



Institute of IT Training

IT TRAINING INDUSTRY MEGATRENDS: JAN 2008

A regular series of reports outlining the main trends affecting the IT training industry for the Learning Directors Network





IT Training Industry Megatrends – January 2008

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CONTENTS

BUSINESS ENVIRONMENT	3
INTERNAL IMPERATIVES	5
BUYER PERSPECTIVES	7
TECHNOLOGY WATCH	8

BUSINESS ENVIRONMENT

There is a commonly accepted view that 2008 will be a difficult year; there will be excessive pressure on margins, and that will have an inevitable consequence on L&D budgets. So your clients will be operating in a 'more for less' environment in which inflated expectations, risk aversion, and tight funding will be the order of the day.

At the same time, demand in 2008 will be inflated by:

- **System Roll-outs** – this is the year for Office 2007 as well as critical major system roll-outs.
- **Expansion of the L&D role** – expectations of L&D have never been higher as they seek to participate much more in informal training interventions than they have in the past.
- **Talent Management** – the skills gap is well passed its sell-by date; but there is recognition that this is a competence issue and not a volume issue.
- **Compliance, Regulation, and Governance** – still a major driver that most L&D Managers hate – but can't afford to ignore!

The inevitable consequence is that there will be significant growth in critical sub-sectors whilst the overall market will remain both constant and difficult. In this situation it is those training providers that are the best placed in terms of agility and presentation that will emerge in a healthy state at the year end.

Key Findings

The key internal challenges are much more associated with short-term opportunism than long term strategy; this is a time to consolidate transformation and identify tactical niches. It's also a time to focus on survival.

Your Buyers have a series of discreet and complex challenges that will make them both less predictable and less open; good relationships with L&D will help but strong relationships with key business units will be far more effective.

As ever, technology and its application is changing rapidly and keeping a watch on where the opportunities exist should be a key element of the 2008 plan.

Focus on:

- The core value proposition to your buyers – does it provide adequate differentiation?
- Understanding the buyer imperatives – removing ambiguity reduces risk and misunderstandings.

- 3. Making sure your internal platform meets the needs of the last part of the decade

INTERNAL IMPERATIVES

There are a number of imperatives that LDN Members need to take into consideration in planning for 2008. It is suggested that you consider your market readiness against the following eight factors, and your internal readiness against the second six.

- **New Buyer Expectations** – buyers are resisting the trend to commoditisation – but expect the pricing that goes with commoditisation;
- **Openness and Visibility** – the net, and collaboration, mean that there's no hiding place in today's market;
- **Regulation and Compliance** – since we operate in multiple sectors we need to be aware of the issues in each of them;
- **Buyer Behaviours** – buyers will be under ever greater pressure to provide 'more for less' and the value argument, whilst essential, will be difficult to sustain.
- **Changing Markets** – the IT Training market comprises a series of segments each moving at a different pace. Looking at the market overall minimises sensitivity to the segments.
- **Branding and Values** – differentiation has always been difficult to achieve when the basics are so similar, but there has never been a more important period in which to have a clear value proposition that incorporates as much differentiation as possible.
- **Corporate Responsibility** – last year it was all 'green'; but now buyer expectations are higher incorporating much of the political correctness that has been treated in a somewhat derisory way in the past.
- **Communities of Influence** – they'll have an enormous affect on business in 2008 – and, because they are so ethereal they'll be hard for the sales force to interpret and leverage.

Those are all external influences to take into account; the issue is what will you do about them internally?

If you reflect on the current situation you'll probably conclude that you're facing some key challenges. In summary:

- We're operating in a period of change and it is not easy to navigate through the uncertainty and ambiguity;
- We're expected to champion change, spur innovation, unify people across disparate constituencies, and be role models of adaptability;
- But we will no doubt point to the inertia of organisational culture, lack of employee skills and their unwillingness to change as the obstacles impeding progress;
- But typically we're using a platform built on disciplines, approaches and organisation styles that are dated;

- A new management platform is emerging that integrates web-based technology and enables us to reflect new business, workforce, and organisation models.

So what does this new platform look like and how can we assess where we are in the journey?

There are six critical elements of this new platform; they are:

- **New Operating Models** – the key drivers are the internet and collaboration, globalisation, extended value networks and creative partnering; and the result is that, in any organisation, there are multiple models at work. For an example, just look at the multiple forms of value chains operating within your organisation (supply, delivery and knowledge chains).
- **New Work Structures** – modern processes rely on horizontal or cross enterprise workflow and decision-making; they don't operate well in an organisation that retains a hierarchical control-based structure. There is a critical requirement to prioritise outcomes over process.
- **Managing Diversity across New Boundaries** – conventional diversity (i.e. gender, origin or culture) is significantly extended to include location (local, regional, national, global) economics (emerging versus mature), employment (full-time versus freelance), and even personality.
- **Workforce Transformation** – the traditional platform is based on face-to-face interaction, a few centralised work locations, and reliance on corporate-owned technology. But this is changing – and it presents three unique challenges:
- **Frameworks of Trust** – it is critical that we are able to participate in and foster these networks;
 - **Learning Ecosystem** – the ecosystem that is emerging will be a challenge both to implement, and to gain user acceptance.
 - **Digital Divide** – multiple generations of digital users will need to co-exist; the typical categorisation is digital natives (most people born after 1980), digital immigrants (strong users born before 1980) and digital novices.
 - **Matrix Management** – boundaries are becoming fuzzy and most managers will find themselves responsible for outcomes involving people who don't work for them – a situation that was regarded as untenable as little as a decade ago!
 - **Informal Learning** – Charles Jennings' 70/20/10 rule means that the organisation can no longer afford to over-focus on formal training interventions; and this is clearly an area that presents an enormous opportunity to forward thinking L&D Managers.

BUYER PERSPECTIVES

There are four key trends that are currently impacting on your buyers – and inevitably these four trends are totally 'out of sync' with each other! They are:

- **Tight Budgets with a 'More for less' expectation** – there are few budgets that can be considered 'safe' for the next twelve months and buyers will do everything they can to squeeze extra out of their residual pots. The recent LDN survey highlighted that the internal L&D spend was a higher proportion of the budget than was anticipated – and therefore, the fundamental decision that most L&D teams face is do you put the squeeze on internal or external provision?
- **Pressure on system roll-outs** – 2008 will be a critical year for new system roll-outs; this is because:-
 - **Office 2007** – evidence is that most of the early adopters, who typically do less training, are now well into the roll-out and the next big wave (in 2008) will be 'the Bs' (i.e. the mid-adopters) where planning and training are typically given a higher priority.
 - **Vista** – evidence so far is that take-up is slow, but will increase in 2008;
 - **Traditional (ERP/ CRM/ SCM)** – these roll-outs continue apace although we're now more into the Cs (late adopters) for much of this technology;
 - **Emerging (PM/BI/ PPM)** – these new 'killer apps' are growing in importance and reflect a great training opportunity as there is little commonality between users in these apps.
 - **Key Verticals** – Financial Services, Healthcare, Telecomms and IT Services are all at critical points in their roll-outs of vertical apps.

The key issue here is that management expectations will be high whilst funding will be low! And therefore managing client expectations (and not just L&D expectations!) will be a critical issue.

- **The incorporation of informal interventions in the expectations of L&D** – for a while now I have argued that the next big internet hit will be L&D – and, just like marketing before them, they won't get it! The critical tools are now available to allow L&D to play a much greater role; these tools include:
 - **Performance Support**
 - **Enterprise Content Management**
 - **Collaboration Tools**
 - **Communities of Practice Management**
 - **Competence Management**
 - **FAQ Management**

- **Performance Management**

Whilst all of these tools exist they are typically provided in isolation – and therefore the critical issue is to be able to ‘provide the glue’ to integrate the tools and provide a rich user experience.

- **The need for new approaches in a risk averse climate** – the key opportunity that all of this creates is that L&D Managers (and their stakeholders) will be looking for reassurance that new approaches won’t represent risk to their organisations.

TECHNOLOGY WATCH

There are a number of technologies on which to keep a close eye in 2008. These include:

- **Sourcing Models and Expectations** – there is recent evidence that offshoring has grown by over 40% in the last twelve months – and so there is still a significant change in the IT Professional workforce that is UK-based. The continued migration of application services, business process outsourcing and infrastructure services will have a substantial effect on the structure of the UK IT Professional group and this will continue to impact upon the skills demand for UK-based staff.
- **Business Intelligence and Performance Management (BI/ PM)** – although initially a stand-alone application, BI is increasingly becoming integrated into the applications themselves. The key emerging technologies (e.g. interactive visualisation, in-memory analytics, SaaS and SOA) will all re-enforce the embedding process. And the impact of this will be that training for BI will become embedded in the new skills for the new app roll-out.

At the same time, many of the early PM roll-outs were targeted at simply automating existing finance-oriented processes. The challenge now is to focus PM on organisation-wide processes and metrics; this will be a much greater challenge, but, in those organisations that succeed, there will be a significant training opportunity.

- **High Performance Workplace** – the workplace is changing significantly and there are five key consequences that will have an enormous impact on training (especially user training) over the next few years. They are:
 - The impact of Google on workplace activities;
 - Users will turn increasingly to the web and will find that internally developed collaboration and networking tools will fail to meet their requirements;
 - E-mail services, instant messaging, and team collaboration will follow the SaaS model and will be increasingly hosted externally. Microsoft’s licensing model will become unsustainable within the next five years.

It’s interesting to note Gartner’s prediction is that by 2010, the average salaried worker will actively participate in at least five

different ad hoc teams simultaneously, and 30% of these people will participate in teams with external participants.

- **Web Technologies** – 2008 will see a substantial adoption of web 2.0 technologies; Ajax and mashup technologies will be readily accepted in most organisations, but other aspects of web 2.0 (such as social networking) could be restricted by organisational practices – which will typically result in the Business Units 'doing their own thing'!
- **Software-as-a-Service** – vendors are increasingly turning to the SaaS model whilst many centralised IT departments have been 'pushing back' against it. It will progressively become mainstream through 2008 – 2010 and this will also be reflected in training opportunities.
- **Shared Services** – the trend to the shared service model, that has been seen through 2004 – 2007, is now turning to a business process outsourcing model as organisations seek the benefits of scalability and service. This, in turn, changes the profile of IT Professional skills requirements – and especially means that the buyer is the service provider rather than the user.
- **Governance, Risk and Compliance** – the big impact is on security officers – as recent high profile government cases have shown! Information retention, access policies, security and privacy safeguards, as well as robust support for e-discovery, will be the order of the day, and organisations that can't demonstrate 'due diligence' will find it very hard!

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