

Access to market-leading talent and committed to the best outcomes for our clients...

Find out more >

EducationInvestor

news and views on the business of learning

Hello sunniva2014
86.140.209.75
[Edit Profile](#)
[Logout](#)

Menu

- [Home](#)
- [News and features](#)
- [Deals archive](#)
- [Awards](#)
- [Executive moves](#)
- [Conferences](#)
- [Education Summit](#)
- [Round table](#)
- [Advertising](#)
- [Subscribe](#)
- [Contact us](#)
- [About us](#)
- [Admin](#)

El article

Time for a commercial break

*There have been a growing number of deals in the commercial training space of late. Is the market on the up again, asks **Sunniva Davies-Rommetveit***

One of the bigger deals to happen this spring was Wiley's acquisition of French corporate e-learning firm CrossKnowledge. The \$175 million (£110 million) transaction provoked the usual moans about American companies buying European ones, but also highlighted an emergent trend. While the recession took its toll on the commercial training market, deal activity in the space has begun to pick up over the last 12 months. Some observers are now convinced this uptick will accelerate, not least because the economy is starting to get back on its feet.



So how is the commercial training market currently taking shape in Britain; and where are the opportunities likely to be found?

Commercial training covers any sort of skills training a company might wish to provide to its employees, be it in IT or accounting, management or marketing. Businesses typically will buy in two sorts of training solution. The first is in-house instructor-led training (ILT) which refers to face-to-face, classroom style learning. The second is e-learning, an increasingly popular area, which includes everything from online tutoring to interactive CDs and websites.

The barriers in this market have remained largely the same over the past decade or so: firstly the ILT segment of the market has been stagnating as snazzier, cheaper e-learning solutions emerge. Secondly, the commercial training market as a whole suffers from quite a lot of cyclical, being dependent on businesses to shell out. Not surprisingly, the global corporate learning market shrunk by 20% between 2007 and 2012 following the crash, although it's now returned to growth.

According to Jeremy Harrison, a director at Catalyst Corporate Finance, commercial training in IT, law, accountancy and health and safety are particularly starting to pick up. "Large corporates are increasingly outsourcing their training, talent management programmes and HR functions," he says. "They think it's better to buy in expertise in niche and specialist skills training to improve employee productivity and add value."

ILT or e-learning?

While most ILT firms have either been stagnant or in decline throughout the recession, ILT still accounts for most corporate training expenditure, and is preferred by many industries. According to Sheila Flavell, chief operating officer at FDM, regulation-heavy sectors such as finance regularly use ILT courses; more complex legislation is perhaps easier to grasp when learners have the opportunity to ask questions. Meanwhile, sectors where health and safety features heavily, like oil & gas and firefighting, require hands-on tutorials and accompanied simulation training, so will likely remain ILT strongholds.

But in other markets, such as IT, law and accountancy, online tutorials, webinars and interactive CDs are increasingly becoming the plat du jour.

According to the head of the education practice at OC&C Strategy Consultants, Mark Jaynes, this is in keeping with the general rise of e-learning. A recent OC&C report suggests demand for e-learning of all kinds is up 6.3% since 2009, with the market now worth about \$1.8 billion.

Another driver is cost: e-learning is more affordable than ILT, thus more attractive for firms watching their purse strings. It's more convenient and flexible to implement, too, and technology is becoming more advanced. Thanks to data, for instance, e-learning courses can increasingly be personalised to suit individual learner requirements.

The rise of corporate e-learning in the short term is not a given – uptake has in fact slowed slightly in the last few years – but over the long term, it seems inexorable. This raises questions about how investors should approach the market: how people use technology is rapidly changing, for example, and new training programmes are now being created with that in mind.

Learning on tablets and mobiles, or so-called 'm-learning', is becoming ever-more prevalent, notes Ian Koxvold, a partner at Cairneagle Associates, especially on smartphones. Mobile apps are, of course, easy-

Search news and features

- Match all
- Match any

Go >



In this issue



Latest headlines

[agency Synchron](#)

THE SPENCER GROUP
Bringing more to the table



More >

EducationInvestor
Awards 2015



[Click for more information](#)

to-use and portable, allowing people to learn during their daily commutes, at lunchtime or whenever is most convenient.

"There are two requirements with mobile content – to make the content concept suitably engaging for anytime, anywhere usage and – where you are expecting to deliver through smartphones – to format it for small screens," adds Koxvold. "So there is an increasingly growing market for firms that adapt content and make it mobile ready."

All this might give the impression that ILT is on the way out. But the vast majority of commercial training comes blended these days, says William Macpherson, chief executive of training firm QA. "There will be an e-learning package with every course, along with additional key-learning points that can be delivered on whatever device [PC, tablet or mobile] you use," he says.

In fact it's very rare these days to get an ILT course which is solely tutor-focused; they will always come with videos and accompanying software programmes that enhance the process. Some now seem to be taking this combination to the next level: Immerse Learning, which technically is an e-learning firm, uses avatar-based synchronous training to deliver virtual ILT.

This is arguably a winning formula for delivering dangerous, costly or complicated forms of training: why not practise running through a burning building in a virtual reality, before experiencing the real thing?

Personalise and customise

Personalisation and customisation is another tenet of the commercial training market. Companies like QA and Skillsoft never sell standardised packages to corporates anymore, instead they customise them to their specific needs.

Take the Cass Business School, which offers a three-day ILT course for chief executives, led by other chief executives from the same field, for the princely sum of £1,150. Such expertise is impossible to standardise, although finding the relevant senior level instructors to justify the usually hefty prices can prove difficult.

Customised corporate e-learning is growing fast, meanwhile, thanks to technological advances. "Many training companies are feeling a tougher competitive intensity, and are realising that they need to invest £100,000 to make very good e-learning content rather than to spend £10,000 on content that used to be acceptable. There is a lot of consolidation underway," Koxvold notes.

Today's best e-learning programmes allow learners to trace their progress and identify what they need to study more. That not only benefits learners, but companies too: their human resources departments are able to support learners more easily, and can begin to assess the ROI on training spend. Others, though, say this sort of solution won't be popular with everyone: "Occasionally, a human resources department says they'd rather the staffs' progress is not traceable," says Macpherson. "Focusing on people just passing the test gives you a different learning experience."

Cyclical or self-correcting?

While all of these developments are exciting, it's important to remember that spending on commercial training seriously dipped after the crash of 2008. This is unsurprising, of course: one of the first things a firm cuts back on in tough times is so-called "soft skills" training.

Yet the jury's out about just how cyclical the market is. Many types of training become increasingly needed during a downturn. QA's project management training has been steadily growing despite the recession, for instance. The logic here says Macpherson is that in tough times, firms can't afford to waste money on bad management, and project managers become essential.

It seems like the whole market is starting to bounce back anyway. While there are no figures available for the UK, in the US spending on corporate training fell from \$62.3 billion in 2007 to \$49.3 billion in 2009 – but it was back up to \$62 billion by 2012. Investor interest in training firms as assets is picking up in the UK, too. Aside from the Wiley-CrossKnowledge transaction there have been a growing number of deals of late, including the sales of Skillsoft to Charterhouse Capital Partners for £1.4 billion, Line Communications to Learning Technologies Group (LTG) for £9 million, and 7City Learning to Fitch for a rumoured £90 million.

A transforming market

So where might the market go next? The underlying drivers, at least, look highly favourable. Take the potential repercussions from the introduction of £9,000 university fees in 2012. Many youngsters are becoming increasingly interested in the idea of going straight from school into work. And being trained in-house, instead of spending the time and money on a degree, could facilitate that.

"We're seeing a convergence between corporate training, higher education (HE) and vocational training," Macpherson says. "Before raised university fees, they were different hubs that never interacted. Now, more people will begin to work, be trained there and take a part-time degree to further their career."

The UK's resurgent economy is also sure to have impact. In May, the Confederation of Business and Industry (CBI) said its survey of manufacturers, retailers and firms across the service sector showed the economy growing at its fastest pace since its records began in 2003. When you combine this with the rapid development of new e-learning technologies, it seems likely that investors will be paying the commercial training market closer attention in the next few years.

As Harrison concludes: "Commercial training is still a big market. Though it has, in general, had a tough time over the last few years, that's starting to change as corporate training budgets are now growing again. If deal flow doesn't pick up in the coming 12 months, I'd be surprised."



Posted on: 09/06/2014

Latest news

South Africa: Curro drops Advtech takeover bid

31/07/2015

South African schools group Curro Holdings has

THE SPENCER GROUP
Bringing more to the table

More

dropped a R6 billion (£300 million) takeover bid for smaller rival Advtech.

Learning Technologies Group acquires Eukleia for £7.5m

31/07/2015

Corporate training firm Learning Technologies Group (LTG) has acquired Eukleia, a provider of e-learning to the financial services industry.

Civitas Learning acquires BlikBook

31/07/2015

US-based software provider Civitas Learning has acquired British learning platform BlikBook for an undisclosed sum.

Philippines: Ayala Education invests \$9.9m in University of Nueva Caceres

31/07/2015

The education branch of conglomerate Ayala Corp, Ayala Education, has invested \$9.9 million (£6.3 million) for a 60% stake in the University of Nueva Caceres (UNC) in the Philippines.

Exclusive: Sovereign Capital to buy recruitment agency Synarbor

31/07/2015

Private Equity firm Sovereign Capital has made an offer to buy teacher recruitment agency Synarbor PLC, EducationInvestor understands.

UK: Zondle to stay open after funding lifeline

30/07/2015

Games-based learning business Zondle is to stay open after an eleventh hour intervention by an "anonymous donor".

Exclusive: Bridges Ventures brings forward Babington sale

30/07/2015

Bridges Ventures has brought forward its sale of apprenticeships business Babington Group, EducationInvestor understands.

University of South Wales closes London branch

29/07/2015

The University of South Wales has closed its London campus after failing to enrol a single student.

Cognita schools roadshows £280m bond

29/07/2015

International schools operator Cognita has begun road-showing a £280 million bond to fund its expansion.

US: Providence Equity Partners seeks up to \$3.4bn for Blackboard sale

29/07/2015

Learning management system (LMS) provider Blackboard has been put on the market by its owner Providence Equity Partners, Reuters has reported.

DAC beachcroft

Leading provider of legal services to the education sector

www.dacbeachcroft.com

Features and analysis

Realising the potential of student-led innovation

When it comes to developing ed tech, students and teachers are our secret weapons, argues Jisc's Martin Hamilton

Watching the watchdogs

New European Union data protection laws could cause headaches in the education sector. Kirsten Noben investigates

Tribal's war

Profits at Tribal Group took a hit last year following the non-renewal of a major Ofsted contract. Can the firm make up the lost ground, asks Daniel Thomas

Top marks

Dan Sandhu is betting big on the assessment market with his firm Digital Assess. Julian Hall meets the tech impresario to find out more

Gravy train?

Several trends bode well for an active training deal environment in Europe in the second half, argues Martin Luen

Stars, stripes and start-ups

M&A activity in the US education industry is hotter than ever. Kirsten Noben looks at what's driving the trend and the subsectors getting most love

The name's bond...

Social impact bonds offer an innovative way of channelling private investment into public services. But can the market's limitations be overcome, asks Daniel Thomas

A tottering policy

The government's plan to double free childcare hours is in danger of derailing, finds Sunniva Davies-Rommetveit