Learning Directors Network
The world-class network of training provider directors

LDN Market Barometer

3rd Quarter 2009 and forecast for 4th Quarter 2009

Introduction

This is the fourth quarterly report into the state of the IT training market produced for the members of the Learning Directors Network. The data is drawn from a number of leading training providers representing more than 25% of the third-party IT training market.

The report, compiled by Pardo Fox Ltd, is based around a series of index numbers indicating ***growth or decline*** of various slices of the market, not absolute numbers or volumes. The scale ranges from +50 to -50, where 0 represents neither growth nor decline, and +50 represents growth in excess of 10% for all training companies and -50 represents decline in excess of 10% for all training companies compared to the same quarter in the previous year. Revenue refers to training delivered in the quarter and not bookings for future courses.

All data shown in this report pre-dating Q4 of 2008 is the copyright of ***IT Skills Research.*** It was compiled using the same methodology, but note that the section of this survey that was previously called “E-learning” was renamed (or replaced with) “Learning Technologies” in order to reflect the growing use of technology in the teaching of IT and in its wider use for managing learning.

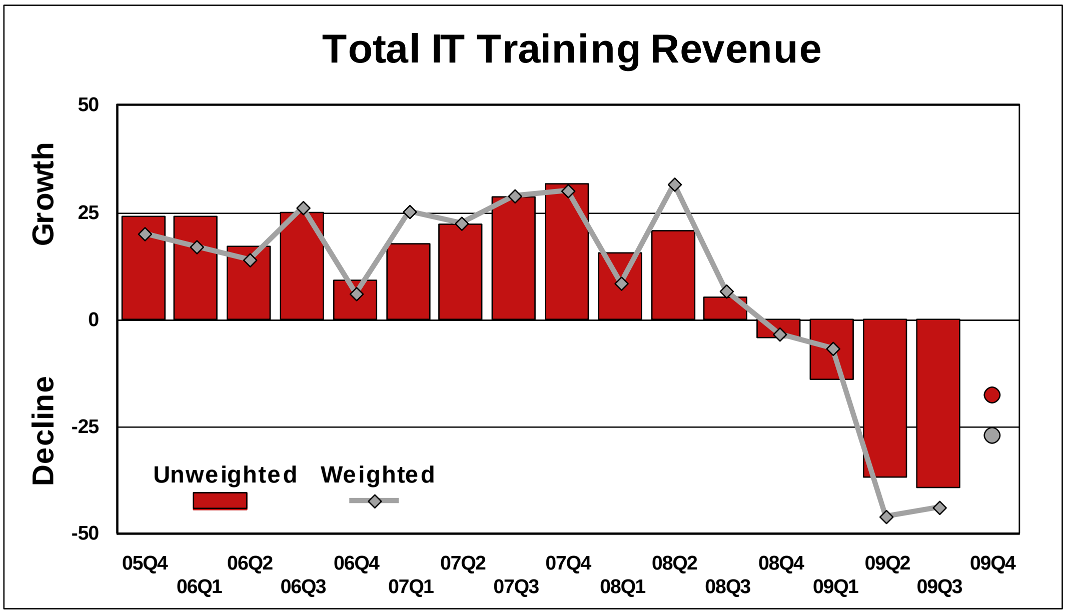
Overview

The rate of decline in IT training revenues in the third quarter of 2009 turned out to be as bad as expected, and just as bad as in Q3. No company in the survey recorded any growth in revenues, and only two reported business as being “flat”. Indeed most companies reported a decline of more than 10% compared to Q3 of 2008, and the overall decline appears to have been in the region of 20%.

Looking forward, 25% of the companies reporting are feeling bullish and expect revenues to be higher in Q4 than in the same period of 2008, but nevertheless the market generally is expecting a further decline, making the downturn the longest and deepest on record.

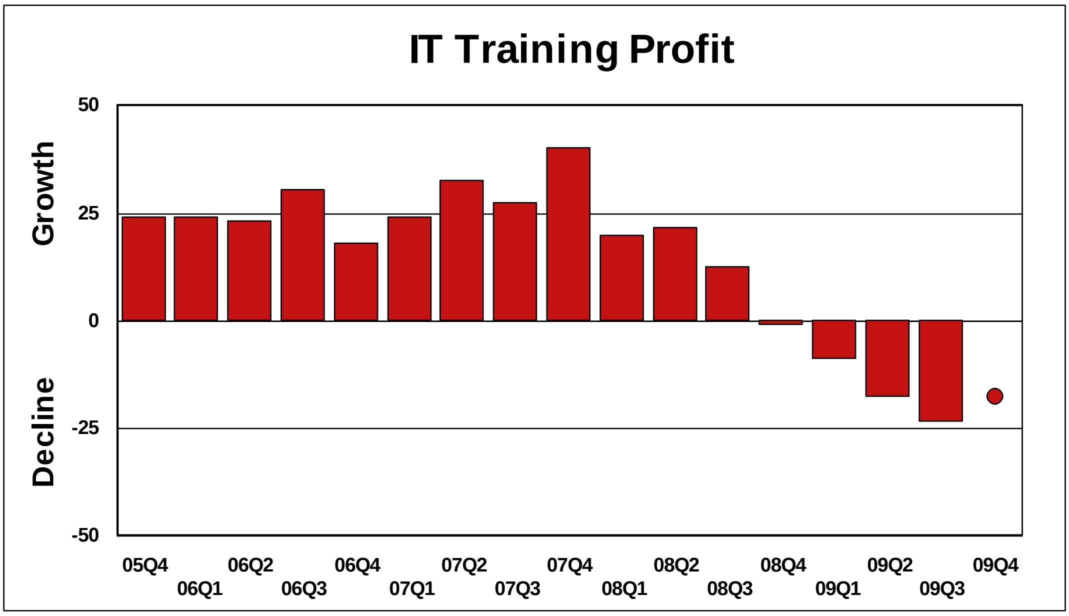
Revenue and Profit Indices	1Q09	2Q09	3Q09	F/cast 4Q09
Total IT Training Revenue - unweighted	(14)	(37)	(39)	(18)
Total IT Training Revenue - weighted	(7)	(46)	(44)	(27)
Total IT Training Profit	(9)	(18)	(24)	(18)

The chart below shows how total IT training revenue has grown or declined in each quarter over the last four years. The solid bar indicates the average growth index of the contributing companies; the line graph represents the index number when due allowance has been given to the relative size of those companies.



The dots in the 09Q4 column indicate the forecast rate of decline compared to the fourth quarter of 2008.

As revenues continue to fall, so do training company profits, though not quite at the same rate.

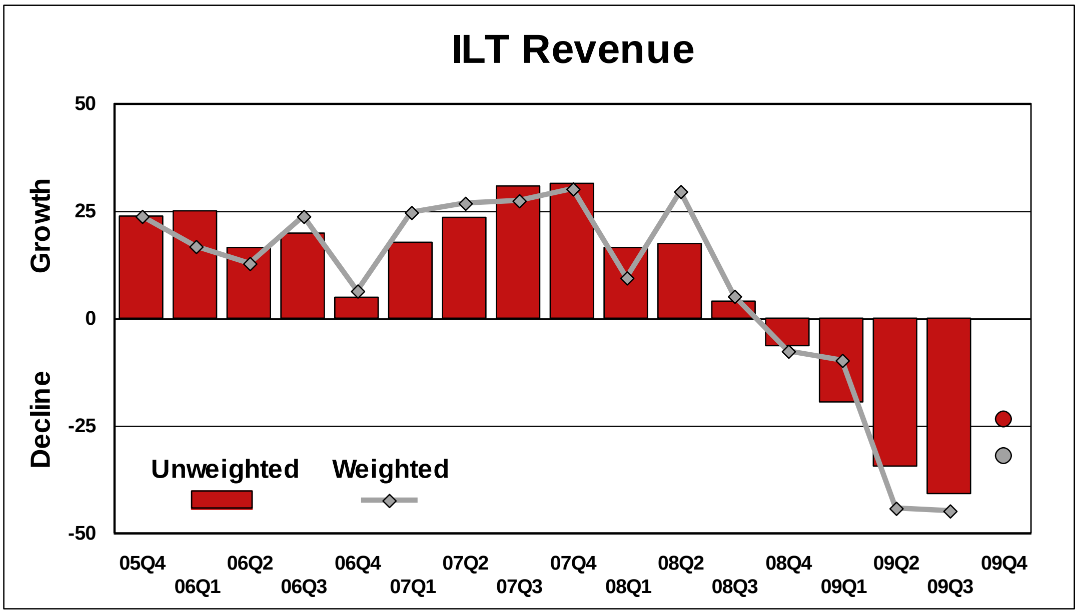


There is no weighted index for profit.

Instructor-led Training

All three areas of ILT again suffered equally this quarter and, as in previous quarters, public (scheduled) courses suffered more than on-site (one-customer) courses. Not even soft skills training helped to alleviate the suffering.

Instructor-led Training Indices	1Q09	2Q09	3Q09	F/cast 4Q09
End-user	(2)	(28)	(40)	
Technical	(23)	(36)	(41)	
Personal, Professional & Business skills	(14)	(31)	(37)	
Public (scheduled) courses	(20)	(37)	(41)	
On-site (one-customer) courses	(15)	(14)	(30)	
Total ILT Revenue - unweighted	(19)	(34)	(41)	(23)
Total ILT Revenue - weighted	(9)	(44)	(45)	(32)



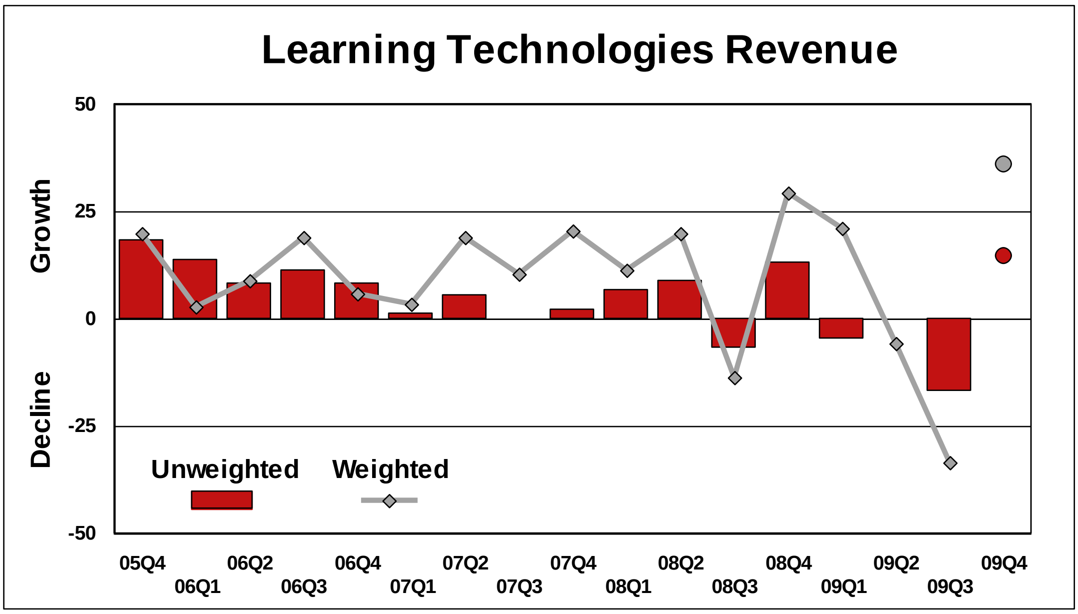
Learning Technologies Revenue

Learning technologies suffered a setback in Q3 compared to the same quarter last year, and rather bucking the trend of recent times in which many organisations have been replacing spending on ILT with "cost-saving" technology-based spending. The extent of the Q3 decline came as a surprise as the forecast had been for little change, but perhaps more surprising is the optimism shown for fairly significant growth in Q4.

Under the new definitions:

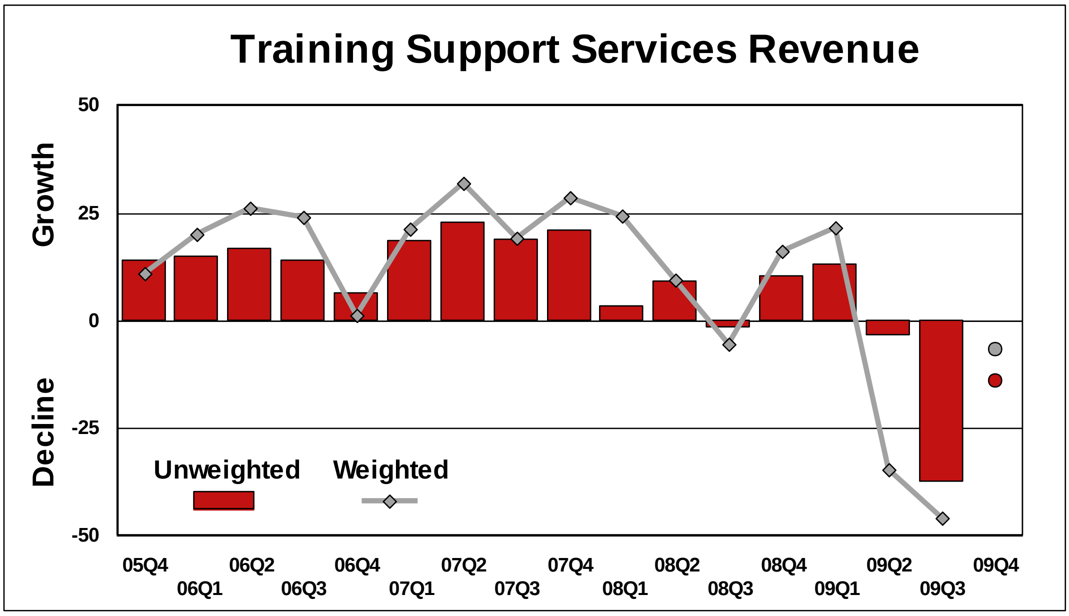
> *Generic Content* includes generic courseware, templates, and models
> *Tools* includes authoring, performance support, virtual labs, simulation, collaboration, modelling, and assessment tools
> *Infrastructure* includes LMS/ LCMS/CLS, enterprise content management, performance management, competence 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.

Learning Technologies Indices	1Q09	2Q09	3Q09	F/cast 4Q09
Generic content	(5)	(10)	(19)	
Tools	8	0	(2)	
Infrastructure	(2)	20	(13)	
Development	6	5	(13)	
Consultancy	7	(5)	(11)	
Total Learning Tech Revenues - unweighted	(5)	0	(17)	15
Total Learning Tech Revenues - weighted	21	(6)	(33)	36



Training Support Services

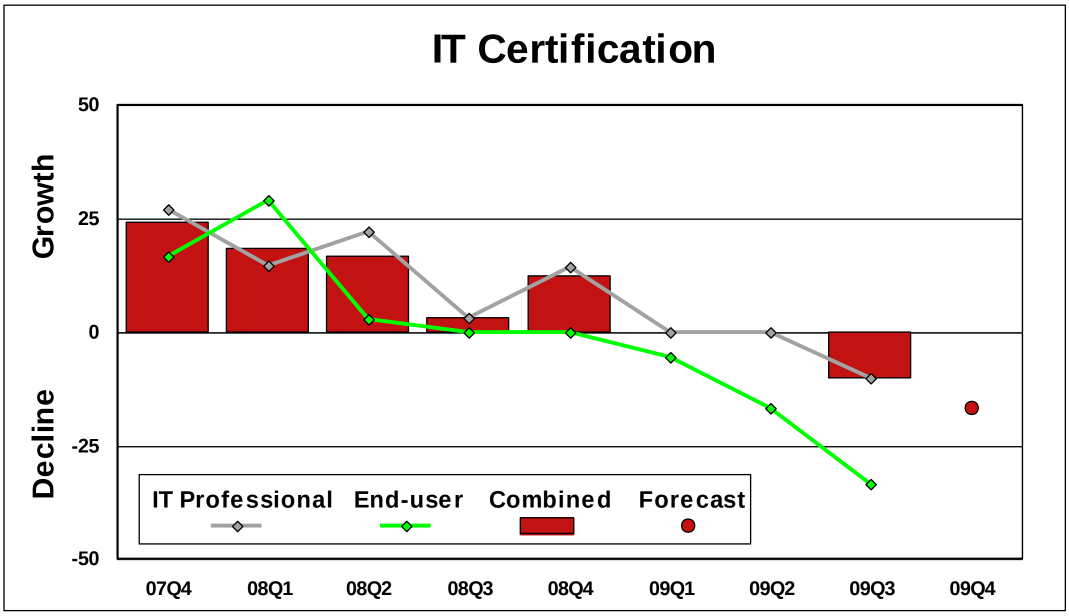
The market for training support services had a second successive sharp decline.



Training Support Services Indices	1Q09	2Q09	3Q09	F/cast 4Q09
Outsourcing and MTS	19	(28)	(38)	
Pre- and post-training consultancy	15	3	(25)	
Total TSS Revenues - unweighted	13	(3)	(38)	(14)
Total TSS Revenues - weighted	22	(35)	(46)	(7)

Certification

IT Certification also suffered as the number of IT professional tests administered fell for the first time, and end-user testing continued its decline. The forecast for Q4 shows a further deterioration.



IT Certification Indices	1Q09	2Q09	3Q09	F/cast 4Q09
IT Professionals	0	0	(10)	
End-users	(6)	(17)	(33)	
Total Certification	0	0	(10)	(17)

On the next page are some of the comments from the contributors to the survey.

Which subject groups saw the biggest increases or decreases in your training revenues last quarter?

"Change [large decrease] is due to large (out of the ordinary) content development advance in Q3 of 2008"
"Biggest decrease in Public Schedule classes. Biggest increase in training tool development for business users"
"Decreases: public courses; increases: e-learning development"
"Bespoke CRM roll-outs. Government tenders"
"E-learning and Collaborative Learning is in demand. Bespoke product sales training is increasing Prince2 has fallen through the floor"
"Biggest increase: VMWare, Recoverpoint. Biggest decrease: ControlCentre"
"Juniper"
"SQL held up the best; Access, PowerPoint and Project probably saw biggest decreases"
"ILT"
"ILT saw biggest decrease"
"Oracle was very quiet"
"Storage+"

Other comments

In response to the question "Have you noticed any recent or unusual changes in the way your business is generated, such as enrolment patterns, or do you have any comment on the state of the IT training market generally?"

"Business is switching from public to onsite training. September made up for a very bad summer."
"Q3 worst I have ever known!"
"Enrolment patterns - very short lead time compared to 2008"
"Much later enrolment, more focus on onsite events at customer's premises"
"People taking longer to book, but we're seeing more "big" deals than we've ever done. So it's swings and roundabouts."
"Nothing unusual, consistent Qtr-on-Qtr student growth throughout 2008-2009"
"Dipped madly in first 6 months of 2009, now recovering fairly strongly for us."
"Enrolments happen nearer to class start date. Usual enrolment patterns are unreliable for forecasting."
"Much more price-sensitive, less lead time, less budget around for training"
"Q3 was very difficult indeed"
"September 2008 was very good, September 2009 was very, VERY bad. 4th Qtr has started much better."
"Signs that things are picking up. Investment in learning tools/technology in particular is increasing - budgets no longer frozen."
"Sales cycles for on-site courses are still getting longer due to team leaders', etc., inability to sign off expense. More last minute bookings on public schedule classes being received."

History

The charts below show the index numbers for the past nine years, revealing the depth of the current recession.