

Corporate Training & Development

News & Analysis for Professionals in the Corporate Training Industry

Advisor

Corporate Training Vendors Increase Spending on R&D

Spending on research and development among corporate training vendors increased 8.2% through the third quarter of 2007, compared with the same time frame in 2006, according to *CTDA's* Nine-Month Spending Index (see chart on page 4). Collectively, five companies tracked by *CTDA* spent a total of \$64.6 million on R&D year to date by the end of their third quarters in 2007, compared to \$59.7 million spent during the same quarters in 2006. To offer a fair comparison, *CTDA* tracked spending through the third quarter of each company, taking into account which vendors report by calendar year and which report by fiscal year. WebEx was acquired since last year's survey and does not appear on the latest index.

See 'R&D' on p. 4

Boomers Should Pass on Knowledge, Novations Says

Requiring long-term employees to transfer some of their knowledge to less experienced colleagues on a regular basis is something that might help lessen the blow of a skills shortage brought on by retiring baby boomers, according to human performance and professional skills consulting and training firm Novations Group (Boston). Yet, survey results reveal that very few organizations have devised a formal process for this type of process.

Only 4% of the 2,046 respondents to an Internet survey conducted for Novations by Equation Research indicated that their companies have created a formal process to pass on know-how, while 23% report doing so informally. The study group was comprised of

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On-Demand Training, Sale of WebEx Lead *CTDA's* 'Top 10 Stories of 2007' Index

The training industry was again bolstered this year by a healthy job market and a spate of upper level evacuations triggered by retiring baby boomers. Corporate training vendors found their products and services to be in high demand as clients sought ways to keep their employees happy, productive and in place; and competitors tried to grab additional customers by enhancing their content and delivery offerings through acquisition and partnership.

Corporations were more receptive to training than ever before, but their harried employees began to gravitate even further toward technology-enabled delivery platforms that allowed them to participate in training from remote locations and when time permitted. To that end, the growing interest in on-demand training became an even hotter topic in 2007, placing the phenomenon at the top of *CTDA's* "Top 10 Stories of 2007" index (see chart on page 3).

THE PULSE

Companies engaging an external sales training vendor are more likely to yield a higher degree of effectiveness in their sales organization than those that employ internal-only training, according to the annual 2007 Sales Training Vendor Guide published by ES Research Group (West Tisbury, Mass.), a research and advisory firm focused on sales effectiveness. The guide also revealed that one of the leading ways vendors are changing the sales effectiveness arena is through technology innovation.

To accommodate this growing plea, vendors further immersed themselves into the world of on-demand training. For example, custom courseware provider Makau Corp. (Orem, Utah) partnered with Vistacast (Dallas), a developer of enterprise communication solutions for the interactive mobile digital media market, over the summer to create an enterprise software solution that enables course developers and training administrators to put full courses on the iPod. Likewise, Splash Media (Dallas) launched a 24/7 online and on-demand video communications and training solution in the fall.

In addition to this modified approach to delivery, the overall training industry witnessed a metamorphosis in terms of content offered by many vendors, as soft skills remained the dominant segment. For the second consecutive year, soft skills overtook the IT market in terms

of both size and share, according to *Corporate Training Market 2007: Forecast & Analysis*, a report released earlier this year by Simba Information, the publisher of *CTDA*. The growing need for leadership training coupled with the absence of many technological advances that drove the need for information technology training, caused many IT vendors to redefine their operations, adding more business skills training to their portfolios.

While IT and soft skills training vendors were coupling their courseware, the most shocking marriage of assets took place in March when networking giant Cisco Systems (San Jose, Calif.) announced it would acquire online business communications platform firm WebEx (Santa Clara, Calif.). What puzzled analysts the most about this acquisition at the time it was announced was the high price that Cisco paid for WebEx—\$3.2 billion in cash—which far exceeded WebEx's overall 2006 revenue of \$380 million. WebEx was named the leading e-learning platform vendor in Simba's report, with projected training-related revenue of \$136.8 million in 2007.

Certainly, the purchase of WebEx gave Cisco a chance to amplify its unified communications range. But on a broader scale, analysts believed the sale was indicative of the maturation of the entire e-learning market, and was particularly helpful in establishing the value proposition of Web collaboration. And that proposition would be further enhanced in November when networking firm AT&T (San Antonio, Texas) announced its acquisition of Web and video conference solutions firm Interwise (Cambridge, Mass.). Though the price tag on this deal was much smaller, set at about \$121 million in cash, the benefits to the buyer were similar on many other levels. With Interwise, AT&T significantly boosted its profile in the Web conferencing and collaboration market.

Also heightening its profile among a new consumer base this year was business skills trainer the American Management Association (New York). In addition to making good on its promise to offer more blended learning programs, the AMA launched a new PodCast series in the summer that draws from authors and various thought leaders who are associated with the AMA through its AMACOM book publishing division. The company views the free series as a way to supplement the popular classroom-based education programs and seminars that have been the backbone of the AMA since its inception.



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CTDA'S TOP 10 STORIES OF 2007

Company	Month	Description
Busy workforce	All year	On-demand training becomes hot topic
IT vendors	February	Forced to increase business skills portfolio
WebEx	April	Acquired by Cisco for \$3.2 billion in cash
Interwise	November	Purchased by AT&T
AMA	March	Launches PodCast series
Informa	May	IIR companies thrive overseas
Novations	May	Reorganizes company for a second time
Learning Tree	February	Restructures business to cut costs
All vendors	All year	New online products released
Customer features	All year	Proven success of training initiatives

Source: Simba Information

Providing a new backbone for the companies that previously made up the Institute for International Research (New York) since it acquired IIR in the summer of 2005, the London-based T&F Informa helped grow collective overseas growth by 17% in 2006. The solid performance of all the companies—including project management firm ESI International (Arlington, Va.), leadership development trainer Forum Corp. (Boston), sales trainer Huthwaite (Sterling, Va.), financial services trainer Omega (Charlotte, N.C.), business communications firm Communispond (New York), sales and leadership trainer AchieveGlobal (Tampa, Fla.) and program management consulting firm Robbins-Gioia (Alexandria, Va.)—landed Informa at the top of Simba's top training providers list this year, with estimated 2007 revenue of \$1.3 billion, up 10% from \$1.2 billion in 2006.

Also under the guidance of a new owner since being acquired by MCG Global, LLC, a middle-market private equity firm, and members of Novations Group's senior management in August 2006, Novations Group (Boston) reinvented itself once again in summer 2007. After reorganizing into six business units in early 2006, Novations, which is comprised of former elements of Provant,

reorganized once again into five functional areas: sales & marketing, new product development, training & delivery, executive consulting and strategy.

Restructuring was also on the menu at Learning Tree International, and the Reston, Va.-based IT trainer decided to make some changes to its business and its curricula after reporting stagnant annual sales earlier this year. Due to the general decline in the IT training market, Learning Tree embarked on a cost-cutting mission that resulted in smaller classroom training centers and an expansion into more management training to boost future sales. In June, the company introduced the four-day course *Building Applications with Microsoft Access 2007: Hands-On* to its Microsoft Office and Access offerings, but is also investigating how to add blended learning to its offerings, which to date have been entirely instructor-led.

In fact, the majority of new training products and programs launched during the first six months of 2007 were computer-based and reflected the need for on-demand offerings. For example, in May e-learning content and technology provider SkillSoft (Nashua, N.H.) announced commercial availability of the Leadership Development

Channel, a growing online library of more than 450 on-demand video learning programs featuring prominent thought leader- and CEO-content covering a range of business topics. Also, in June OutStart, a privately held e-learning tools firm based in Boston, announced OutStart TrainingEdge.com, a complete, on-demand, software-as-a-service eLearning 2.0 platform that integrates traditional LMS and LCMS technology, with the power of Web 2.0, including communities, Wikis, private messaging, expertise exchanges and expert events to enable next generation collaborative learning.

For the third consecutive year, *CTDA's* semi-regular customer feature stories round out its index of the top 10 stories of 2007 because they offer real-life examples of products and services in practice. In the March issue, convenience chain store retailer Sheetz Inc. (Altoona, Pa.) reported that more than 10,000 employees across six states had been trained on topics like safety, customer service and food preparation through the learning management system from SumTotal Systems (Mountain View, Calif.). In April, *CTDA* reported that construction management company Gilbane Building (Providence, R.I.) had witnessed a 20% jump in customer satisfaction scores since implementing an e-learning program using content from SkillSoft. ■

R&D, cont'd. from p. 1

Combined, spending on sales and marketing grew at a slightly greater rate, 9.1%, climbing to \$154.1 million for the nine-month period, and general and administrative expenses saw the greatest increase, 12.2%, to \$68.1 million.

E-learning infrastructure and human capital management solutions firm Saba Software (Redwood Shores, Calif.) reported the largest increase in spending on research and development for the first nine months of its fiscal 2007, boosting spending by 33.3% to \$12 million compared to \$9 million spent on R&D efforts during the first nine months of fiscal 2006. Saba also greatly increased its spending on sales and marketing by 57.9% to \$28.9 million and on G&A by 60% to \$8.8 million.

During the first nine months of fiscal 2007 at Saba, which ended Feb. 28, R&D increases were primarily due to an increase in employee payroll and associated benefits expenses of \$2.6 million, related to the acquisition of Centra Software in January 2006. Sales and marketing and G&A increases were also the result of increases in employee salary and benefits expenses, as well as an increase in marketing and events, and in professional fees.

CTDA'S NINE-MONTH SPENDING INDEX (\$ in millions)

Company	2007 R&D	2006 R&D	% Chg.	'07 Sales & Marketing	'06 Sales & Marketing	% Chg.	2007 G&A	2006 G&A	% Chg.
Saba ¹	\$12.0	\$9.0	33.3%	\$28.9	\$18.3	57.9%	\$8.8	\$5.5	60.0%
SumTotal Systems	15.7	12.7	23.6%	25.6	22.8	12.3%	14.3	15.1	-5.3%
SkillSoft ²	29.9	29.3	2.0%	68.4	65.6	4.3%	21.0	18.5	13.5%
iLinc ³	0.9	1.1	-18.2%	2.5	2.3	8.7%	1.9	1.6	18.8%
Learning Tree Int'l. ⁴	6.1	7.6	-19.7%	28.7	32.2	-10.9%	22.1	20.0	10.5%
Total, 5 Companies	\$64.6	\$59.7	8.2%	\$154.1	\$141.2	9.1%	\$68.1	\$60.7	12.2%

¹Nine months of fiscal 2007 ended Feb. 28; figures include the acquisition of Centra Software

²Nine months of fiscal 2007 ended Oct. 31, 2006; Q3 fiscal 2006 ended Oct. 31, 2005

³Nine months of fiscal 2007 ended Dec. 31, 2006

⁴Nine months of fiscal 2007 ended June 29

Sources: Company reports; Simba Information.

During its fourth quarter, which ended May 31, Saba signed new customer contracts and expanded existing relationships with a number of organizations worldwide, including Catholic Healthcare West, YUM Brands, the U.S. Department of Health and Human Services, and the Singapore Ministry of Finance. In addition, Saba also announced two new strategic relationships, one with Hitachi Ltd., a leading global electronics company, and one with HCL Technologies, one of India's leading global IT services companies.

Two other companies on the index—LMS firm SumTotal Systems (Mountain View, Calif.) and e-learning content and technology firm SkillSoft (Nashua, N.H.)—also posted spending increases on R&D during the first nine months of (fiscal/calendar) 2007, which ended Oct. 31, 2006 for SkillSoft. SumTotal increased R&D spending by 23.6% to \$15.7 million, while simultaneously increasing spending on sales and marketing by 12.3% to \$25.6 million. SkillSoft increased spending on R&D by 2% to \$29.9 million, while also increasing spending on sales and marketing by 4.3% to \$68.4 million.

The largest decline among the five firms was posted by IT trainer Learning Tree International (Reston, Va.), which decreased spending on R&D by 19.7% and on G&A by 10.9%.

Soft skills trainer Franklin Covey (Salt Lake City) was not included on the index because the company only reports this information on an annual basis, not quarterly. IT trainer New Horizons (Anaheim, Calif.) was also excluded from *CTDA's* index because it does not break out the individual line items, but instead lumps them together under the heading selling, general and administrative expenses. For the nine months ended Sept. 30, New Horizons reported \$17.2 million for these expenses, compared to \$26.5 million for the same time frame in 2006. The decline was attributed to the closing of 10 company-owned training centers and other savings achieved from cost-cutting methods undertaken in 2006 and 2007. ■

AMA Partners with SumTotal; Vendor Marriages Flourish in 2007

In the latest example of how corporate training vendors can broaden their collective reach among consumers by

working together, LMS firm SumTotal Systems (Mountain View, Calif.) announced late last month that it signed a contract with business skills trainer the American Management Association (New York) to provide AMA with ResultsOnDemand Learning, a software-as-a-service model that will give AMA customers access to a hosted version of SumTotal's talent management suite.

This partnership further expands the AMA's blended learning initiative, which was launched in 2004 when it began offering pre- and post-Web-based support tied to its instructor-led seminars focused on project management. However, momentum really picked up steam this year when the AMA expanded its Webcast series and also launched a new Podcast series (see story on page 1).

The new partnership with SumTotal will allow the AMA the opportunity to blend instructor-led and online learning to give customers choice, feedback and additional resources. AMA purchased SumTotal's software to wrap Web-based learning tools around the traditional instructor-led model AMA is known for. AMA can now offer online prep materials, custom online content, assessments, e-learning courses and virtual sessions.

Some other leading corporate training vendors also exemplified the notion that there is power in numbers this year, combining resources to bring customers more choice. For example, at the beginning of the year IT trainer Global Knowledge (Cary, N.C.) added more than 20 IBM courses to its content portfolio focused on the areas of programming and operating systems. Partnerships like this one have helped Global Knowledge strengthen relationships with customers over the years as it guarantees them a portfolio that can expand as their needs change.

More recently, instructor-led IT training and management education provider Learning Tree International (Reston, Va.) announced that it had entered into a training partner agreement with ETEK International, a South American information security provider, which will allow ETEK to deliver Learning Tree courses to its South American clients.

Even LearnShare, LLC (Toledo, Ohio), a consortium of Fortune 1000 companies organized to research, design, purchase, package and share best practices in training and development, took to partnering this year to enhance its offerings. LearnShare partnered with Dublin, Ohio-based

MindLeaders, an employee and individual performance-improvement company, so that LearnShare members could have access to learning methodologies from a wide variety of subject matter.

For certain vendors, acquisition was the chosen method of adding products and services. LMS provider Plateau Systems (Arlington, Va.) added another facet to its performance management offerings early this year when it acquired Boston-based NuvoSoft Inc., a privately-held, provider of Web-based compensation management software. As a result of the acquisition, Plateau Compensation now offers NuvoSoft's comprehensive compensation management capabilities as three integrated applications that may also be purchased individually.

Global Knowledge decided to forge a more permanent merger when it acquired Synergy Professional Services, a privately owned business headquartered in Dubai, India, that provides professional and technical IT skills training, consulting, and services in the Middle East and Africa. ■

Novations, cont'd. from p. 1

senior human resources and training and development executives. An overwhelming 44% of respondents said they have no such procedure in place and don't plan on implementing one in the future.

According to Tim Vigue, executive consultant at Novations, a formal process for knowledge transfer would begin with an assessment of some kind, which would vary by business, to determine the key pieces of knowledge and information that need to be transferred. Once those are identified, the assessment would attempt to gauge where the company's employees stand against that knowledge at the moment, and how the organization would be impacted if a boomer were to leave the company suddenly.

"What gets overlooked the most is the 'how we do things around here' kind of stuff," Vigue told *CTDA*. "Information can be gathered in a number of ways, and most commonly takes the form of a competency model of some sort. Companies may just also interview the people who are most tenured and ask them questions about what people need to know. Organizations like Novations and others

can help them codify what critical knowledge skills and abilities are needed in order to run the place."

One of the challenges to this process, Vigue said, is that often once an employee reaches a certain age or status level the corporation gives up on them in terms of development, thinking they will not be interested in learning

something new. This is a big mistake, Vigue said, because it not only disenfranchises that group but it also doesn't account for the portion of that group that may plan on contributing for years to come.

"You can't assume," Vigue said. "In this world there are people retiring at all different ages. Part of the challenge in this

"If you can lay out a roadmap that isn't a theory but is driven by data that suggests what organizations value, then you can help people figure out how to navigate."

**—Tim Vigue,
Novations Group**

boomer preparation issue is having a sense for what their plans are, and the only way you will have a sense for that is by creating open, regular dialogue with all your people through development planning. We can help them get a system in place so that every employee is having regular development conversations with their boss, and especially this population that we often write off."

Companies can make knowledge transfer part of the performance goals for their employees as a way to mesh it into day-to-day interactions among staffers, he said. This

FEW EMPLOYERS PREPARED TO CAPTURE BOOMER KNOW-HOW

Has your organization created a way of transferring knowledge from retiring baby boomers to other employees?

- Yes, a formal process	4%
- Yes, an informal process	23%
- No, but we plan to	29%
- No, and we have no plans to	44%

Source: Novations Group

can also take some of the pressure off the supervisors and free up more of their time.

"It isn't a matter of one day you sit down with the guy who has been there the longest and he dumps everything he can out of his brain and off he goes," Vigue said. "If you can lay out a roadmap that isn't a theory but is driven by data that suggests what organizations value, then you can help people figure out how to navigate." ■

News Briefs

► LMS provider **Plateau Systems** (Arlington, Va.) recently announced the expansion of its iContent solution, adding specialized content from five new partners—getAbstract, KESDDE, LearnWright, Quality Food Training and WeComply—who bring 4,000 new business, finance, and compliance titles, in industries such as biotech,

pharmaceuticals and food packaging, to the iContent catalog. iContent users now have access to more than 30,000 talent management assets that span a broad range of business, technology and leadership development topics. LearnWright offers multimedia training designed for the health and life science industries; Quality Food Training materials range from food safety and hygiene to forklift training and risk assessment; WeComply offers compliance training related to different workplace issues such as business, discrimination and information security; and content from getAbstract and KESDDE significantly expands iContent's current finance, risk and business offerings.

► Consulting firm **ESI International** (Arlington, Va.) recently launched the Program Management Professional Development Program, which is designed to enable program managers in business and government to meet the increasing

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demands on program management as a tool to implement business strategies through an integrated portfolio of projects. In addition to earning a Master's Certificate in Program Management from ESI and The George Washington University, Washington, participants will learn to initiate and organize large-scale programs to implement, support and drive business strategy and manage stakeholder relationships, among other things. The ESI curriculum includes a mix of courses in program management, business skills, advanced project management, contract management, and the PgMP Exam Preparation class (to be released in 2008).

- ▶ Hosted platform vendor **GeoLearning Inc.** (West Des Moines, Iowa) announced last month that **Medical Staffing Network** (Boca Raton, Fla.), a leading medical staffing firm, has selected the GeoMaestro learning management suite to manage training delivery as part of a three-year managed learning services contract. Medical Staffing Network will deploy GeoMaestro in January 2008 to replace its current LMS. With over 130 branches in 40 states, Medical Staffing Network will use the LMS platform integrated with GeoConnect—powered by WebEx to create, deliver and manage virtual instructor-led training sessions and deploy online training content—and GeoTalent—powered by SuccessFactors to support corporate initiatives around performance management and talent development. GeoLearning will also provide Internet hosting, security and maintenance services, as well as Help Desk support for Medical Staffing Network administrators and employees, as part of the three-year managed learning services contract.

- ▶ **Inspired eLearning** (San Antonio, Texas), a developer of online e-learning business solutions, unveiled a new version of its learning management system (iLMS) last month designed to better meet the needs of today's global business community. The knowledge management tool is now fully compliant with SCORM/AICC industry standards and includes a completely redesigned user interface with the ability to incorporate third-party content such as Camtasia, Captivate and Activate programs. iLMS, available in seven languages, allows clients to build their own courses with rapid development software, install Inspired eLearning's library of ready-made courses, have programs custom built to meet specific requirements, or all of the above.

- ▶ Learning and knowledge systems provider **Eedo Knowledgeware** (Nashua, N.H.) recently released Eedo Dashboard, which enables chief learning officers and learning and HR managers to effectively monitor, measure and report on key indicators (such as change, readiness and productivity) to show their impact on performance and corporate outcomes. Eedo Dashboard, which is fully integrated with Eedo's learning content management system ForceTen, aggregates data from ForceTen and other human resource and business systems, compares it to established objectives and presents the results in a graphical format. It can be used to help learning managers define strategic goals and learning objectives, using a balanced scorecard framework, and align objectives to progress indicators, then collect, aggregate and report progress against defined targets, among other things.

Companies Featured in This Issue

- American Management Association: 877-566-9441
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- iLinc: 602-952-1200
- Informa: +44 20 7017 5000
- Learning Tree Int'l.: 800-843-8733
- Novations Group: 888-652-9975
- Saba Software: 650-581-2500
- SkillSoft: 603-324-3000
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