

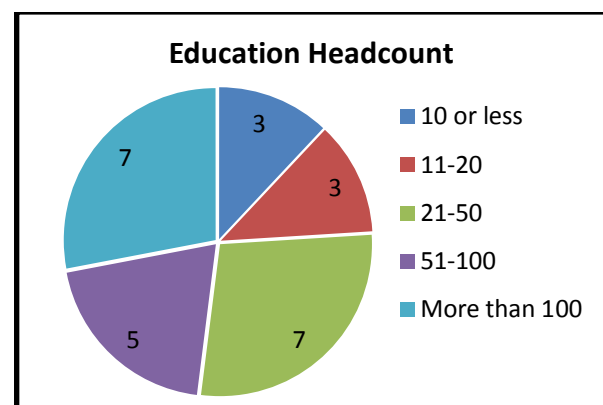
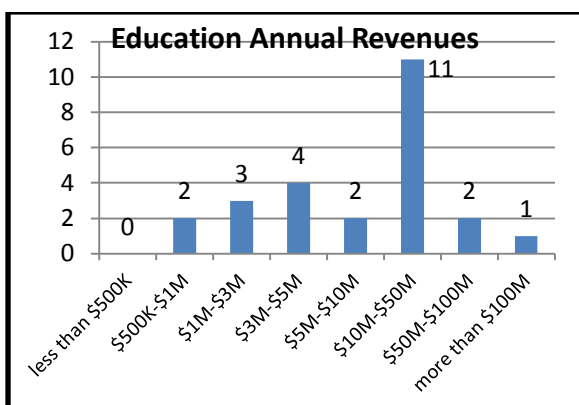
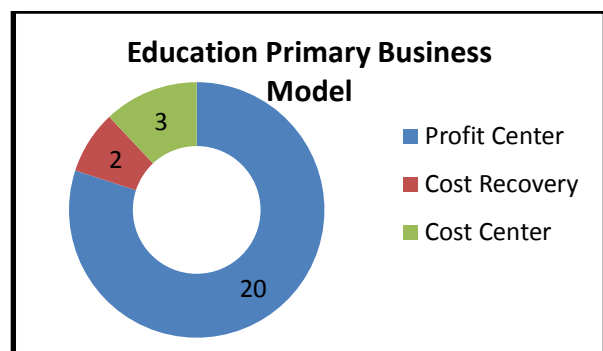
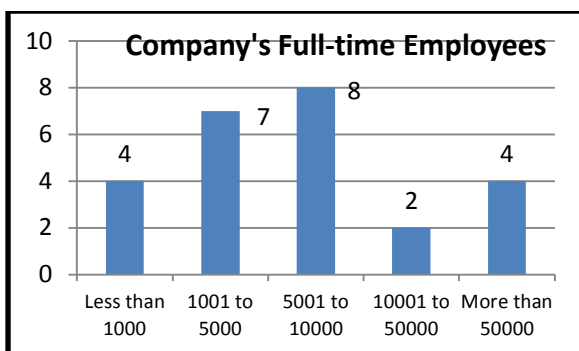
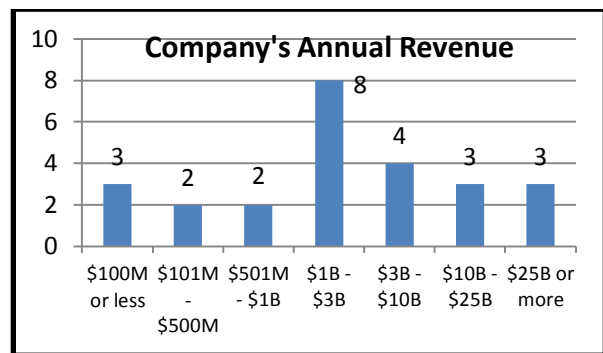
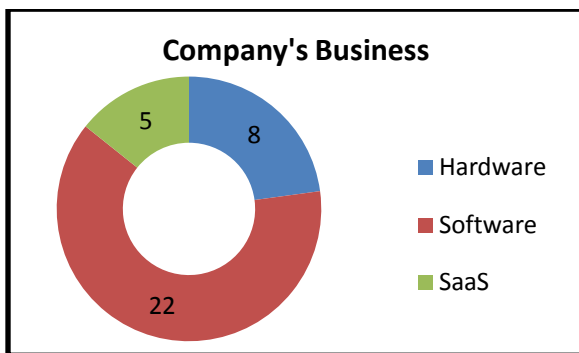
CEdMA Europe Market Barometer

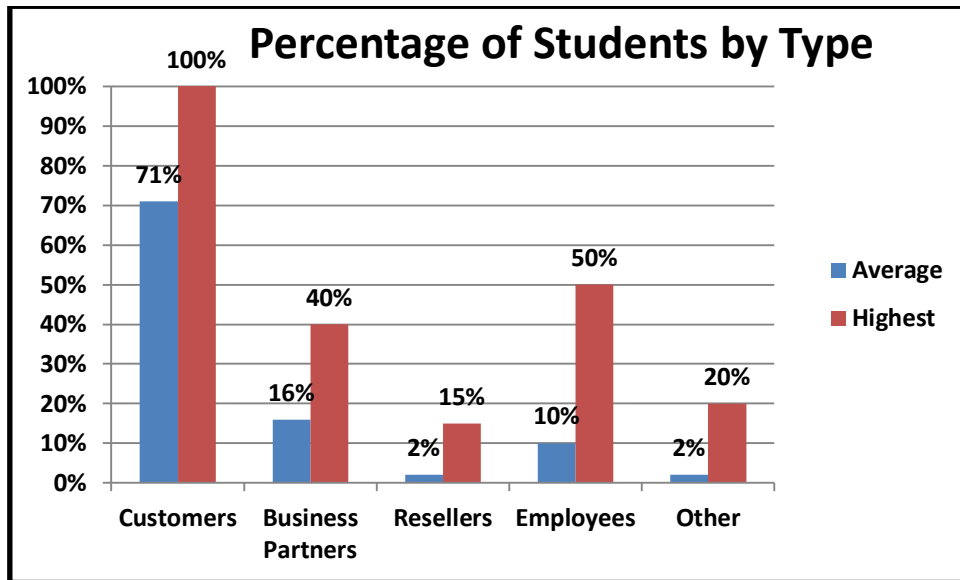
2nd Quarter 2012 and forecast for 3rd Quarter 2012

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 12Q2 actuals and 12Q3 forecast is based on input from 25 companies, whose profiles are as follows:



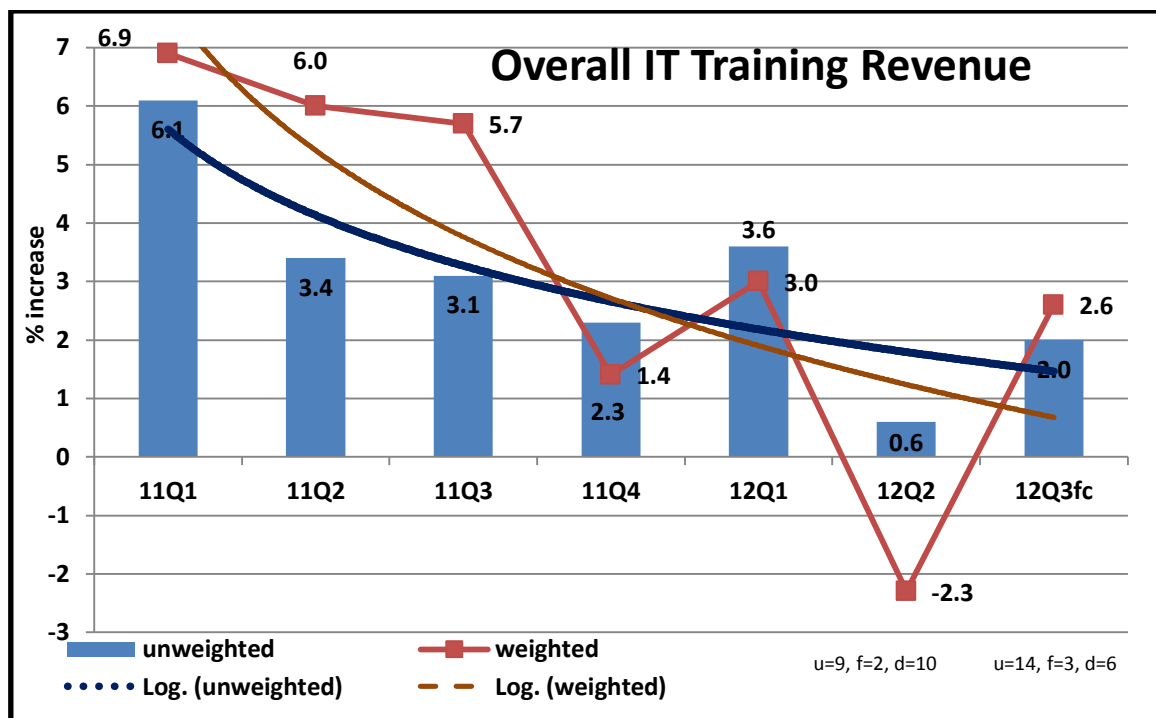


Training Revenue

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	12Q3fc
unweighted	6.1%	3.4%	3.1%	2.3%	3.6%	0.6%	2.0%
weighted	6.9%	6.0%	5.7%	1.4%	3.0%	(2.3%)	2.6%

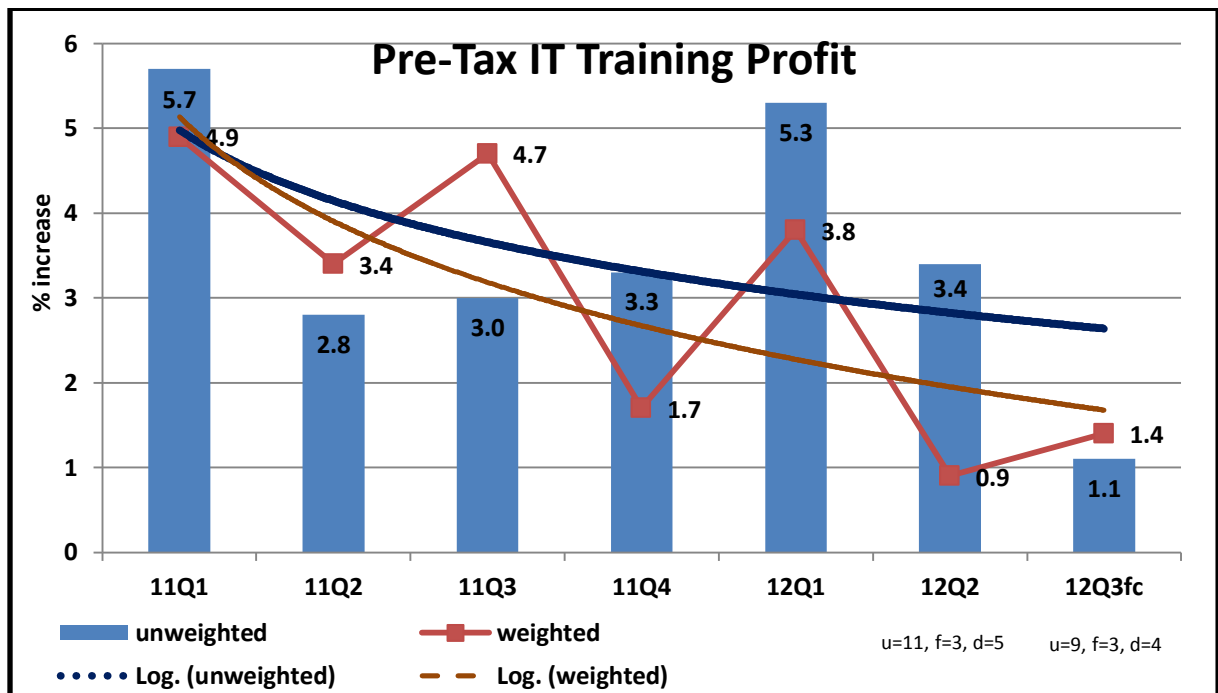
The unweighted total training revenue grew 0.6% in 12Q2 against a forecast in the last report of 3.5%. It was even worse when considering the weighted numbers, with a fall of 2.3% against a forecast of 6.2% increase last time. But the forecasts for 12Q3 show improvement. We now have enough history to apply logarithmic moving averages. These show a steady fall in the revenue increase, and even steeper when size of company is taken into account.



Training Profit

Pre-Tax IT Training Profit	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3fc
unweighted	5.7%	2.8%	3.0%	3.3%	5.3%	3.4%	1.1%
weighted	4.9%	3.4%	4.7%	1.7%	3.8%	0.9%	1.4%

The unweighted total training profit grew 3.4% in 12Q2 close to the forecast in the last report of 3.1%. However, it was worse with the weighted numbers, with an increase of only 0.9% against a forecast of 5.8% increase last time. The forecasts for 12Q3 are for a small increase. The moving averages for profit also show a steady decline in the size of increases, marginally steeper for the larger companies.

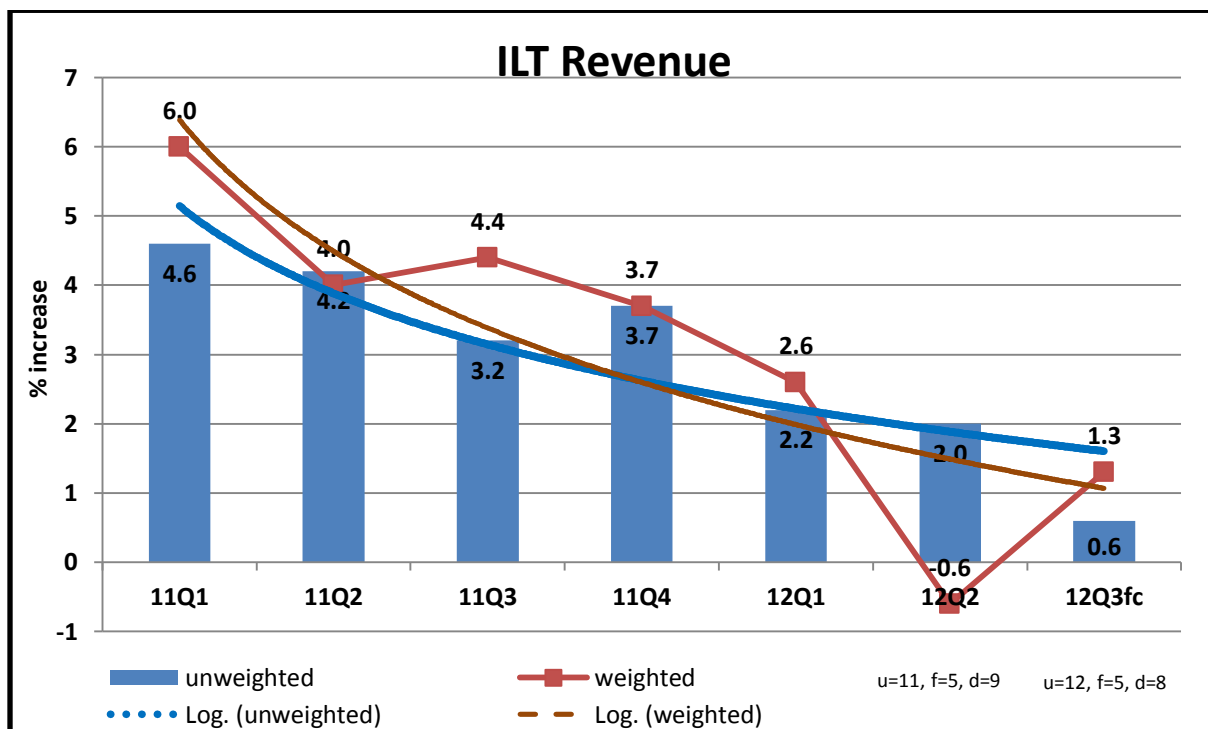


Instructor-led Training

The public (scheduled) business increases are declining slowly, whereas the private (one-customer) revenues are holding on to their increases quarter by quarter.

Categories	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3fc
End-user	1.1%	4.9%	1.8%	1.0%	1.3%	(0.4%)	
Technical	4.5%	3.9%	3.1%	4.4%	3.2%	1.3%	
Personal, Professional and Business Skills	0.9%	0.6%	0.5%	0.8%	1.6%	1.9%	
Public (scheduled)	3.4%	3.6%	2.5%	3.2%	2.2%	0.7%	
Onsite (one-customer)	3.9%	3.5%	2.5%	3.2%	2.6%	3.8%	
Total ILT Revenue – unweighted	4.6%	4.2%	3.2%	3.7%	2.2%	2.0%	0.6%
Total ILT Revenue - weighted	6.0%	4.0%	4.4%	3.7%	2.6%	(0.6%)	1.3%

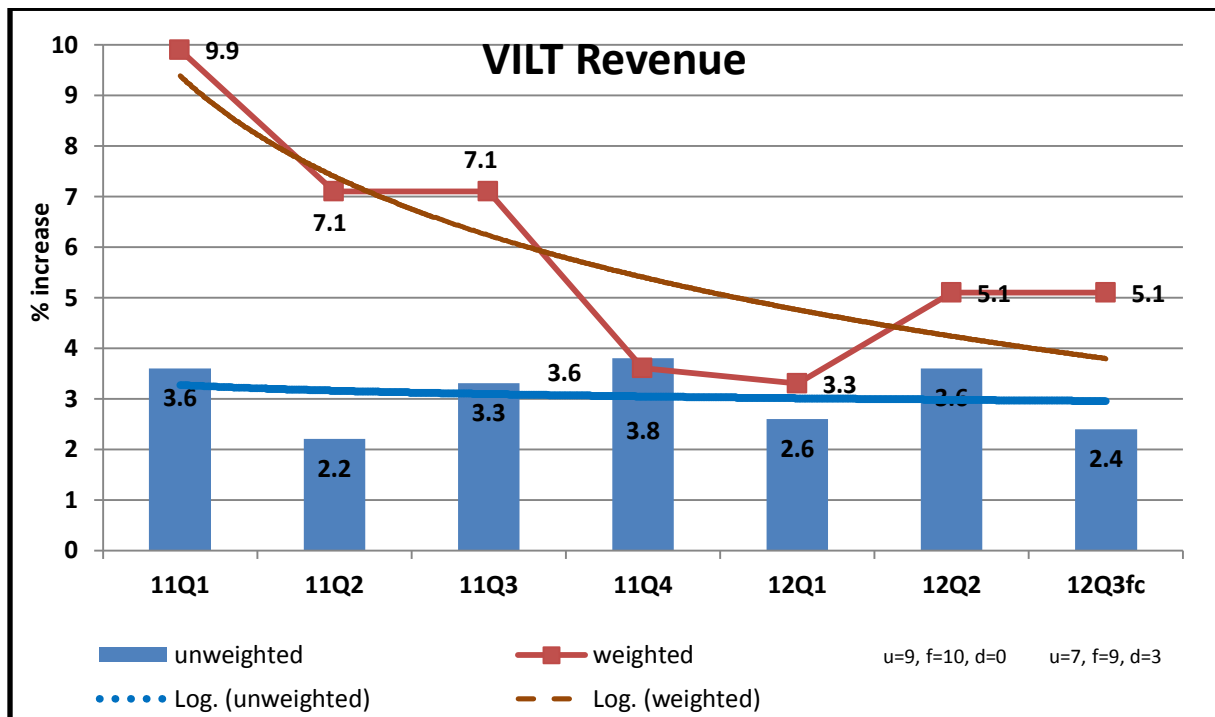
This chart below clearly shows that ILT revenue has been the main cause of lower overall training revenue. While the unweighted 12Q2 increase of 2.0% is just over half of that predicted in the last report (3.8%), the weighted number is a decrease of 0.6% against a forecast increase of 4.3%, misery for the larger companies. The forecasts for 12Q3 show a small increase. The moving averages show a steady decline in increases with not much in it between the unweighted and weighted lines.



Virtual Instructor-led Training

Categories	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3fc
End-user	1.7%	0.6%	2.0%	1.3%	3.9%	3.3%	
Technical	2.1%	2.5%	2.5%	4.8%	2.4%	3.6%	
Personal, Professional and Business Skills	0.4%	(0.2%)	(0.1%)	0.5%	0.0%	0.0%	
Public (scheduled)	3.2%	2.8%	1.3%	3.5%	0.7%	3.6%	
Onsite (one-customer)	1.7%	2.6%	1.5%	0.3%	1.0%	1.7%	
Total VILT Revenue – unweighted	3.6%	2.2%	3.3%	3.8%	2.6%	3.6%	2.4%
Total VILT Revenue - weighted	9.9%	7.1%	7.1%	3.6%	3.3%	5.1%	5.1%

On the other hand, VILT is still buoyant. The unweighted increase of 3.6% exceeded the 2.5% forecast in the last report. The weighted increase of 5.1%, however, was short of the 6.4% forecast. The forecasts for 12Q3 suggest a steady increase. The moving average for the unweighted line is almost constant at around a 3% increase. However, the weighted line shows lower increases over time, perhaps reflecting that the larger companies were using VILT earlier and hence more successful. Note that 24% of responders are not yet using VILT (6 out of 25 in total).



Learning Technologies Revenue

Generic Content includes generic courseware, templates, and models.

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

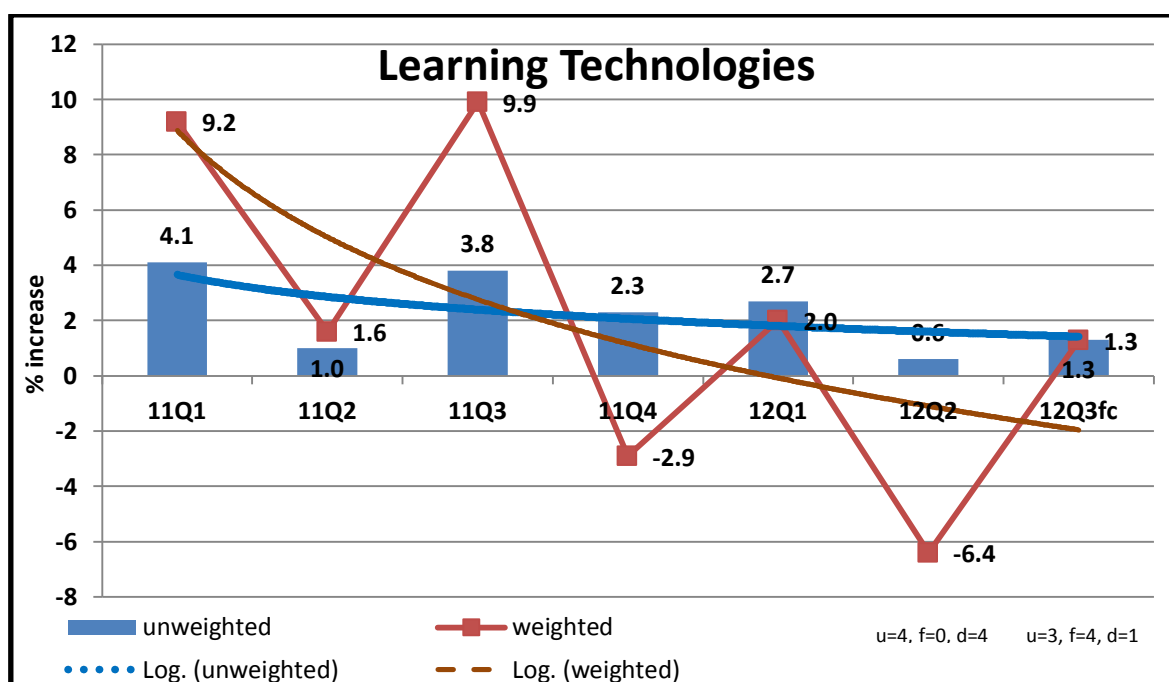
Infrastructure includes LMS/ LCMS/CLS, enterprise content management, performance management, competence management, e-skills portfolio management, social networks

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.

Categories	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3fc
Generic Content	4.9%	2.1%	2.6%	1.7%	1.5%	2.5%	
Tools	1.6%	3.1%	3.5%	(1.3%)	1.8%	(1.5%)	
Infrastructure	1.0%	1.3%	3.1%	2.5%	1.5%	0.8%	
Development	1.8%	1.9%	1.9%	2.5%	2.5%	(0.6%)	
Consultancy	3.0%	1.1%	2.7%	4.5%	5.0%	(0.5%)	
Total Learning Technologies – unweighted	4.1%	1.0%	3.8%	2.3%	2.7%	0.6%	1.3%
Total Learning Technologies – weighted	9.2%	1.6%	9.9%	(2.9%)	2.0%	(6.4%)	1.3%

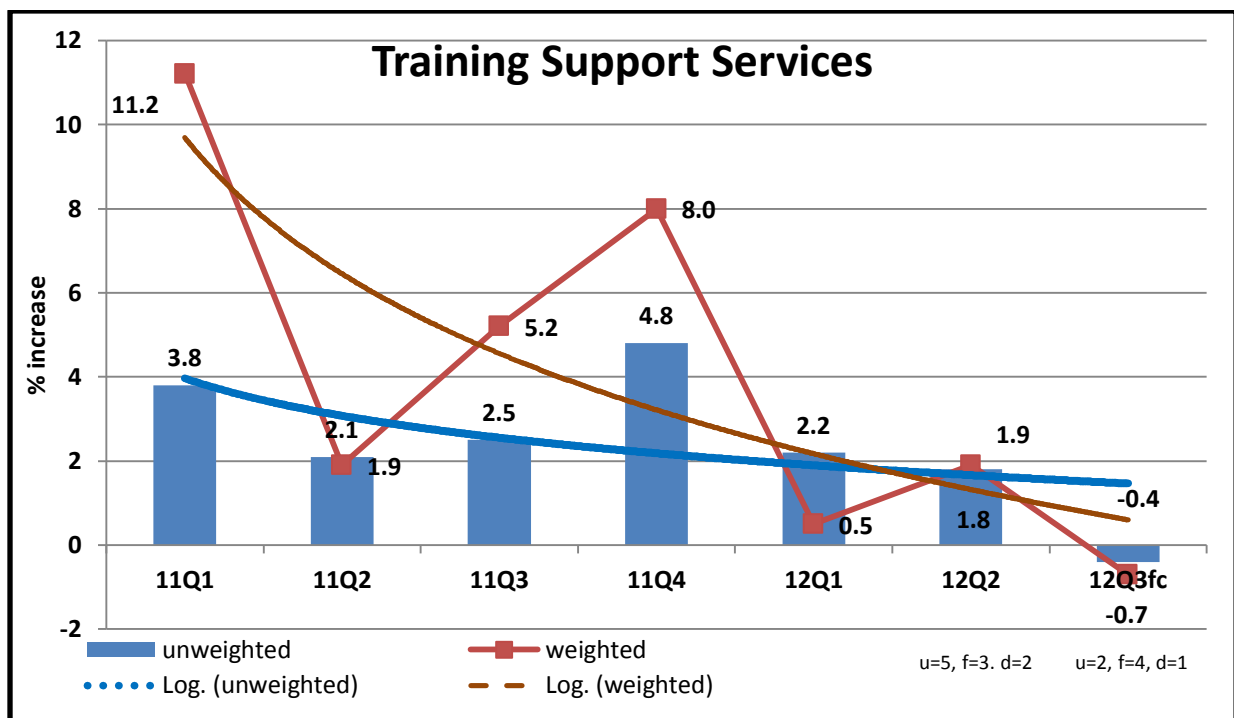
There are only eight companies reporting activity in this area and so the quarterly figures may be affected a lot by single company input. For example, the forecasts in the last report were 3.5% and 5.5% increases for unweighted and weighted, respectively. But, the results for 12Q2 are 0.6% and -6.4%. However, the forecast for 12Q3 is a small increase of 1.3%. Also note that the generic content increase has always been positive with an average of 2.6%. The moving average clearly shows that the larger companies are having the greater adverse effect over time.



Training Support Services

Categories	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3fc
Outsourcing/Managed Training Services	1.0%	3.0%	1.7%	5.0%	0.4%	2.1%	
TNA and pre-training consultancy	4.8%	0.3%	1.6%	4.1%	4.3%	1.9%	
Evaluation and post-training consultancy	1.8%	0%	2.0%	3.3%	1.5%	1.6%	
Total - unweighted	3.8%	2.1%	2.5%	4.8%	2.2%	1.8%	(0.4%)
Total - weighted	11.2%	1.9%	5.2%	8.0%	0.5%	1.9%	(0.7%)

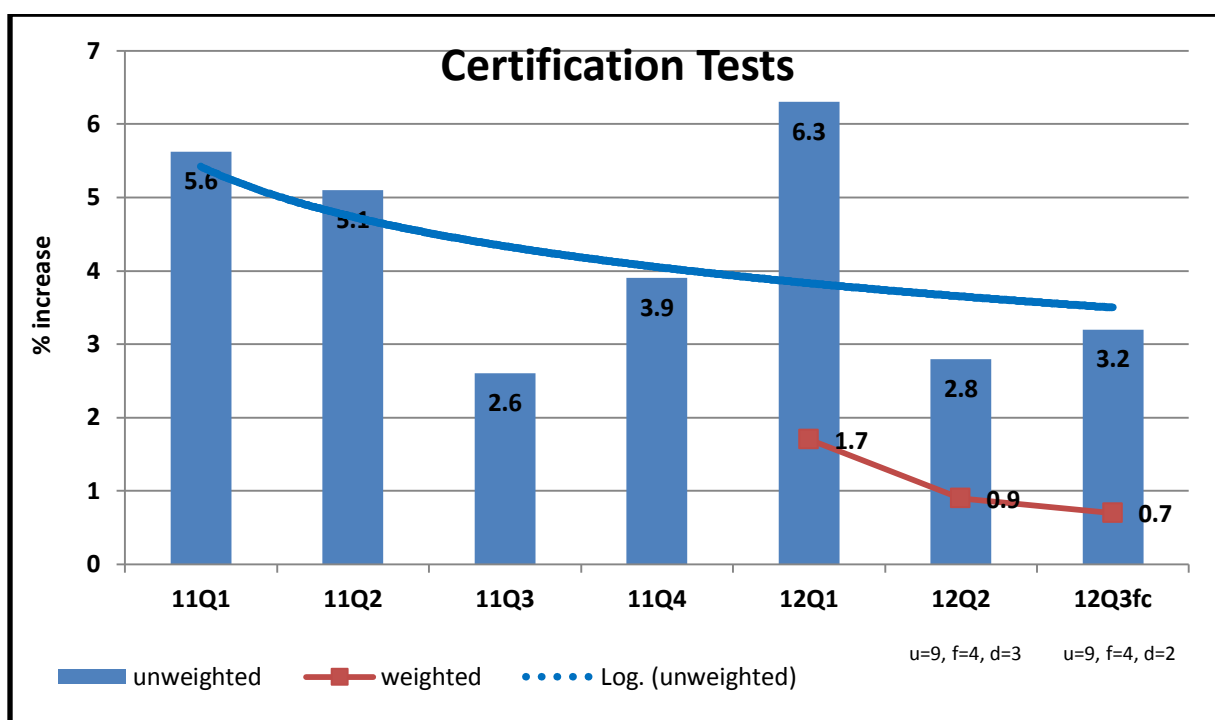
The values shown for each of the components are small and variable. Again, there are only eight companies reporting activity in this area and so the quarterly figures may be affected a lot by a single input. The forecasts in the last report were 2.2% and 7.7% increases for unweighted and weighted, respectively. However, the results for 12Q2 were 1.8% and 1.9%. The forecasts for 12Q3 both show very small decreases of 0.4% for unweighted and 0.7% for weighted. Again, the moving averages show a lessening increase over time.



Certification Tests Administered

Certification	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q4fc
Unweighted	5.6%	5.1%	2.6%	3.9%	6.3%	2.8%	3.2%
Weighted					1.7%	0.9%	0.7%

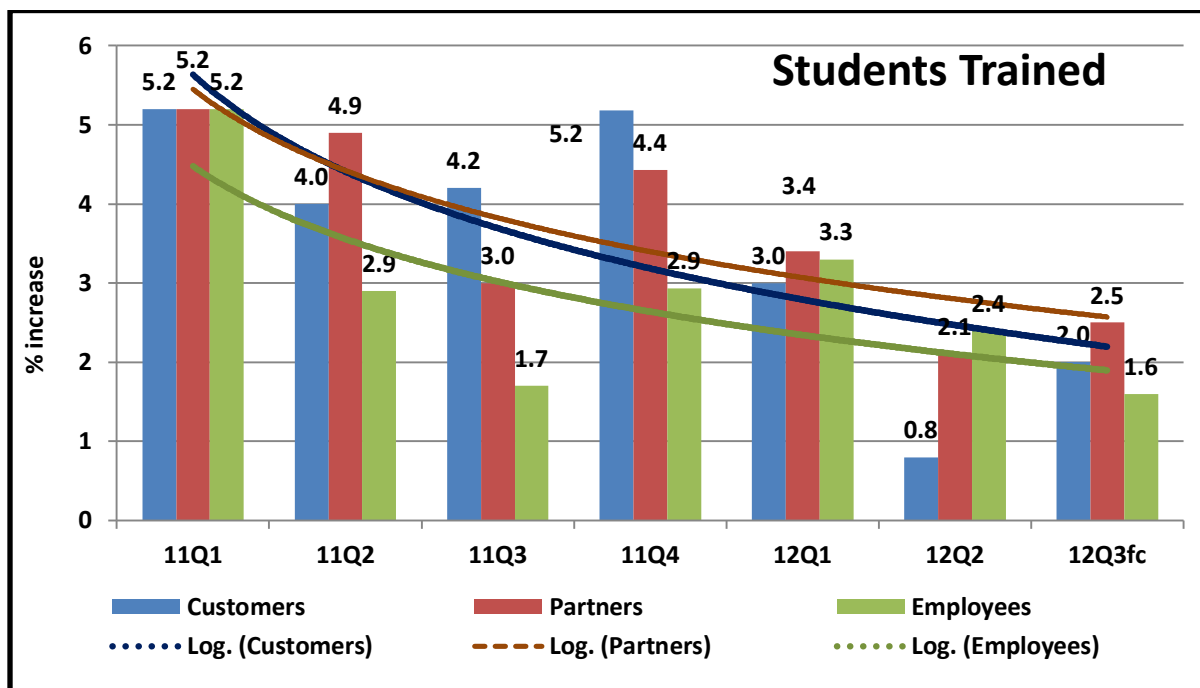
Overall, certification has averaged an increase of 4.4% per quarter, although the moving average shows that it's getting slightly smaller over time. We calculated the weighted scores only recently and these show that the larger companies, having been in the game much earlier, are probably more mature and therefore show smaller increases. Note that 16 companies offer certification.



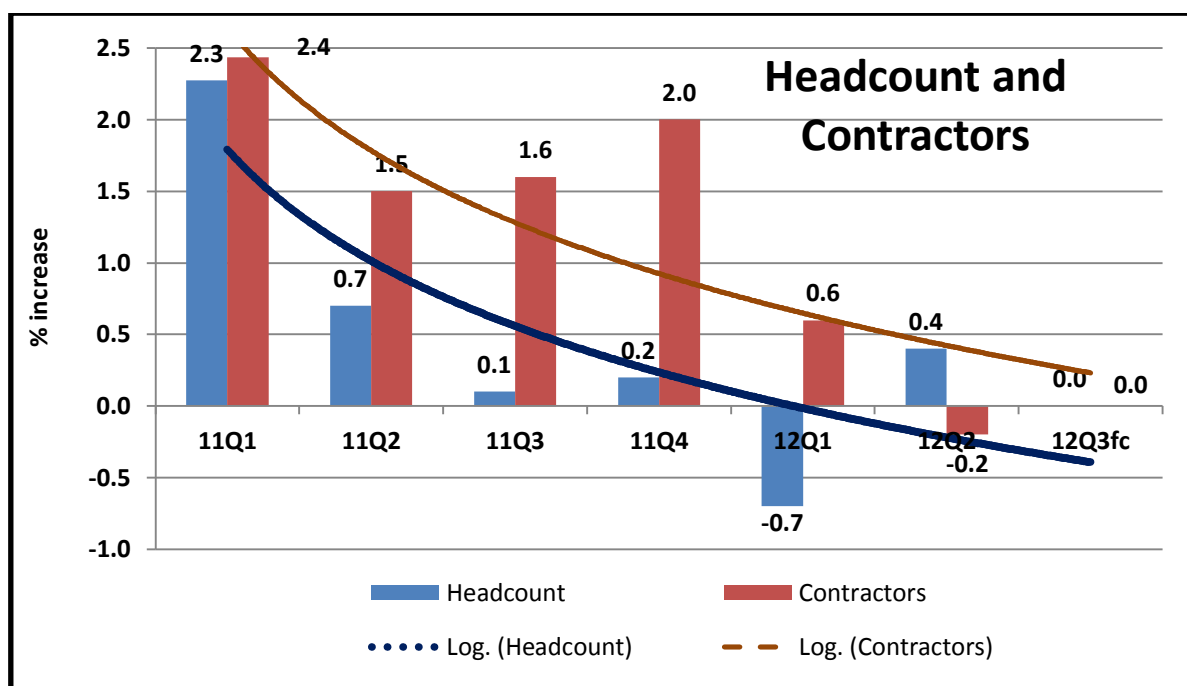
Miscellaneous

Categories	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3fc
Overall number of Customer Students	5.2%	4.0%	4.2%	5.2%	3.0%	0.8%	2.0%
Overall number of Partner Students	5.2%	4.9%	3.0%	4.4%	3.4%	2.1%	2.5%
Overall number of Internal Students	5.2%	2.9%	1.7%	2.9%	3.3%	2.4%	1.6%
Headcount (permanent)	2.3%	0.7%	0.1%	0.2%	(0.7%)	0.4%	0.0%
Contractors (short and long term)	2.4%	1.5%	1.6%	2.0%	0.6%	(0.2%)	0.0%
Instructor Utilisation - unweighted				3.4%	2.1%	2.2%	2.0%
Instructor Utilisation - weighted					2.6%	1.0%	1.5%

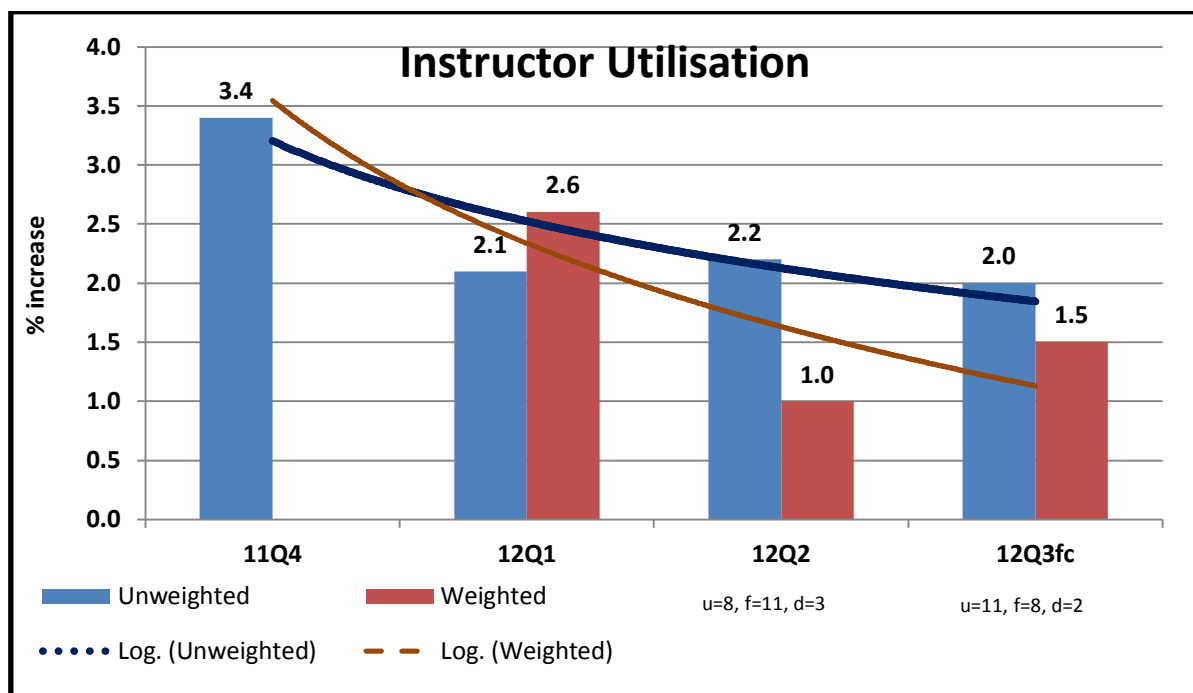
“Students trained” is broken out into customers, partners and employees. Compared to the last report, all have between 1.5% and 2.0% smaller increases than forecast. However, they all do show increases quarter on quarter, albeit smaller over time, as shown by the moving averages.



Permanent headcount grew very slightly in 12Q2 as forecast in the last report but the forecast for 12Q3 is flat. “Contractors” numbers were just about flat in 12Q2 as forecast last time. They are planned to be flat in 12Q3, too. The moving averages are both showing a decline, with headcount movement looking to go negative soon. We had 24 responses on this topic.



We introduced a question on instructor utilisation (billable time versus overall working time) in 11Q4. The unweighted forecast in the last report was a 1.9% increase, with the result for 12Q2 being 2.2%. The weighted result of 1.0% increase for 12Q2 and the corresponding forecast of 1.5% for 12Q3 probably reflect the smaller ILT revenue being seen by larger companies.



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

1. Custom training
2. Private onsite
3. Unified Storage
4. Courses on new technologies
5. Org Change aspect in Enterprise PLM deployments; CAD Optimization projects (managed training services)
6. Custom development & training
7. Large Scale Partner programmes, several record million dollar deals
8. Onsite Training
9. Customized training and Solutions
10. No significant changes in the trends
11. Onsite Technical Workshops - Admin & Developer
12. Virtual Learning and eLearning with respect to % increase; Customer Specific \ Private Learning with respect o absolute growth
13. Q2 2012 v Q1 2012 - Account Specific increases 10%
14. Onsite training courses, in particular bespoke project delivery
15. VLT
16. Revenues pretty flat
17. Public Schedule Classes
18. Onsite trainings
19. Pre-Sales Training

20. eLearning on general Security topics is the subject area that saw the largest increase
21. vSphere Core product
22. None in EMEA.; all growth elsewhere

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

1. Private training due to the summer breaks
2. Public schedule classes
3. Public schedule
4. Mature technologies
5. Transactional (In-Center) business for desktop products; Large roll out programs for PLM
6. 1-to-1 coaching
7. Private classes suffered, reselling not strong
8. Public ILT
9. Classroom training
10. No significant changes in the trends
11. Developer public classes
12. Standard Application ILT
13. Q2 2012 v Q1 2012 - Scheduled Course contracts (-46%)
14. Virtual training has not seen the traction we expected
15. Solaris
16. Revenues pretty flat
17. Custom Training and User Adoption
18. Public scheduled classes
19. Tools revenues, particularly in Eurozone

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

1. Increasing revenue for private and public training
2. Filling classes to maximize revenue, sourcing technically skilled instructors for emerging technologies
3. Do more with less
4. Headcount versus contractor spend
5. New product introduction at the right speed making sure that all our authorized training partners were trained at the right quality level
6. Instructor utilization (project delays, instructor development, broad product portfolio); finding customer initiatives to link large education program to
7. Getting firm purchase commitment from customers, high effort engagements for low revenue values
8. Headcount, more with less is unsustainable
9. Economy is driving away large volumes of people being trained from one company negatively effecting private on-sites. Positively effects public scheduled as they are sending 2 or 3 people instead of training a full class of 10+
10. Maintaining the public schedule business; Economic climate
11. Economic pressures, long decision cycles
12. Find skilled instructors on products which represent 20% of software revenue; need to put in place partnerships between Education Partners to share resources and/or organize virtual classes

13. Finding suitable subcontract technical trainers; Training Sales coverage - partners not selling, internal sales team turnover and speed to replace/ramp-up
14. Much Shorter booking cycles; Decrease in revenue, inability to cover fixed costs; **question:** is this the time to restructure?
15. Europe continues to be a volatile and uncertain environment; continued efforts to push our subscription training solutions face internal and external resistance in Europe
16. Scheduling of courses and trainer bandwidth to meet varying demand
17. Working in a volatile economic market, particularly in the public sector; adjusting the delivery partner base in line with changing market demands
18. Launch of partner program; replacing contract staff with permanent
19. Shrinking training budgets; customers opting for standard classes over programmatic events
20. Summer quarter with holidays all over Europe; outsourcing partner not performing
21. Increase sales team awareness about training; include training in license deals
22. Very low uptake on London classes for August, probably due to Olympics. Alternative delivery methods advertised strongly, but no strong response; forthcoming business organisation change, means clients less likely to have long term requirement conversations now.
23. Getting license sales to sell Education with their deals rather than it being an afterthought; changes in the Education sales specialist team who now specialise in not just Education but other services sales
24. Economic conditions
25. Integration of acquisitions; building pipeline and delays in Eurozone countries

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

1. Slow months due to the summer break
2. Very big decrease of volumes this quarter vs the same quarter last year
3. We have seen an increase in customers being considered a credit risk.
4. We have had the most successful period in our history. But that's more to do with our people and operational model and not helped by the economy. It's now about conceptual and outcome based selling, not solutions.
5. Still recovering
6. Significant discussions on whether we need to restructure our approach to education - less local country delivery and more regional virtual?
7. Customised and bespoke training courses seem to be increasingly popular as people prefer to related specific examples to their business.
8. Big % swings in a small organisation - losing 1 contractor gaining one permanent is a >10% swing in either direction for me - hope that doesn't skew figures?
9. This year I have witnessed key customers slashing their training budgets during the current recession, which I feel we are still well within. Clients are taking their training in-house and any external spend is limited to one or two people on standard classes, rather than multiple users away from the workplace for a longer period. In my view, there is still a lack of confidence in the market and this is set to continue running into 2013.
10. Capital commitments on technology sales proving difficult