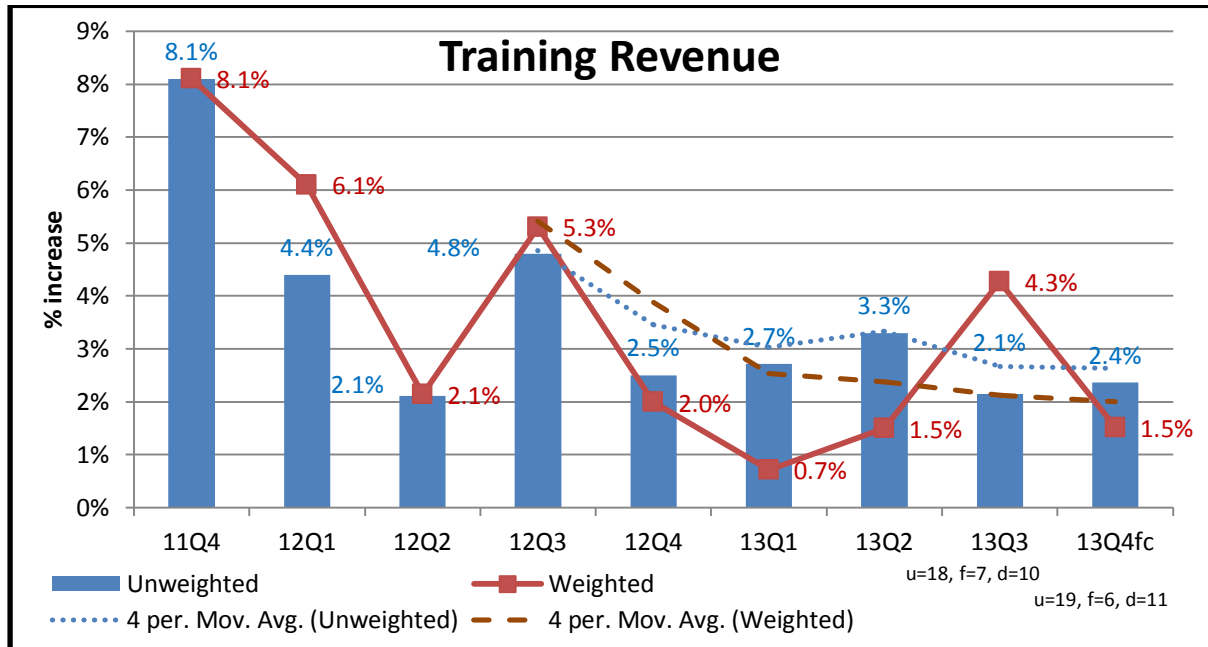
This report is compiled by CEdMA for its members about their Education businesses. It is based around a series of absolute growth or decline percentages in the range +/- 12.5%. Revenue and volumes refer to training services delivered in the quarter and not future bookings. Members were asked to indicate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

There were 35 responses for global and only 5 for North America so the 40 profiles are as follows:

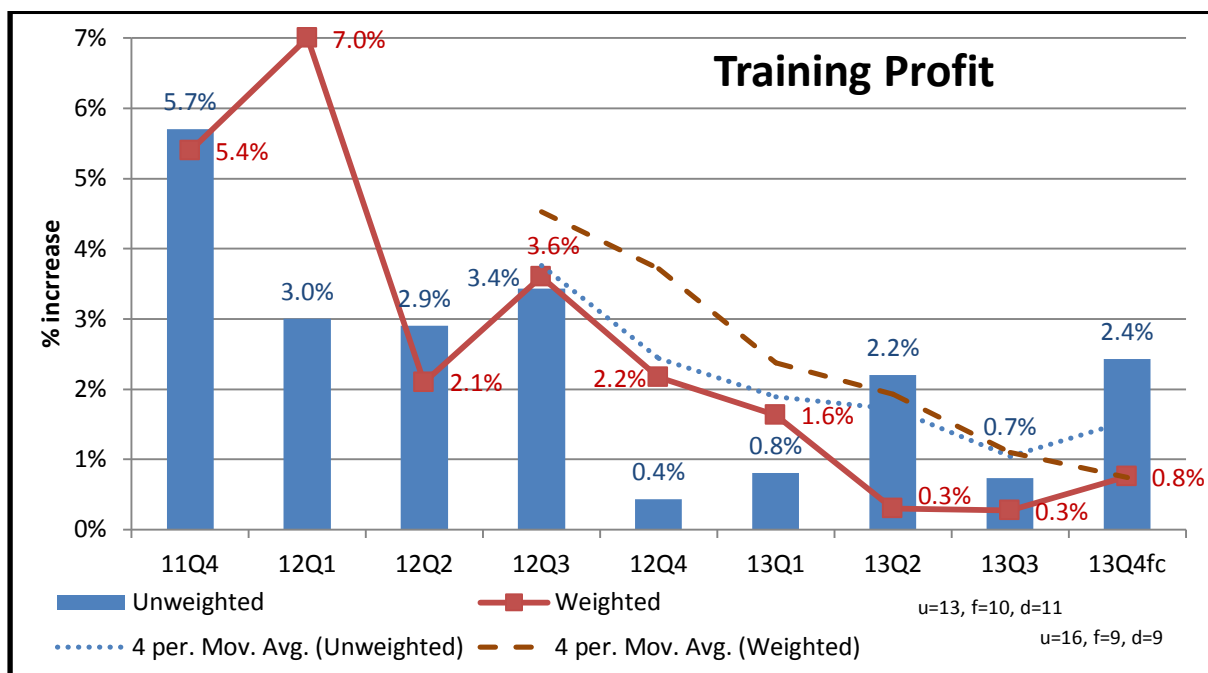


The unweighted average is the average of all responses whereas the weighted average uses the size of the company taking the relevant education revenue multiplied by the growth/decline rate, so larger companies have a bigger impact. The charts also indicate the number of members who show for their business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

Revenue and Profit



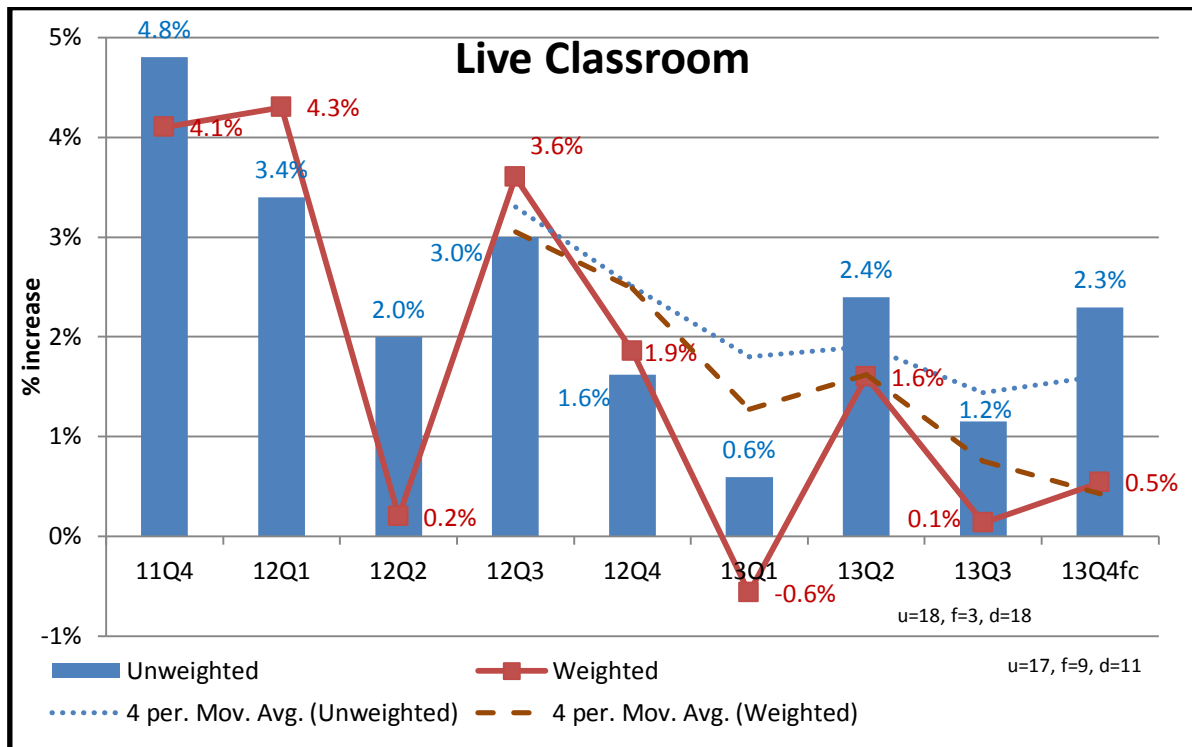
The unweighted total training revenue increase was 2.1% against a forecast in the last report of 2.2%. The weighted total training revenue increase of 4.3% against 0.9% forecast. The 4-period moving average is currently showing a 2.6% increase for unweighted and 2.1% increase for weighted, down from 4.8%/5.3% from 12 months ago, but levelling out and still increasing.



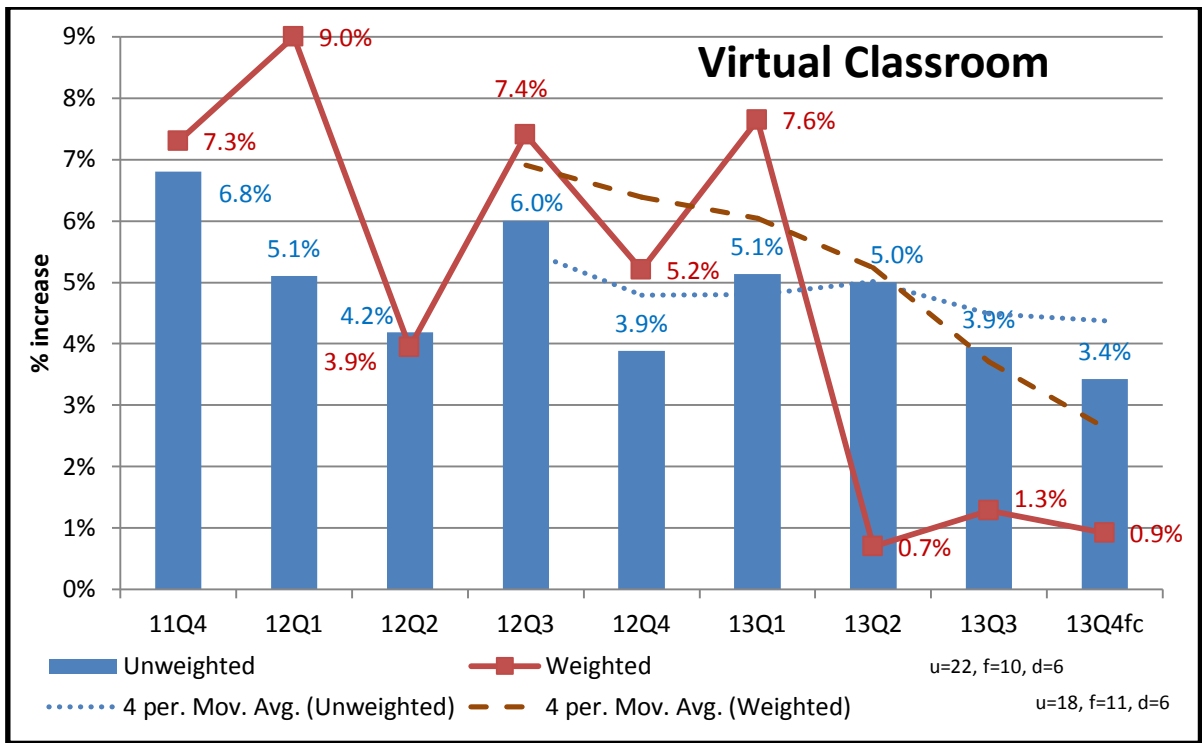
Training profit in 13Q3, both unweighted and weighted, was similar to the forecast in 13Q2 (0.7% and 0.3% higher against 0.8% and 0.3%). The 13Q4 forecasts are 2.4% and 0.8% for unweighted and weighted, respectively. The training profit four-period trendlines currently show a 1.0% increase for both unweighted and weighted, down from 3.6% and 4.6% 12 months ago, so trending to flat.

Activities (Customer and Partner Training)

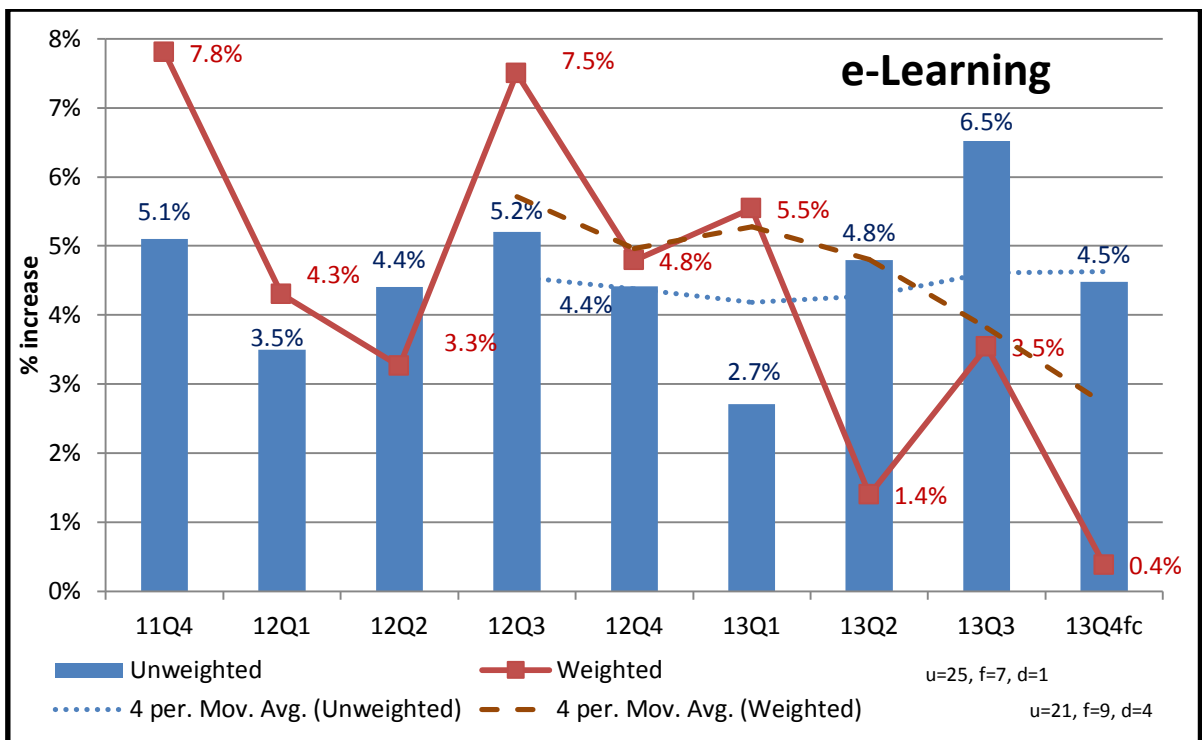
Live classroom volume is still increasing but the rate is slowing down slightly over the period. The 13Q1 dip seems to have been corrected. The 4-period moving average currently shows a 1.5% increase for unweighted but 0.8% increase for weighted, down by about a half in 12 months.



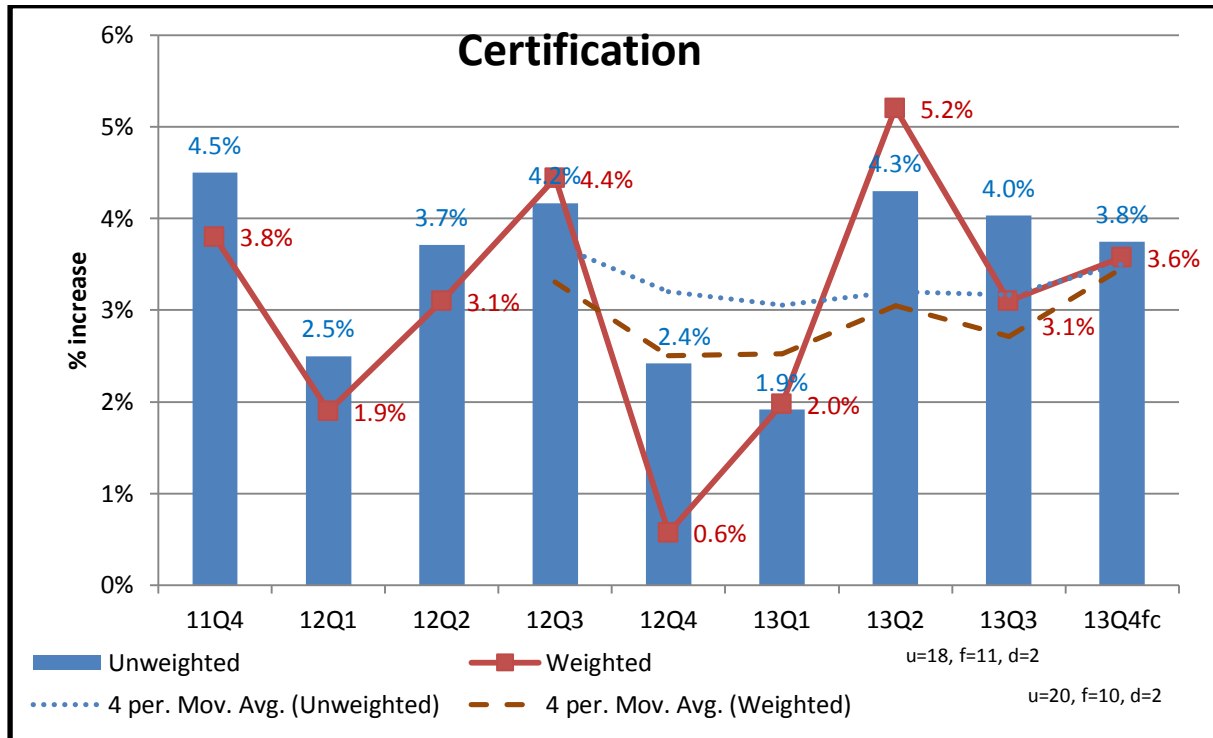
Virtual classroom on the other hand is growing faster, but since 13Q2, less for the larger companies who potentially jumped on board much earlier. The unweighted virtual classroom volume increase was 3.9% against a forecast in the last report of 4.7%. The weighted virtual classroom volume increase was only 1.3% against 3.7% forecast. The 13Q4 forecasts of 3.4% unweighted and 0.9% weighted are very similar to 13Q3 actuals. The 4-period moving average currently shows a 4.5% increase for unweighted and 2.7% increase for weighted, just decreasing for unweighted but down to less than half for weighted. Live and virtual classroom data underline the expected trend to virtualize more training to save travel expenses and allow better resource utilization.



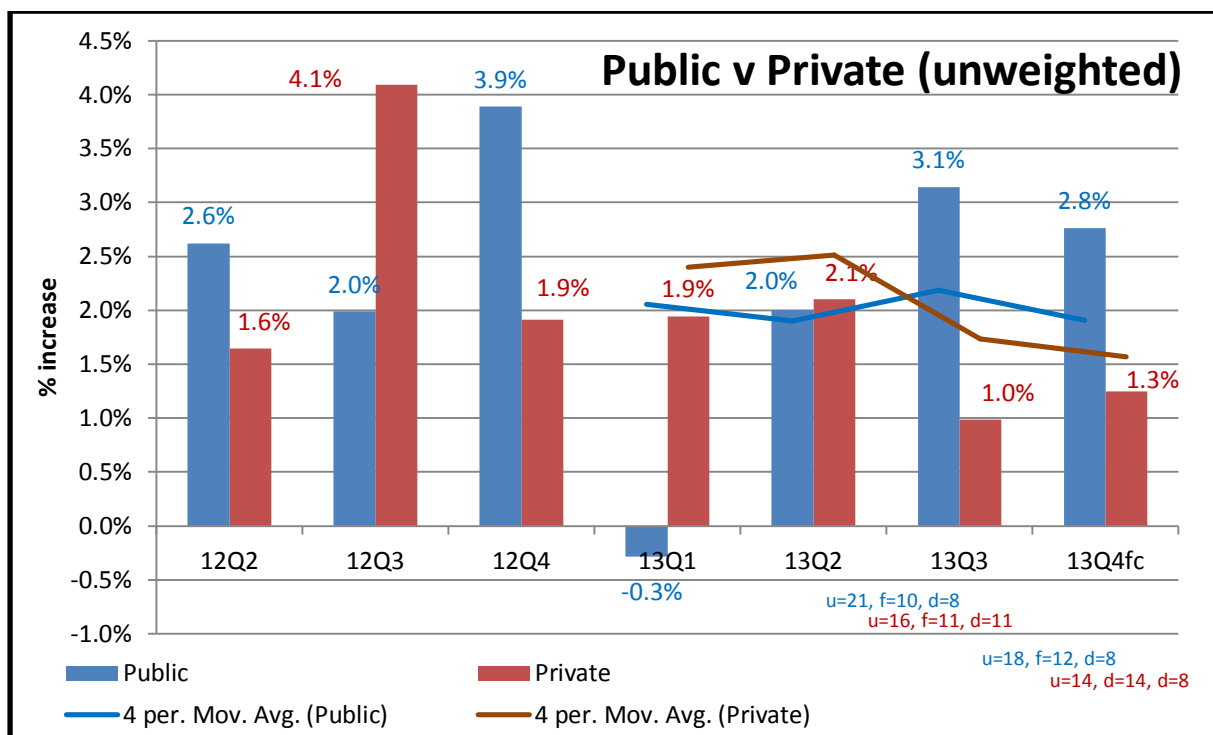
The unweighted e-Learning volume increase was 6.5% against a forecast in the last report of 3.8%. The weighted e-Learning volume increase was only 3.5% against 2.4% forecast, showing a similar pattern to virtual classroom volume increases, less for larger companies since 13Q2. In general, the growth over the total period is about the same as virtual classroom. The 4-period moving average currently shows a 4.6% increase for unweighted and 3.7% increase for weighted, flat for unweighted but down by about 30% in 12 months for weighted.



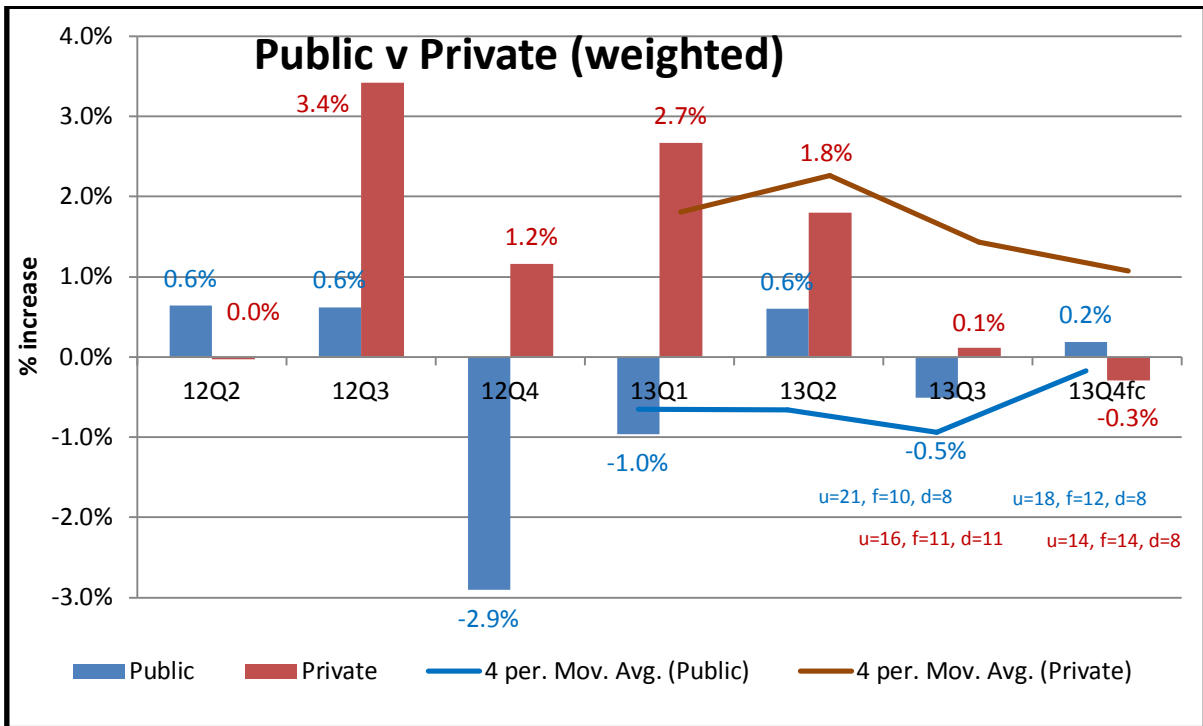
The unweighted certification volume increase was 4.0% against a forecast in the last report of 3.8%. The weighted certification volume increase, however, was 3.1% against 4.0% forecast. Maybe, it's back to normal after smaller increases in 12Q4 and 13Q1. The 4-period moving average currently shows a 3.1% increase for unweighted and 2.8% increase for weighted, a smaller increase of less than 10% for both over 12 months.



We now include questions on public classes and private classes. After a “blip” in 13Q1, both have increased in 13Q3, unusually by 3.1% public but only by 1.0% private.

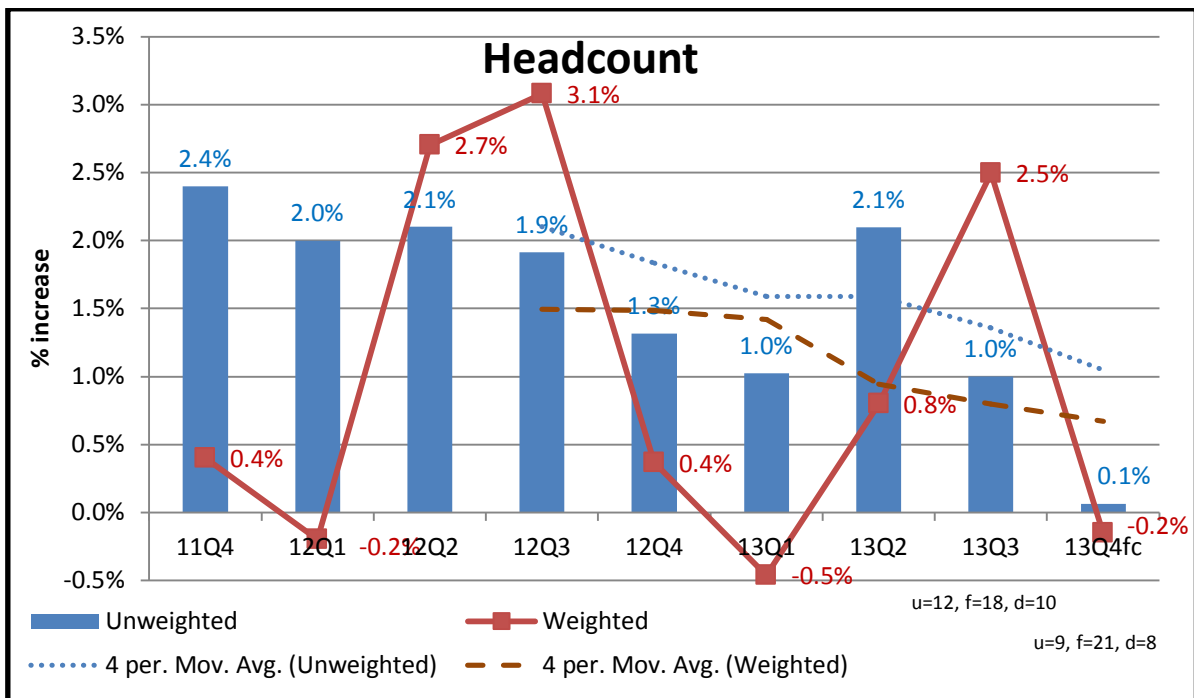


When weighting is taken into account, the changes are more dramatic. The 4-period moving average currently shows a 0.1% increase for private but 0.5% decrease for public. So, larger companies are hurting with public courses.

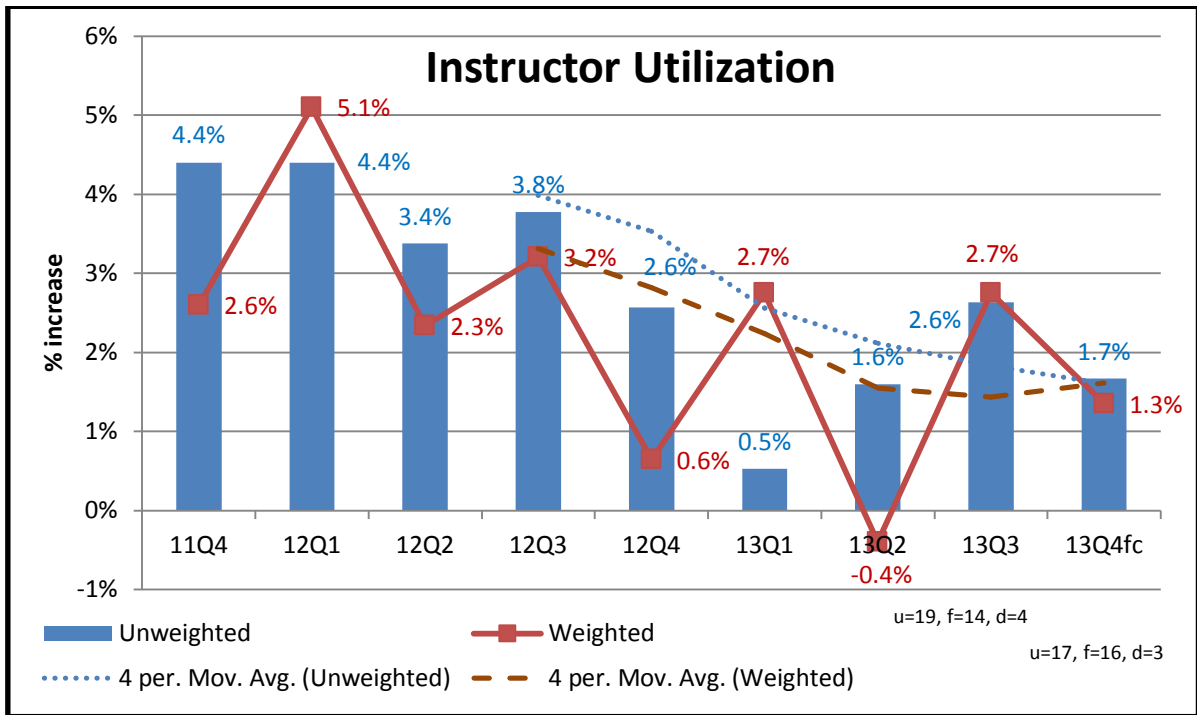


Team

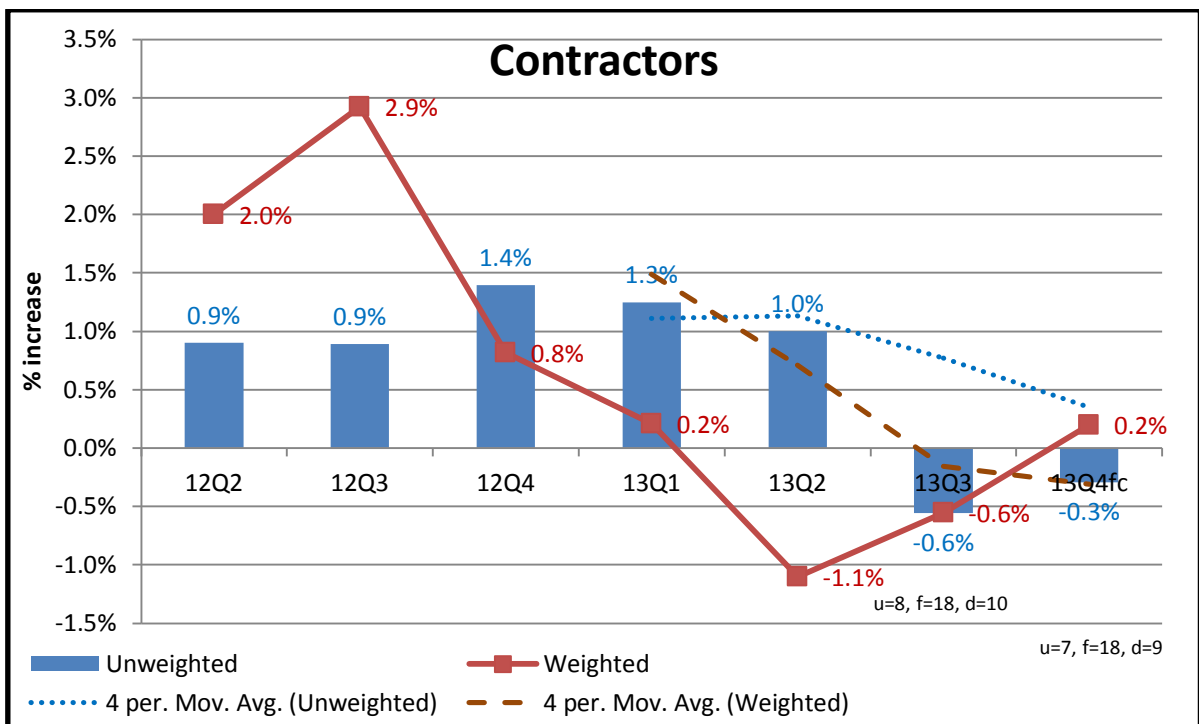
Unweighted headcount has largely remained constant over six quarters, with the weighted numbers showing more erratically. The 4-period moving average currently shows a 1.4% increase for unweighted but only 0.8% for weighted, about half that of a year ago.



Maybe as a result of the small increase in hiring, the instructor utilization increases are smaller over time. The 4-period moving average currently shows a 1.8% increase for unweighted but a 1.5% increase for weighted, with both down just over a half from 12 months ago.



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, but the trendlines show that both are now about flat.



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

1. Merchant/User training
2. Virtual training in EMEA
3. Introduction of new products and services
4. eLearning content
5. Bespoke onsite training in single-sign on technologies
6. Technical configuration of Specialist Products
7. Virtual and e-learning
8. Basic product installation, configuration, management
9. Fundamentals
10. Instructor Led Online training continues to be the leading LOB.
11. HANA, Mobility
12. API
13. Web content management system
14. Data Center; Service Provider; Collaboration; Security
15. Customer skills
16. Subscription Revenue
17. Cloud Technologies and Data Analytics
18. Public Training
19. Specialized, advanced
20. Partner certifications in product technology
21. Linux, Eclipse
22. Virtual classroom enrollments
23. Core eLearning
24. Larger increases in public virtual administrative courses; Education consulting for custom Job Aids
25. Onsite Training for End Users
26. Self-paced eLearning
27. SDN, IPv6, Ethernet fabrics, Troubleshooting
28. Self-study training, public class fill rates
29. ECommerce/Reporting
30. New product training
31. Virtual Instructor Led Classes - 4 months ago we have none, to date we have delivered 4 with 2 more scheduled for early Q1.
32. Certification; Virtual Classroom
33. Revenue - raised prices and introduced new product revenues for all products
34. More requests for more specific end user training; more advanced

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

1. Technical training
2. Classroom based training in EMEA and Private training in AMER
3. Legacy products
4. Public training
5. Directory Server training
6. Mainstream end user classes
7. Private onsites

8. Troubleshooting
9. Developer
10. ELearning is significantly down Y-O-Y due to changes in strategy & direction.
11. Core ERP
12. B2B
13. Targeting
14. Scheduled Course Revenue
15. End of life products
16. Private Training
17. General
18. Implementation
19. Simulation
20. Instructor-led training
21. Public advanced training
22. Decreases in direct private classes; Asynchronous elearning
23. We have not seen a decrease at all...we are in growth mode.
24. Dedicated classes
25. L4-7
26. Private onsite customer training (primarily in Europe)
27. Year End
28. Basic classes
29. Public Classroom
30. Public classes - we have one site in OH and we are closing it down and going to VILTS

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

1. Marketing support for Campaigns
2. New LMS rollout, system issues; Dip in license sales affecting training pipeline/backlog.
3. Acquiring adequate data in advance of need, to support training needs for new customers; Greater than anticipated demand, causing us to increase size of classes beyond our typical limits
4. Small number of new customers
5. Being asked to develop course materials as part of a larger corporate deal without revenue flowing back into the training P&L; Being pressured to increase training quality whilst having no additional headcount
6. Lack of Admin resources to process registrations and generate quotes
7. Wrestling with cost-center vs break-even business models; Developing a training strategy with a technology alliance partner
8. Internal system development progress, and delays in process improvement/cost reductions; instructor challenges - age, health – and direct ILT delivery impact
9. We had quite a few course cancellations due to poor sales in some regions. Other challenges have been around time to market with our offerings and with keeping pace with the rapid innovation going on at SAP.
10. Lack of sales mindshare
11. Driving Bookings; Over-capacity with FTEs
12. Gross Margins; Keeping up with new products
13. Localization and Regionalization of content; Measuring content quality
14. Our single greatest challenge at this stage is working with the users to help them fully understand and utilize the value of our training subscription and the associated (built-in) services that we can provide.
15. eLearning fulfillment costs, availability of skilled development resources

16. Competition with free training offered by other non-profit center organizations in our company; Customers wanting to do more internal training
17. Sales not closing/pipeline trouble; Balancing need to develop new content with limited resources and low pipeline
18. Increasing enrollments in ILT classes
19. Reduced training budget and reduced staff
20. Budget cuts in aerospace and defense; General customer reluctance to spend on employee training.
21. Training demand increase not matching resources available from a development and delivery aspect; New product introductions and lack of resources to help with training development and delivery
22. Public attendance; EMEA attendance
23. On-going changes to pricing and programs from umbrella organization; Large volume of new hire sales people challenged selling processes and knowledge
24. Creating a base of curriculum using no additional headcount and using Instructors as SME's; Managing Instructor's utilization with being SME's for new content.
25. Reps don't sell training! Finance doesn't recognize bundled training as training revenue.
26. Change to an ATP business model in the Americas; losing the instructors, reorganization
27. Selling extended training courses to European customers and implementing hybrid learning options
28. Managing Growth
29. Customer commitment to take time to train
30. Not enough resources - specifically course development has been interrupted by many last minute onsite/private deliveries; Sales discounting training to free
31. Declining product revenue; Reduced headcounts and delivery bandwidth
32. Acquisitions are resulting in more products to cover, but no additional headcount. Getting the Authorized Training Partner program off the ground has been a challenge.
33. Getting LMS online
34. Hiring skilled staff in subject area and time to invest in new course programs

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

1. There is a big move towards live virtual classes but only at a discounted price point.
2. Definitely quieter than last year, both in Europe and US
3. Seems to be rebounding with the economy
4. There seems to be a huge groundswell with learning on demand and learning in collaborative/social ways. We are constantly impressed with the growing level of sophistication of the IT learning consumer and what they require/demand. The challenge comes with trying to get right offering built in such a way that it is scalable and flexible enough to meet expectations.
5. There's clearly budget and demand for training in the IT security sector.
6. EMEA customers are becoming more comfortable with online training. Customers overall are more receptive to paying for customized training programs, to reduce costs per employee.
7. Overall companies are slowing down purchasing and wanting to negotiate much more and into much more detailed items. This is delaying sales cycles and causing lower deal sizes.
8. We need more elearning classes and onsite trainings to ensure driving adoption.
9. I'm not sure if the decrease in my classes is due to the migration over to the Online Learning Portal, so I am interested to hear from other companies.
10. Certification is as healthy as ever, SAN is re-surgng, ILT demand seems to be increasing, Federal has loosened
11. There still seems to be a steady increase for the demand of eLearning and Mobile learning.