

E-Learning Market Update (Jan 08)

This month we take a look at Ambient's new e-learning market report. Overall they predict growth of 22% in the e-learning market and some great opportunities for nimble suppliers. If you are an enterprise installed LMS provider or software tools vendor though you may want to look away now.

The Ambient report claims to be the most detailed analysis of the US e-Learning market ever published.

The headline is that the current industry is growing by 22% with new buyers demanding new types of products.

Ambient states that "this complexity is making it difficult for entrenched enterprise-facing suppliers (with rigid business models and legacy products) to meet the needs of the new buyers. This complexity also creates new revenue opportunities for nimble suppliers able to adapt to the needs of the new buyer demographics."

We have picked out some of the key highlights from the report.

Non-IT packaged content

The largest revenue opportunity for suppliers throughout the forecast period is the demand for non-IT packaged content. The demand for non-IT content in the academic segments is driving the growth of packaged content products. The demand for Non-IT Content products is growing by 21.9%.

Custom e-learning content services

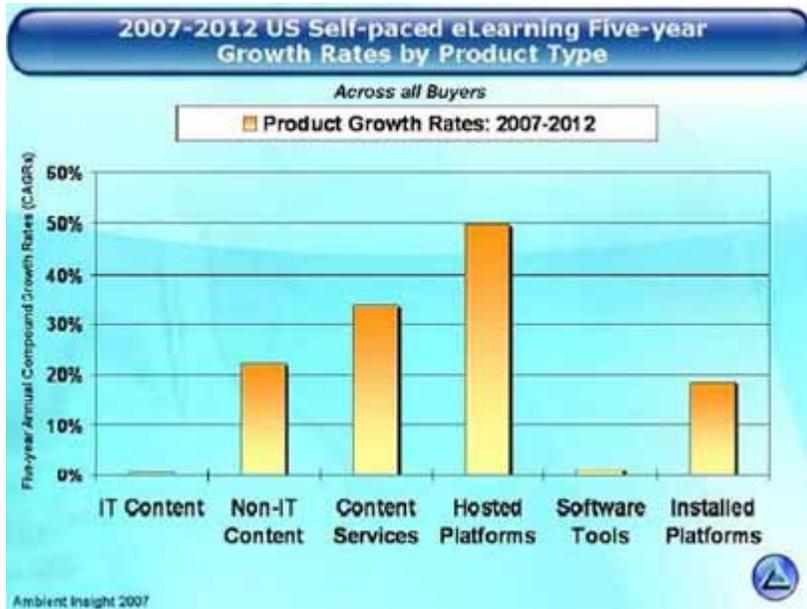
The second largest revenue opportunity will be for custom content services followed by a renewed demand for installed platforms in specific segments. Custom content services are growing by 33.5%.

Hosting services

Hosting services are the fastest growing product category and are growing at 49.7%. Learning platform hosting services is the fastest growing Self-paced eLearning product in the US market. The demand is particularly strong in the small and medium business (SMB) segments.

LMS & Tools

It is not all good news however, Ambient also found "the largest drop in revenue growth is in the demand for software tools and installed learning management systems in the enterprise corporate market. The revenue growth is declining by -5.8% in the enterprise. This is not due to lack of demand but rather due to the sharp drop in product prices caused by commoditization pressures."



E-learning market trends

Ambient highlight some interesting trends namely:

- The uptake of new learning appliances pre-stocked with content and the proliferation of open source course management systems (CMS).
- The emergence of a new breed of supplier offering low cost plug-and-play LMS systems pre-installed on small storage servers (appliances) and increasingly these products include integrated content.
- Custom content services are the second highest revenue category after packaged content with demand particularly strong in certain segments such as the non-enterprise corporate segments and in federal government agencies. By 2012, spending on custom services will eclipse the expenditures on tools and installed learning platforms.
- New suppliers are emerging that serve specific buying segments and corporate verticals.