

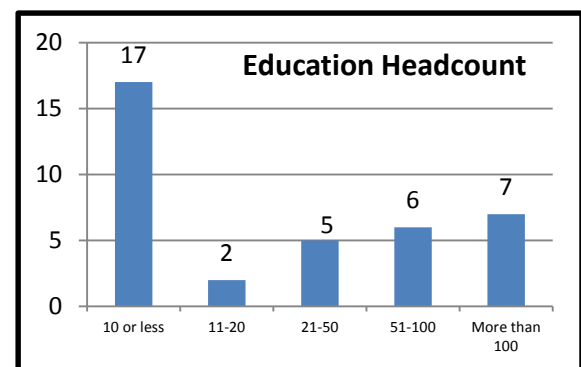
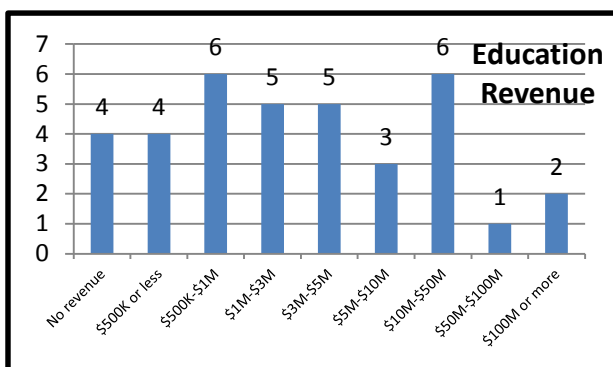
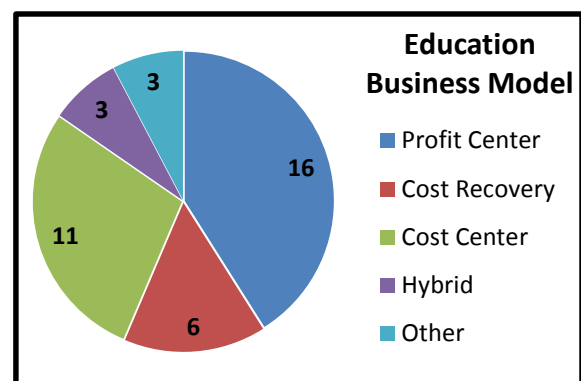
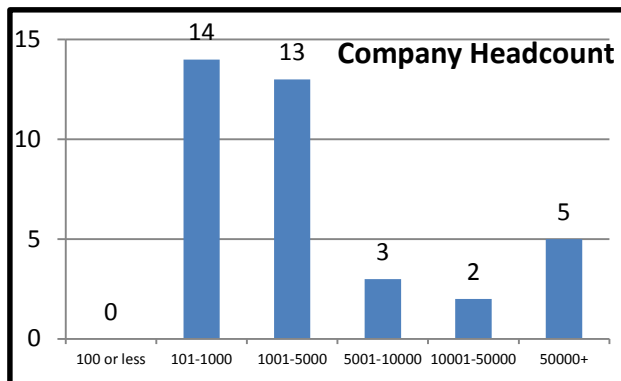
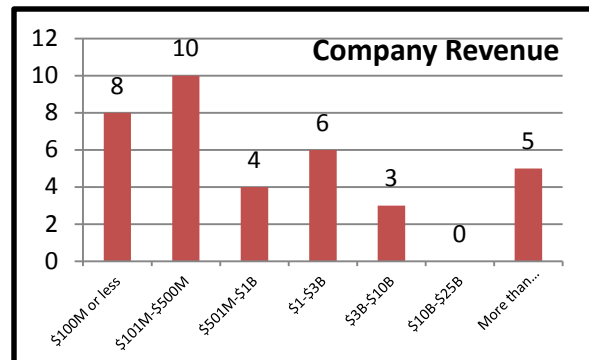
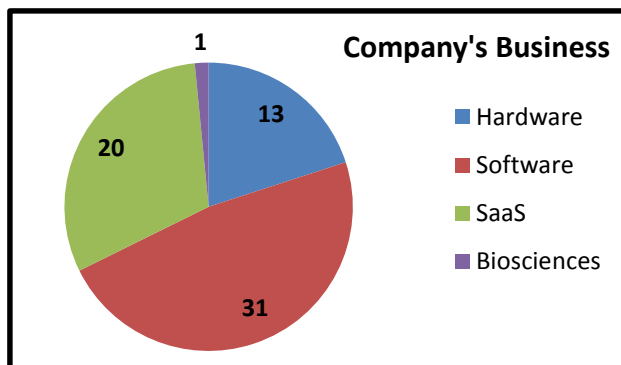


CEdMA Training Market Barometer

3rd Quarter 2014 actual and forecast for 4th Quarter 2014

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. Note that in this report, u/f/d is the number of members reporting up/flat/down, respectively. There were 33 responses for global and only 6 for North America so the combined 39 profiles are as follows:



Summary

The unweighted average uses all responses as entered, whereas the weighted average uses the size of the company, taking the relevant education value, so larger companies have a bigger impact.

Revenue: The 4-period moving average is currently showing an increase just under 3% for both unweighted and weighted, about the same for the last 24 months.

Profit: The training profit four-period trendlines currently show a 2% increase for both unweighted and weighted over the last year.

Live Classroom: Live classroom volume is still increasing, more so in the last six months. The 4-period moving average currently shows a 1-2% increase for unweighted but just above flat for weighted.

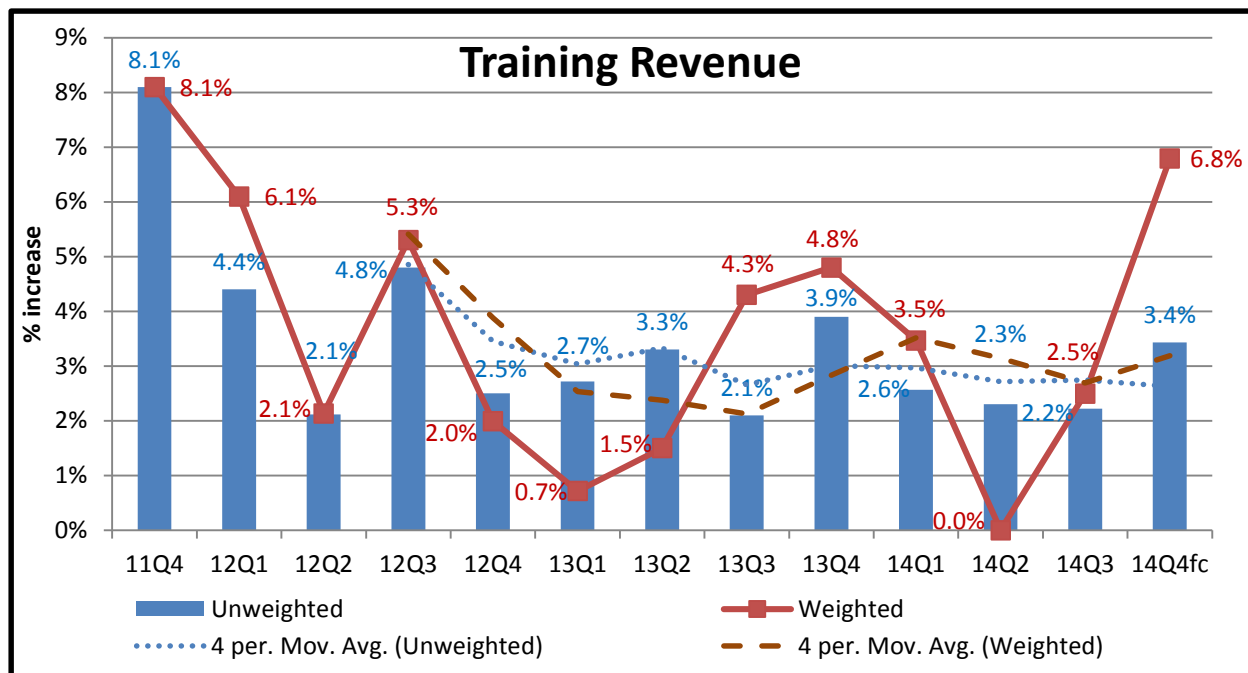
Virtual Classroom: The 4-period moving average currently shows an increase of 4% for unweighted and around 3% for weighted. Live and virtual classroom data underline the expected trend to virtualize more training to save travel expenses and allow better resource utilization.

E-Learning: The growth over the total period has now overtaken virtual classroom. The 4-period moving average currently shows a 5-6% increase for unweighted and 7-8% for weighted.

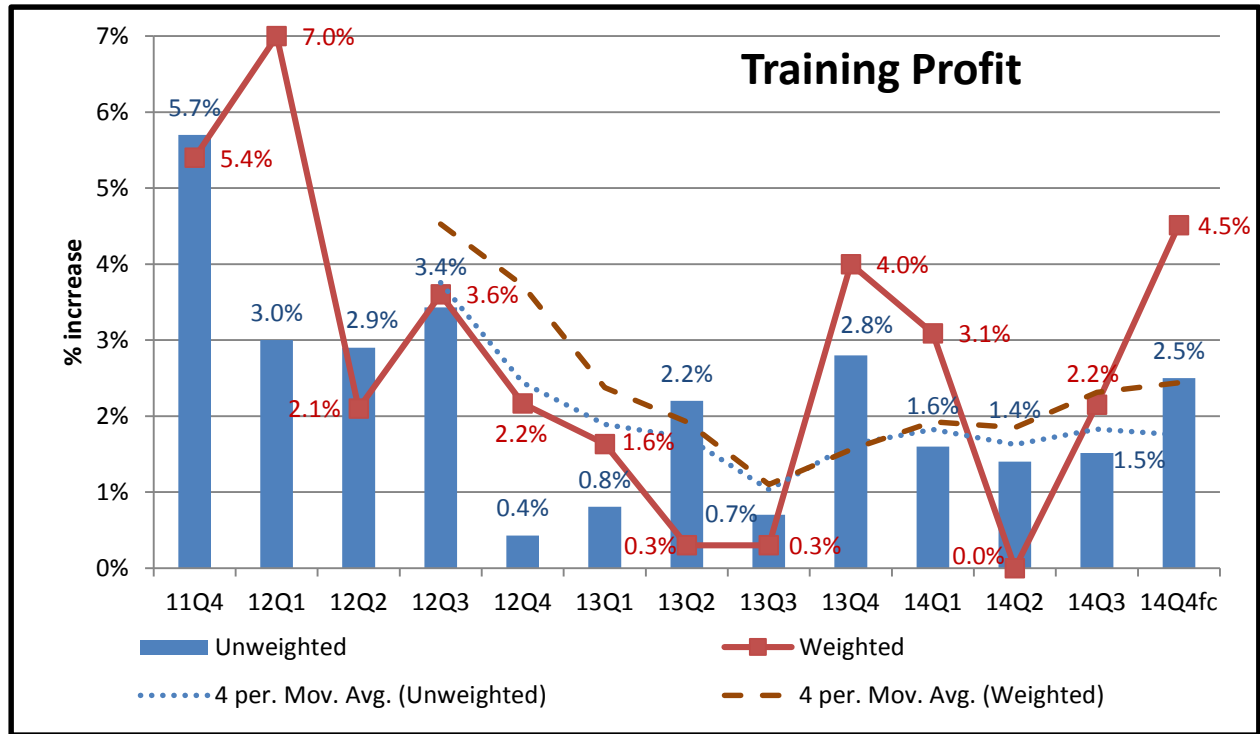
Certification: The 4-period moving average currently shows increases of around 3% for both unweighted and weighted, but slipping over the last year.

Public versus Private: The unweighted trendline for public is just over 1%, but private shows 3%. When weighting is taken into account, the changes are more dramatic. The 4-period moving average currently shows just above flat for public but nearly 3% increase for private. So, larger companies are doing less well with public courses.

Revenue and Profit



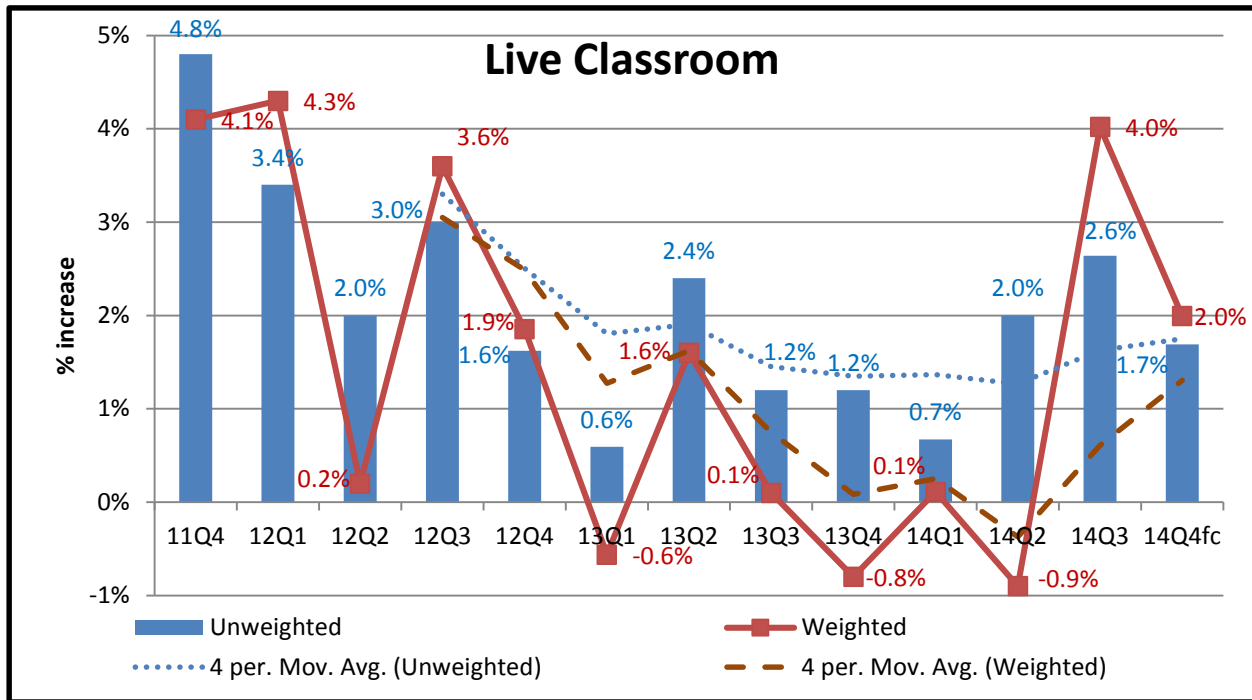
The unweighted total training revenue increase for 14Q3 (u=19, f10, d=7) was 2.2% against a forecast in the last report of 2.6%. The weighted total training revenue increase was 2.5% against 1.7% forecast. The forecast for 14Q4 (u=18, f=11, d=6) is 3.4% unweighted and 6.8% weighted, well up from previous quarters. The 4-period moving average is currently showing an increase just under 3% for both unweighted and weighted, about the same for the last 24 months.



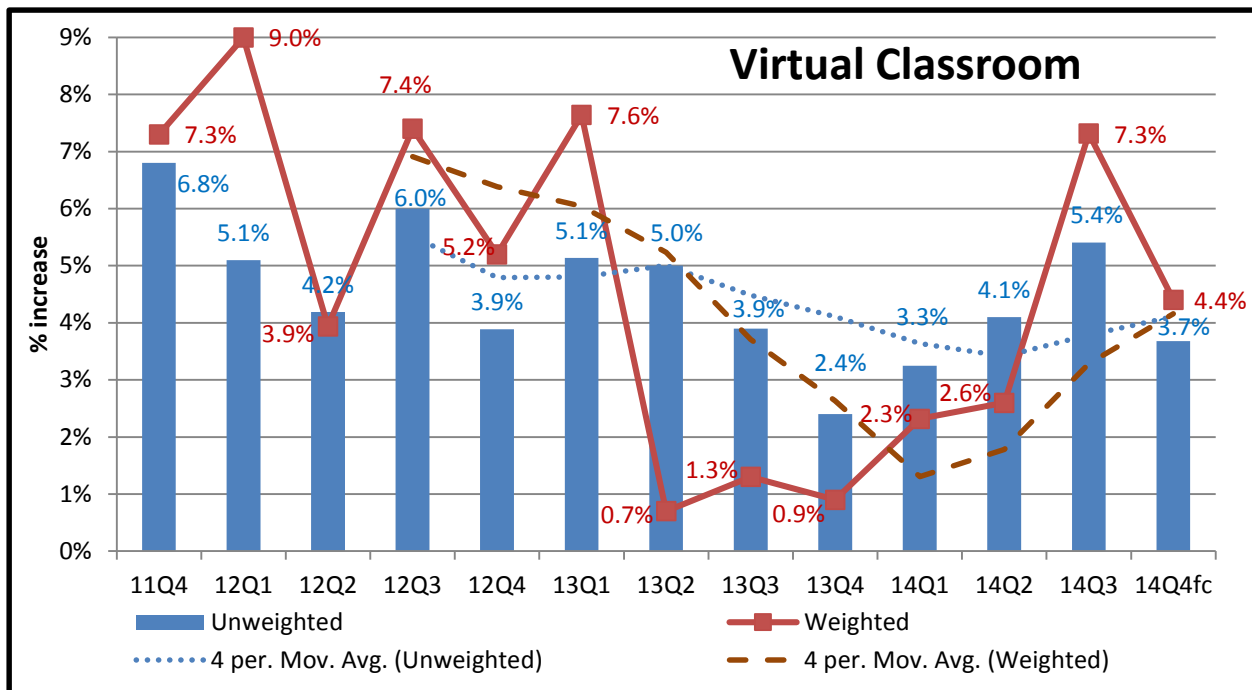
Training profit in 14Q3 (u=13, f=13, d=7) was a 1.5% increase against a forecast of 2.3% unweighted, and 2.2% against a forecast of 1.7% weighted. The 14Q4 forecasts (u=17, f=8, d=6) are 2.5% and 4.5% for unweighted and weighted, respectively. The training profit four-period trendlines currently show a 2% increase for both unweighted and weighted over the last year.

Activities (Customer and Partner Training)

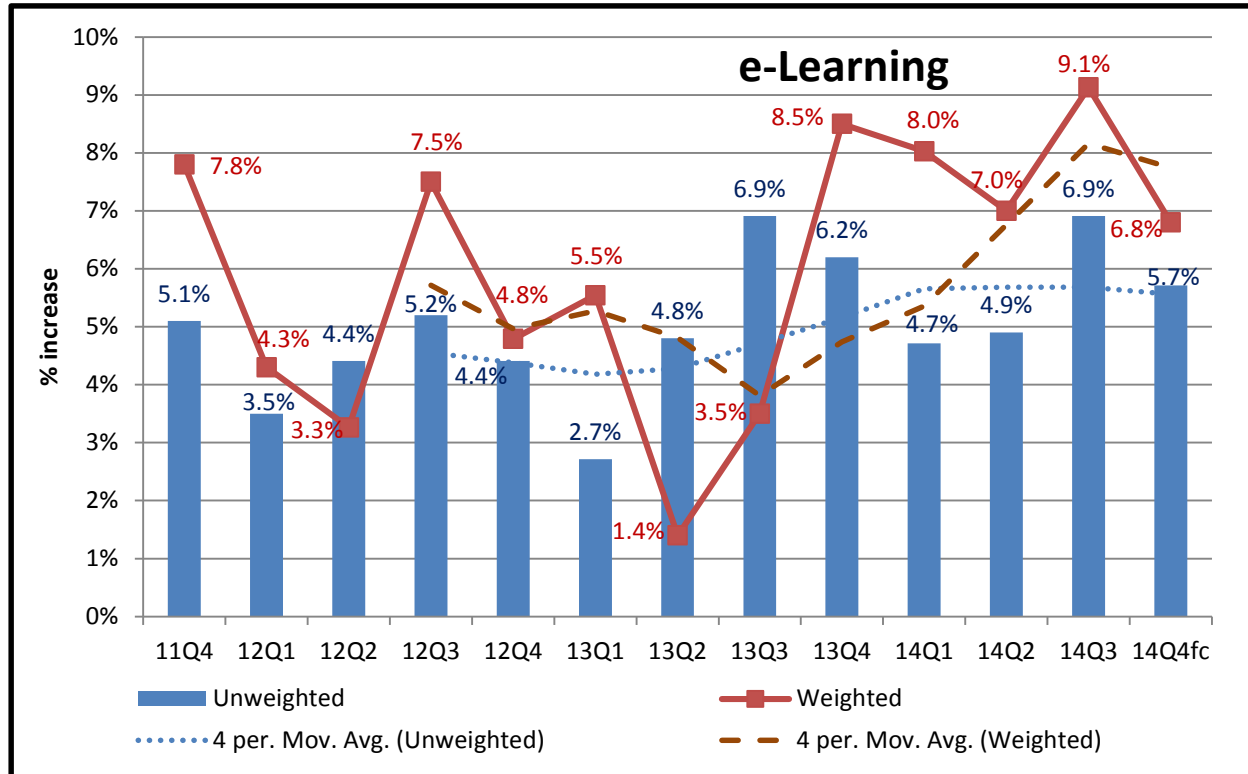
The unweighted live classroom volume increase for 14Q3 (u=22, f=2, d=12) was 2.6% against a forecast in the last report of 2.1%. The weighted live classroom volume increase was 4.0% against 0.8% forecast. The forecast for 14Q4 (u=19, f=6, d=12) is 1.7% unweighted and 2.0% weighted. Live classroom volume, however, is still increasing. The 4-period moving average currently shows a 1-2% increase for unweighted but just above flat for weighted.



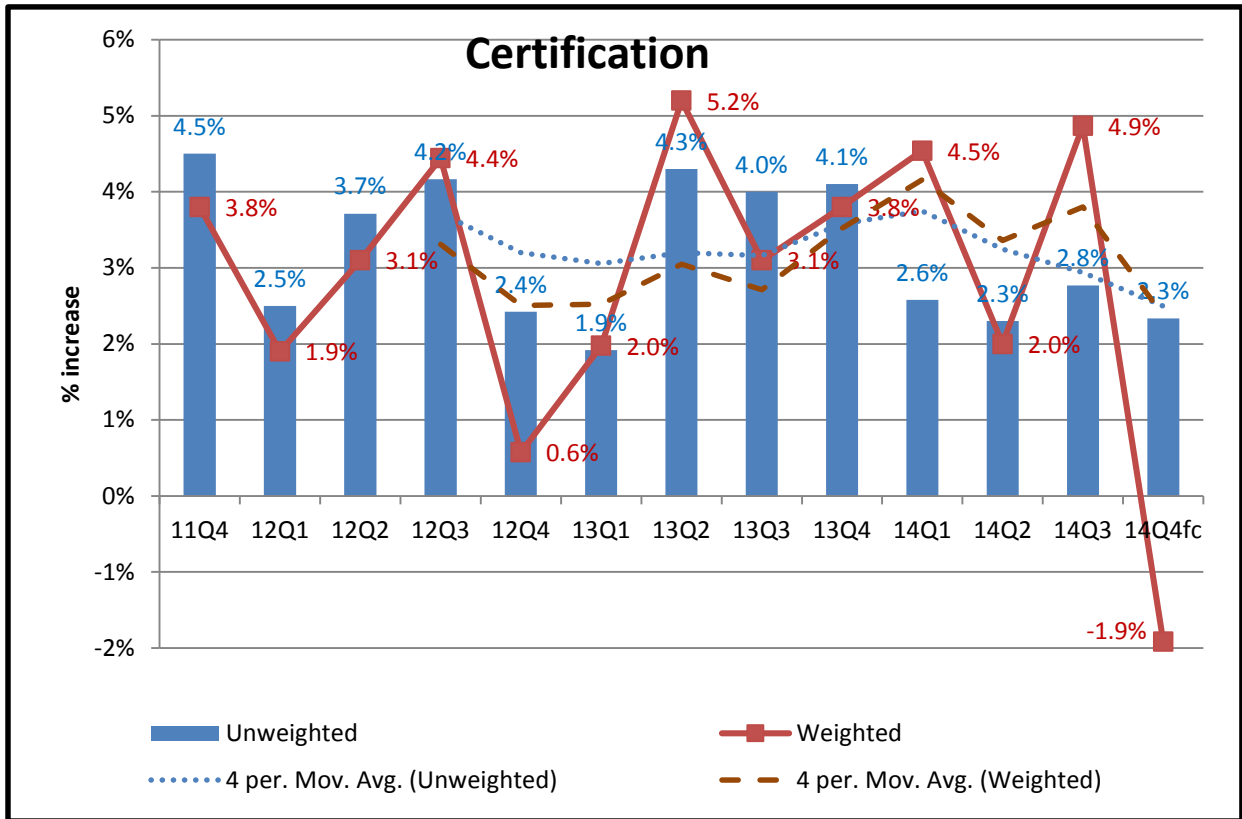
Virtual classroom on the other hand has been growing faster, but since 13Q2, less for the larger companies who potentially jumped on board much earlier. The unweighted virtual classroom volume increase for 14Q3 (u=25, f=7, d=5) was 5.4% against a forecast in the last report of 3.1%. The weighted virtual classroom volume increase was 7.3% against 2.8% forecast. The 14Q4 forecasts (u=22, f=9, d=5) are 3.7% unweighted and 4.4% weighted, respectively. The 4-period moving average currently shows an increase of 4% for unweighted and around 3% for weighted. Live and virtual classroom data underline the expected trend to virtualize more training to save travel expenses and allow better resource utilization.



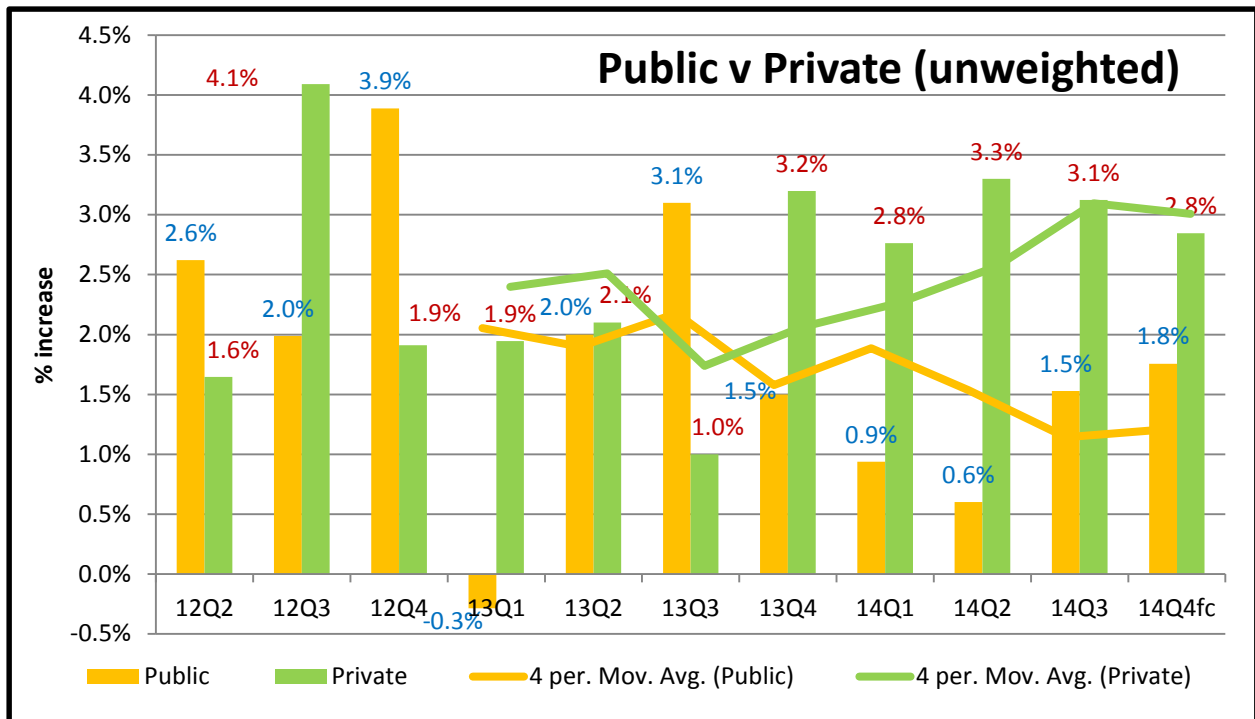
The unweighted e-Learning volume increase in 14Q3 (u=26, f=8, d=0) was 6.9% against a forecast in the last report of 3.6%. The weighted e-Learning volume increase was 9.1% against 0.7% forecast, showing a significant boost for all companies. The 14Q4 forecast (u=21, f=13, d=1) is 5.7% and 6.8% for unweighted and weighted, respectively. The growth over the total period has now overtaken virtual classroom. The 4-period moving average currently shows a 5-6% increase for unweighted and 7-8% for weighted.



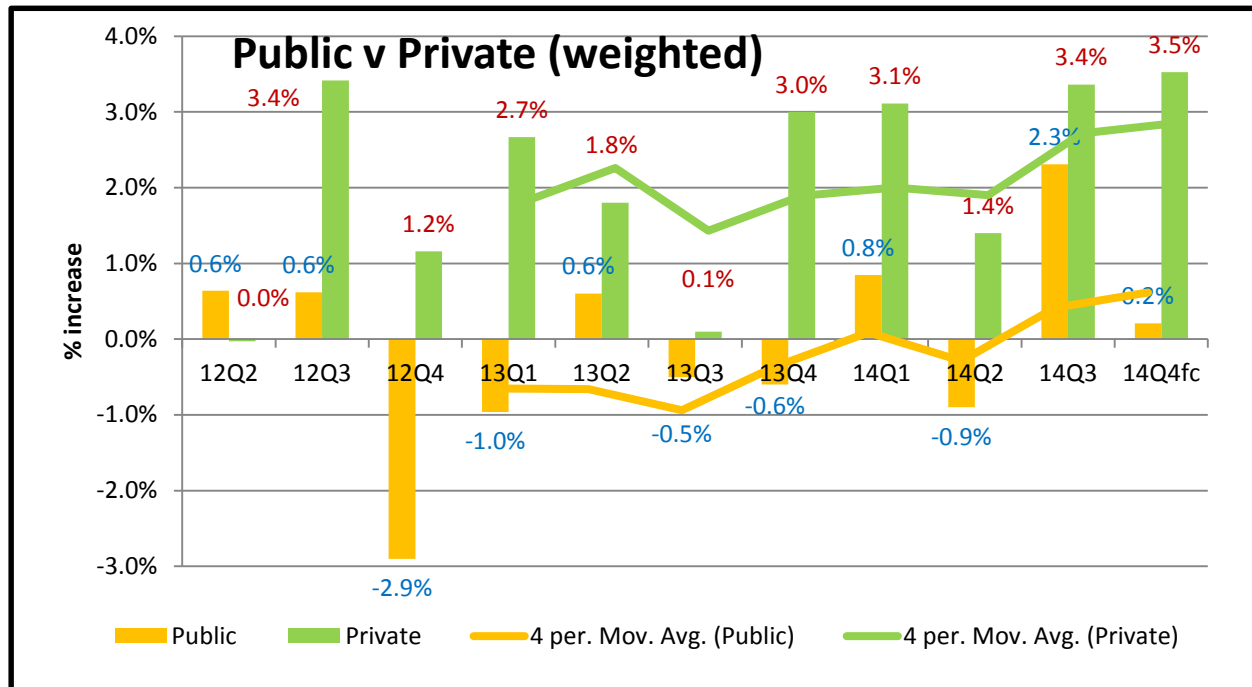
The unweighted certification volume increase for 14Q3 (u=14, f=9, d=5) was 2.8% against a forecast in the last report of 2.6%. The weighted certification volume increase was 4.9% against 1.7% forecast. The forecast for 14Q4 (u=13, f=12, d=5) is 2.3% and negative 1.9% for unweighted and weighted, respectively, quite a shift for larger companies. The 4-period moving average currently shows increases of around 3% for both unweighted and weighted, but slipping over the last year.



We now include questions on public classes and private classes. After a “blip” in 13Q1, both volumes have increased in 14Q3, by 1.5% public and 3.1% private. The forecasts for 14Q4 are 1.8% and 2.8%, respectively. The trendline for public is just over 1%, but private shows 3%.

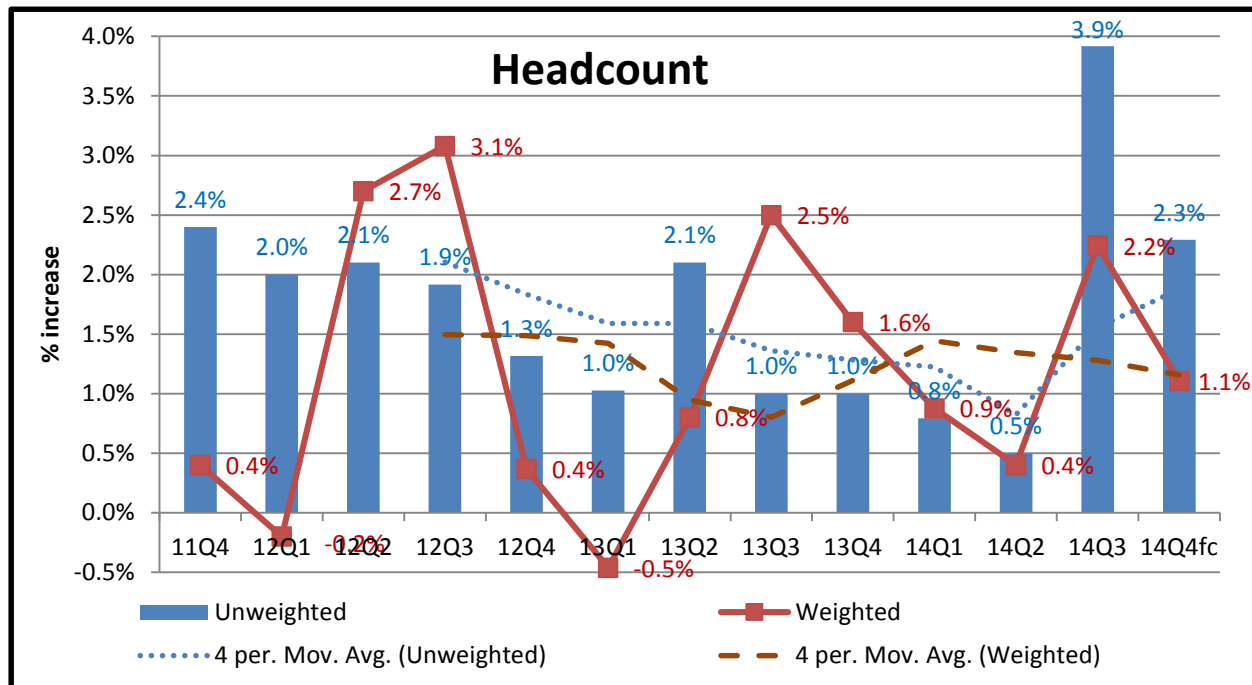


When weighting is taken into account, the changes are more dramatic. The 4-period moving average currently shows just above flat for public but nearly 3% increase for private. So, larger companies are doing slightly less well with public courses.

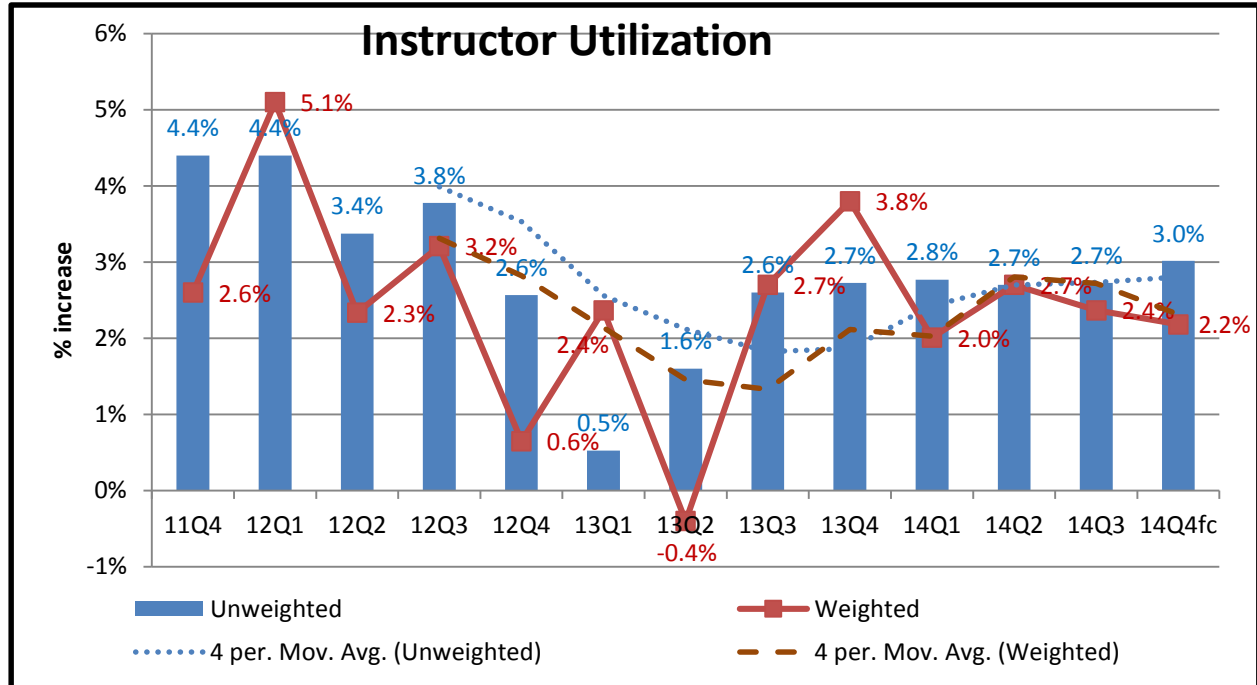


Team

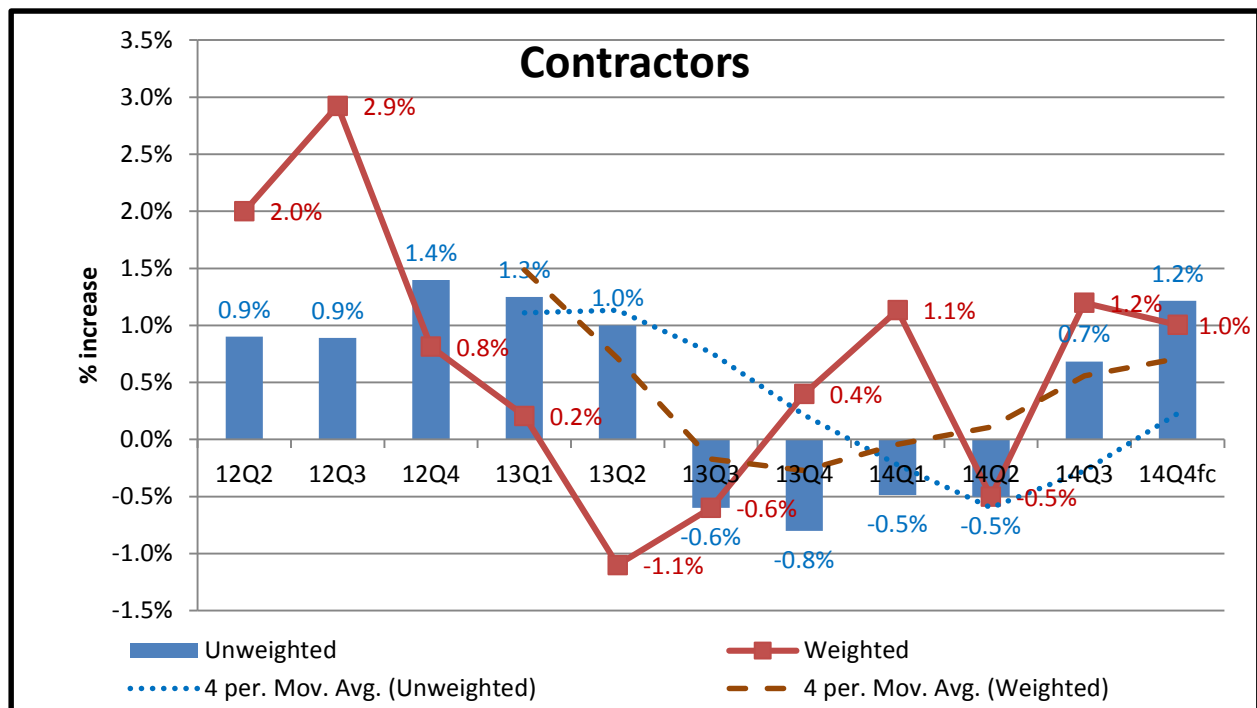
Unweighted headcount has largely remained constant over six quarters, with the weighted numbers showing more erratically. However, 14Q3 and the 14Q4 forecast show a spike upwards. The 4-period moving average currently shows increases around 1-2% for unweighted and weighted alike.



Maybe as a result of the small increase in hiring, the Instructor Utilization increases have remained fairly constant over time. The 4-period moving average currently shows increases of around 2-3% for both unweighted and weighted.



We also added a question on the use of contractors in 12Q2. While the results overall have been erratic, the trendlines show that both unweighted and weighted are hovering around flat.



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

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| 1. Ethernet fabric and Network Functions Virtualization |
| 2. Introduction of new products and services and business intelligence courses. |
| 3. Field Enablement, Solutions-based Training |
| 4. Data Center; Network Management |
| 5. Learning Management System subscriptions |
| 6. Core eLearning. |
| 7. Partner sales training and product training for NPI (new production introduction) |
| 8. Private Customer onsites |
| 9. Security and single-sign on technologies. |
| 10. Free online training (e-learning) |
| 11. Topics related to specialized use cases and the new release of primary software platform |
| 12. Reporting, Workflow, |
| 13. Private, customized training - both instructor-led onsite and virtual classroom courses, new business in EMEA and APAC (private courses mainly) |
| 14. No increases |
| 15. eLearning courses much higher in demand, VILT increase in demand |
| 16. Virtual instructor-led classes |
| 17. All |
| 18. OnDemand registrations |
| 19. Self-paced eLearning. Dedicated classes. |
| 20. Private classes |
| 21. Customer skills |
| 22. Soft skills training |
| 23. No specific area experienced increases. We introduced 3 Self Study courses in Q4. |
| 24. Basic product installation, configuration, management, some troubleshooting |
| 25. EMEA and APAC businesses |
| 26. All of our classes are product specific. We saw the biggest increase in our security products. |
| 27. Fundamentals |
| 28. Public Training |
| 29. Networking install, configuration, management-; Storage systems architecture- Cloud infrastructure management |

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

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| 1. Niche networking topics |
| 2. Legacy products |
| 3. Partner Resellers |
| 4. Onsite private training |
| 5. Instructor Led Online |
| 6. End user technical training |

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| 7. No identifiable drops. |
| 8. Public in-person (instructor-led) training |
| 9. Reporting and analytics oriented topics; generic on demand elearning titles |
| 10. Year End/Platform |
| 11. None |
| 12. All subject areas showed decrease |
| 13. ILT courses much lower demand |
| 14. End of life products |
| 15. None |
| 16. In-person scheduled and account specific courses |
| 17. Public classes |
| 18. Public training |
| 19. We continue to offer fewer public classes |
| 20. None |
| 21. None |
| 22. More advanced/specialty courses |
| 23. Americas private classes |
| 24. Our older products |
| 25. Advanced |
| 26. Private Training |
| 27. Virtualization install, configuration, management; Virtualization overview; Product overview |

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

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| 1. Getting ATP roll out to be a success; Learning Management System Upgrade |
| 2. 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 |
| 3. Limited Resources (not enough headcount). Too many concurrent projects - all important |
| 4. Agile development; Realigning portfolio to outcomes |
| 5. Resources; Developing New Training Offerings |
| 6. Public attendance; Systems and Infrastructure |
| 7. LMS implementation was more challenging and time consuming than expected. Trying to establish virtual labs was time consuming and ultimately didn't prove viable. |
| 8. Honeywell integration; need to shift work away from contractor resources |
| 9. Delivery Resources; Keeping up with the introduction of new productions |
| 10. Scaling the administrative function of the business to be able to handle the growth (100% Q/Q) |
| 11. Reduced headcount (Each Training Engineer is an instructor as well as course developer; we had to reduce 1 out of our 5 Training Engineers so this represents a loss of 20%). Trying to figure out how/if we can engage Training Partners to supplement our direct instructors. Training at our company is a cost center and upper management has the vision that Training Partners should be a cost savings, not an investment. |
| 12. Rapid growth of the company forcing high speed of change; Expansion of customer base combined with new software release |

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| 13. Hiring talent; Meeting growth targets; Building the organization to support future growth. |
| 14. Expense of delivering training in APAC; lack of headcount to meet new challenges of the team. |
| 15. Lack of customer demand |
| 16. Maintaining and updating training curricula |
| 17. Industry sales trends and completion; saturation of certifications for internals |
| 18. Training subscription renewals |
| 19. Hiring... and hiring. |
| 20. Continued transition to a business model which is based on subscription consumption, introduction of courses with shorter duration, less class time, less instructor time |
| 21. Need to modularize our classes to make them more applicable to our users. Need to implement LMS |
| 22. Merger activities |
| 23. Entire Portfolio of curriculum needing to be updated for entire suite of product updates. Subscription process too cumbersome. |
| 24. Balancing "for-free" self-help content and "for fee training content offerings; Measuring leveraged use of training content |
| 25. Localization and Regionalization of content; Manager Training Program |
| 26. Increase in demand without corresponding increase in resources. Challenges in developing effective virtual classroom training |
| 27. Overhauling our courseware to accommodate the new primary BI development tool, which unfortunately had significant product issues resulting in substantial course reworking. Launching Self Study courses with our 3rd party hosting vendor & supporting non-technical customers who have never taken online courses before. |
| 28. Keeping pace with rapid growth of the company/demand. Greater corporate focus on channel partner training |
| 29. Uncertain macro-economic environment |
| 30. Keeping instructors up-to-date as we release updated classes to meet our rapid releases. |
| 31. Insufficient staffing; Low enrollment. |
| 32. Customers using free e-Learning resources delivered within our products. Customers receiving free of charge training from other departments |
| 33. Keeping up with growth; Keeping up with rapid product changes |
| 34. System limitations (LMS) |

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

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| 1. Certification very healthy due to SDN promotions run within the company. BIG increase in eLearning enrollments this quarter. |
| 2. We are trying to find the right balance between keeping our certification maintenance learners well informed without overwhelming them with requirements relative to new products. |
| 3. Good business in niche markets where the training is tied to product sales. |
| 4. At my company, there is a grass roots effort to develop short YouTube-style videos for the masses. There is a lot of passion around this and the feeling here that this is the wave of the future for training. |
| 5. Lots of mergers/acquisitions and customer shifts in vendors causing customer confusion over buying. |

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| 6. People are willing to spend on training...but only so much. Good acceptance of customized training plans that are tightly integrated w/project schedules. Relevance and timeliness. |
| 7. Definitely quieter than last year, both in Europe and US. |
| 8. Shorter, smaller use case training is what is being demanded (no longer a request). Consistently continuing to see this... |
| 9. We are not IT SW providers. We provide Engineering Design Software. |
| 10. Growing interest in Academic Alliance participation |