

MARKET ANALYSIS

European Corporate eLearning Market Forecast and Analysis, 2003–2007

Marianne Kolding

IDC OPINION

The corporate elearning market in Western Europe, although growing at a slower rate than previously predicted, still provides one of the strongest growth areas in the IT market. IDC forecasts that the market will grow at a 31% five-year compound annual growth rate (CAGR) between 2002 and 2007.

In the current market conditions, elearning vendors will need to reevaluate their market positioning, their value statements and their partnership strategies. Specifically, IDC recommends that vendors:

- Consider any additions to their offerings, either through partnerships or acquisitions that can enhance market opportunity and take advantage of a growing trend towards buyers preferring to deal with one main vendor only.
 - Create solutions that address specific industry sector pain points in order to open up adoption rates.
 - Evaluate how to best take advantage of the growing trend towards outsourcing across Europe and consider the role that they can play in collaboration with, for example, business process outsourcing (BPO) providers in the HR space.
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IN THIS STUDY

This study is based on IDC's demand-side forecast methodology as well as supply-side analysis of key trends and events in the second half of 2002 and in Q1 2003, and their predicted impact on the elearning market for the five-year period from 2002 to 2007. The study provides insights into the drivers and inhibitors affecting growth in the elearning market and provides elearning vendors with guidance for making the best of the opportunities available in the market.

METHODOLOGY

The forecast presented in this study represents IDC's best estimates and projections for 2003–2007 based on the following:

- ☒ Reported and observed trends and events in 2002 and their predicted impact on the corporate elearning services market for the five-year period ending in 2007.
- ☒ Analyst predictions of future segment-specific developments, including the anticipated impacts of customer behavior, supplier actions, market competition, and relevant changes in the regulatory environment. These predictions are based on demand- and supply-side research conducted by IDC analysts on an ongoing basis in the form of interviews, surveys, case studies, and analysis of company and market data.
- ☒ IDC's worldwide services forecasting process, which gathers and reconciles input from local IDC analysts in 43 countries as well as dedicated regional service analysts from IDC's services expertise centers in Europe, Asia/Pacific, and Latin America. Market numbers were collected at the local level and then aggregated at the regional level before they were finally rolled up to the worldwide level.
- ☒ IDC's Project Barometer, a worldwide demand-side survey conducted in order to help forecast change in IT spending between 2002 and 2003. The study examined all major IT sectors including hardware, software and services with specific attention to IT outsourcing, business process outsourcing, PCs, printers, and servers.
- ☒ An IDC-wide set of general economic and geopolitical assumptions.
- ☒ An IDC services-wide set of macro-level assumptions about the IT and business services industries.

In addition, please note the following:

- ☒ This document replaces the forecast and analysis published in *European Corporate eLearning Market Forecast and Analysis, 2001–2006* (IDC #TT01J, March 2002).
- ☒ For more information on IDC's services taxonomy, see *IDC's Worldwide Services Taxonomy: Market Definitions* (IDC #28566, January 2003). This document may be obtained free of charge.

DEFINITIONS

IDC defines elearning as the asynchronous (i.e., self-paced) or synchronous (i.e., real-time) delivery of learning via the Internet, intranet, extranet, or other Internet-based technologies. eLearning includes a number of different delivery methodologies within it, including virtual classrooms, online chats, threaded discussions, self-paced content, simulations, etc. eLearning is also referred to in the industry and in earlier IDC reports as Internet-based learning or training (IBL or IBT), and sometimes as Web-based training (WBT). eLearning includes the following components:

- ☒ Learning content includes the mechanisms and processes that provide feedback to the learner through formative and summative processes in order to achieve the desired learning objective. Learning content includes course structure, multimedia (e.g., graphics, video, sound, and animation), simulations, testing, and assessments. IDC categorizes learning content into four primary market components: IT training content, business skills training content, vocational content, and safety/compliance content.
- ☒ Learning infrastructure solutions involves development, delivery, distribution, and management software associated with learning, including learning management systems, collaborative software, and other management add-on solutions.
- ☒ Learning services refer to services offered to assist in the strategy development, design, deployment, integration, management and support of elearning solutions and their learning objectives. This segment specifically includes two market components: business services and technical services.
 - ☐ Business services includes the analysis, planning, design, implementation and execution of corporate training priorities and objectives. IDC has identified four individual market components comprising this secondary market segment: education consulting, content development services, mentoring services, and learning process outsourcing.
 - ☐ Technical services includes the planning, design, implementation, and project management of a solution that addresses a customer's specific technical requirements. IDC has identified three sub-components within technical services: IT consulting, system integration, and hosted learning services.

For more detailed description of IDC's definitions around training and elearning, please refer to IDC's *2003 Corporate Learning Services Taxonomy and Research Guide* (IDC #CA652ELK, February 2003).

SITUATION OVERVIEW

During 2002, economic growth in Western European countries continued to be weak and in many cases weaker than had been expected at the beginning of the year. This also seems to be the case in 2003. Economic growth forecasts for 2003 have continuously been downgraded, the effect of which can now be seen in business and consumer confidence measures.

The economic downturn has had a negative effect on organizations' discretionary spending as they prioritize cost control and reduction to protect profit margins. The corporate skills training market has been hard hit by this change in priorities over the past two years. Although elearning projects can show positive return on investment and produce cost savings on training over a period of time, many organizations are currently reluctant to make the strategic decision that is required to embrace elearning. Indeed, many companies have made cuts in their training budgets as these are easy to turn off when a company's financial performance is under pressure.

The following section presents some of the key trends affecting the elearning market in Western Europe.

E LEARNING MARKET TRENDS

Although elearning vendors generally have not found the market place as welcoming and lucrative in the past couple of years as had been expected, there have still been some positive outcomes from the challenges that they have faced. To a large extent, the elearning market and offerings have matured as a result of the obstacles to growth that vendors have faced. Not only is the quality of elearning content, management, and delivery greatly improving but elearning vendors are also becoming savvier about the way that they need to position their offerings in the market.

CHANGING BUYERS, CHANGING MESSAGES

One of the consequences of companies being more cost conscious and less inclined to embark on new projects is that any major investment decision is taken higher in the organization and demands much more stringent return on investment calculations. eLearning has often been sold on the basis of ROI on training, but with companies being more skeptical about the concept of ROI, elearning vendors are being forced to be much better at demonstrating value — and this is never a bad thing in a market. These kinds of challenges to benefit statements will place vendors that understand how to address the customer's pain points *at different levels of the organization* in a strong competitive position.

In many cases, the successful elearning vendor will need to identify the "killer application" for each industry or perhaps each company in order to get CEOs, CFOs, and other key personnel, not usually involved in training decisions, to see the light and understand how elearning can improve their business overall. eLearning vendors that are not able to make this change will have a hard time winning in the market, unless they form partnerships with services companies that can interface on the board level.

CONTINUED CONSOLIDATION

The consolidation in the market that IDC observed twelve months ago has continued during 2002 with acquisitions taking place both to expand geographical market reach and to expand offerings. There is a clear trend that elearning companies are working towards offering comprehensive end-to-end training solutions. The negative impact of the economy on vendors' revenue performances has made some elearning companies more affordable and more attractive as acquisition targets rather than partners.

IDC expects consolidation, both through acquisitions and through vendors ceasing trading, to continue in 2003 and potentially 2004 as market conditions continue to be difficult and demand strong cash flows and stamina from existing vendors to ride out the storm.

THE CONTENT CHALLENGE IN A DIVERSE CONTINENT

Localization issues are still a major inhibitor in Europe. Developing multilingual content and tailoring elearning to suit the many different cultures is one of the reasons for Europe's slower than expected elearning adoption rate. However, the variety (IT and non-IT training) and flexibility (customization) demanded from the content is also a challenge for elearning companies. Content providers that can show high quality and flexibility in their delivery of content and services will be well positioned to win in the market.

ELEARNING DELIVERED AS PART OF A BLENDED SOLUTION

The adoption of elearning has not occurred at the pace that was expected just a few years' ago. IDC's research of end user spending intentions (see *Buyer Attitudes and Perceptions in the eLearning Market: A survey of European Organizations*, IDC #TT01K, March 2003) shows that elearning still only accounts for a small proportion of an organization's training budgets. Indeed, the majority of the corporate training budgets is still spent on traditional instructor-led training (ILT). IDC believes that ILT training will continue to be the dominant channel and CD ROMs as a delivery mechanism will continue to play an important role for years to come. eLearning must find its role alongside ILT in a blended solution, where elearning can be used to cut costs and increase the flexibility of training (location and time). European companies will continue to value traditional face-to-face training delivery methods for their interaction, easy tailoring, and team-building benefits.

ELEARNING CAN BENEFIT FROM THE GENERAL OUTSOURCING TREND

In the current market conditions, European organizations are increasingly looking to their service providers to take responsibility for the total management of IT environments (from systems to applications) as well as business processes in outsourcing deals.

More and more organizations are also looking to outsource their skills training in order to cut costs, instill cost control, improve effectiveness and increase the speed to competency. eLearning companies are well-positioned to take advantage of this trend since elearning solutions can easily be hosted or managed by service providers as part of a fully outsourced training contract or as part of an HR business process outsourcing contract.

Related to this trend, is the fact that elearning companies are recognizing the value of providing end-to-end solutions and have expanded the breadth of their offerings with value-added services such as reporting, tracking, curriculum design and development, as well as consulting services and mentoring.

PRICE EROSION AND OFFSHORE SOURCING

During 2002, the Western European services market experienced increasing price pressures. Bargaining power shifted in favor of customers. Vendors responded by using offshore skills sourcing strategies. The emergence of offshore sourcing represents the beginning of a structural change within the IT services industry.

The price pressures have largely been triggered by the weakened economy and the resulting quest for cost control by Western European businesses. Contract bargaining power shifted further toward the customer in 2002. Historic billing rates took into account the rising costs of the IT labor pool and the skills shortage that plagued the industry in the late 1990s. Services firms were able to increase margins by increasing contract pricing to customers — customers that were willing to pay higher rates when business confidence was buoyant. As business confidence stalled against an under

performing economy, customers were unwilling to pay the rates once charged. A double blow sees customers not only demanding lower prices, but also demanding more in terms of value from the services they receive. The offshore outsourcing phenomenon, led by Indian services firms such as Wipro and Tata, further increased pressure on European billing rates.

It is IDC's opinion that although price pressures have impacted individual skill sets, contract prices have not generally decreased to the same level. The picture is complicated by the fact that some services are more prone than others to price erosion and the level of erosion varies by country. Vendors have responded to these changes by capitalizing upon the availability of offshore skills. Some service providers, such as IBM and CGE&Y, have built offshore skills centers in India that employ cheap local labor. CGE&Y currently employs 600 engineers and developers at its site in India, working on some 40 projects for Western clients — consulting work around ERP, and Siebel and SAP projects. For other service providers, the strategy has been to partner in order to accommodate falling billing rates and maintain margins on service contracts.

There are indications that the price pressure will begin to ease towards the end of 2003 and 2004. Going forward, the increased interest in offshore sourcing for skills from low cost locations is signaling a structural change in the IT services market that will have major impacts for IT services provisioning.

IMPACT ON ELEARNING

Generally, the training market is a very local market that requires high customer intimacy. As such, the training market overall is less sensitive to pressures from offshore service providers since the majority of training delivery, as mentioned, is still through instructor-led training. However, as elearning takes off and outsourced solutions become more prevalent, part of these services could be provided from offshore locations. However, price pressures have still hit the training market as European organizations have reduced discretionary spending, leading to increased price competition in the market.

FUTURE OUTLOOK

FORECAST AND ASSUMPTIONS

Table 1 summarizes the IDC-wide set of macroeconomic and geopolitical assumptions and IDC services-wide set of macro-level services industry assumptions that provide a common context for the current set of IDC worldwide and European services market forecasts. These assumptions influence the entire services market ecosystem and provide the context for opportunity within the elearning market. Each of these assumptions, if unrealized, will significantly impact the overall services market and, in turn, the elearning market.

As IDC monitors events and trends, these factors will be closely followed and forecasts will be adjusted to reflect the changing macroeconomic and geopolitical events.

TABLE 1

IDC MACROECONOMIC AND MACRO-LEVEL SERVICES ASSUMPTION SUMMARY, 2003

Market Force	IDC Assumption
Economy	Worldwide economic growth will continue to recover slowly from 2001 levels to reach traditional levels by 2004 or 2005
World stock markets	Will continue to languish in 2003
Corporate profits	Will be mixed in 2003 and return to slow growth 2004–2007
Business spending	While profits are unpredictable, “cost-containment” is the dominant spending priority — when predictability returns, companies will “invest in the future”
Market ecosystem	Revenue growth of services organizations will lag the growth of corporate profits by four to six quarters
Technology developments	In an age of IT complexity, growth will occur in markets that support simplification of technical environment
Technology developments	There will be no “killer applications” to drive new spending on services; though technology refresh will impact spending late in the period

Notes: These assumptions update those found in IDC #TT01J, March 2002

See Table 2 for key forecast assumptions

Source: IDC, 2003

Table 2 provides an overview of the key assumptions that influence the elearning market in Western Europe specifically.

TABLE 2				
WESTERN EUROPEAN CORPORATE ELEARING MARKET FORECAST ASSUMPTIONS, 2003				
Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
Macroeconomics				
GDP	The economic environment in Western Europe remains extremely uncertain with constant downgrading of expected GDP growth rates in 2003 and 2004.	High. Slow or little growth will continue to affect business confidence with uncertainty of when recovery will emerge. This uncertainty will continue to inhibit discretionary training and IT spending. Despite its ability to provide stronger ROI than other forms of training, elearning is also affected due to the current reluctance to embark on new projects. Enterprisewide infrastructure implementations and large-volume content purchases will be inhibited most directly.	↓	★★★★☆
Corporate Earnings	Challenging selling environments will persist through 2003 and into 2004.	Moderate. Towards the end of 2002, recovery was generally expected to begin mid-2003. However, business confidence and corporate earnings are still at a low point and earnings are now not expected to recover until end of 2003 or in 2004. The expected delay in recovery will continue to inhibit discretionary training and IT spending. Despite its ability to provide stronger ROI than other forms of training, elearning is also affected due to the current reluctance to embark on new projects. Enterprisewide infrastructure implementations and large-volume content purchases will be inhibited most directly.	↓	★★★★☆☆
Technology/service development				
Products and services	Vendors will develop technologies and services to foster elearning implementation, learner satisfaction, and measurement of business impact.	Low. The impact of this assumption will be gradual as (potential) buyers are averse to spending money because of tight budgets and historical disappointment with vendor performance.	↑	★★★★☆☆

TABLE 2

WESTERN EUROPEAN CORPORATE ELEARNING MARKET FORECAST ASSUMPTIONS, 2003

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
Consolidation	Entrance of larger infrastructure players from outside the elearning market will accelerate supplier consolidation. Further, many small elearning firms are struggling due to the lack of spending in the market and are exiting the market, either through sell-outs to larger firms or stopping trading altogether.	Low. The market will become more polarized with very large elearning players offering comprehensive total solutions and niche players specializing in particular parts of the elearning market or in industry sectors.	↔	★★★★☆
Capitalization				
Investment	Private and public investor confidence in the elearning market has been rattled, which will leave many investors on the sidelines or pursuing other opportunities.	Low. This trend will lead many vendors to shut their doors. However, vendors with customer successes, a clear value proposition, strong technology, and an experienced management team will have ample opportunities for funding if they are willing to give up significant equity in the short term.	↔	★★★★☆
Market characteristics				
Adoption	IDC research shows that the longer early adopters use elearning, the more they become dependent on it as a training-delivery medium. This pattern will continue to evolve among early, majority, and late adopters.	High. The addressable market for vendors will grow as a result of this trend.	↑	★★★★★
Adoption	IDC research shows that elearning remains a small proportion of organizations' total training spending. For elearning to be adopted widely, organizations will need to change their view of the training budget as strategic rather than operational.	High. eLearning vendors have a major task in educating the executive level in organizations of the benefits of elearning and changing attitudes to training as part of an organization's strategy. Organizations have become more cynical about ROI claims after these have not materialized in other solution projects.	↓	★★★★☆
Sales process	IDC research shows that the majority of elearning investment decisions are increasingly taken by a team of people, involving not only training and HR professionals but also CFOs and CEOs.	Moderate. to high. The need to convince various stakeholders with very different objectives and "language" about the benefit of elearning not only increases the sales cycle but also places extra pressure on elearning vendors to have sales teams that can address each of these stakeholders on their on terms.	↓	★★★★☆

TABLE 2

WESTERN EUROPEAN CORPORATE ELEARNING MARKET FORECAST ASSUMPTIONS, 2003

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
Buyer satisfaction	Buyers will be gradual in changing their perceptions of elearning as hype over substance.	Moderate. This trend will lengthen sales cycles: More parties will be involved in the proposal process and vendor solutions will be more closely scrutinized.	↓	★★★★☆
Link to business strategy	Knowledge transfer is becoming more tightly integrated with business processes.	Moderate. Organizations will increasingly deliver elearning content to track the progress of stakeholders both inside and outside the enterprise.	↑	★★★★☆
Market ecosystem				
Classroom providers	Classroom trainers will continue to evolve their own business models in response to customer demand and to wring efficiencies (e.g., capacity utilization, instructor compensation, travel, etc.) out of their own operations.	Moderate. These providers will actively seek out opportunities to combine online delivery.	↑	★★★★☆
Outsiders	Companies offering other Web communications platforms (e.g., conferencing) will expand elearning offerings.	Low. This trend will increase availability but potentially add to buyer confusion. It will not likely result in new spending.	↔	★★★★☆☆
New software products	IT training (including IT training delivered online) is strongly correlated with software sales.	Moderate. A difficult IT spending environment will impact elearning initiatives related to application rollouts in the short term.	↓	★★★★☆
Vendor cooperation	Vendors will conform to interoperability standards.	Moderate. IDC research shows that buyers do not want to be locked in by vendors with proprietary technologies. Vendors must address this need by jointly developing and conforming to standards, and differentiating themselves on other criteria (such as scalability, functionality, pricing, etc.).	↑	★★★★★

Legend: ★☆☆☆☆ very low, ★★☆☆☆ low, ★★★☆☆ moderate, ★★★★☆ high, ★★★★★ very high

Source: IDC, 2003

OUTLOOK FOR WESTERN EUROPE: ELEARNING TAKE UP STILL SLOW

Table 3 shows the forecast for the Western European elearning market from 2002 to 2007. IDC expects the market to grow from \$557 million in 2002 to \$2.1 billion in 2007 at a five-year compound annual growth rate (CAGR) of 31%.

Services is expected to be the strongest growing segment of the elearning market with a 41% five-year CAGR between 2002 and 2007. Services is the fastest growing segment as buyers demand integration, customization, and other value-added services from their elearning providers.

Content remains the largest segment of the elearning market over the period, growing from \$358 million in 2003 to \$994 million in 2007.

TABLE 3

WESTERN EUROPEAN ELEARING MARKET FORECAST BY SEGMENT, 2002–2007 (\$M)

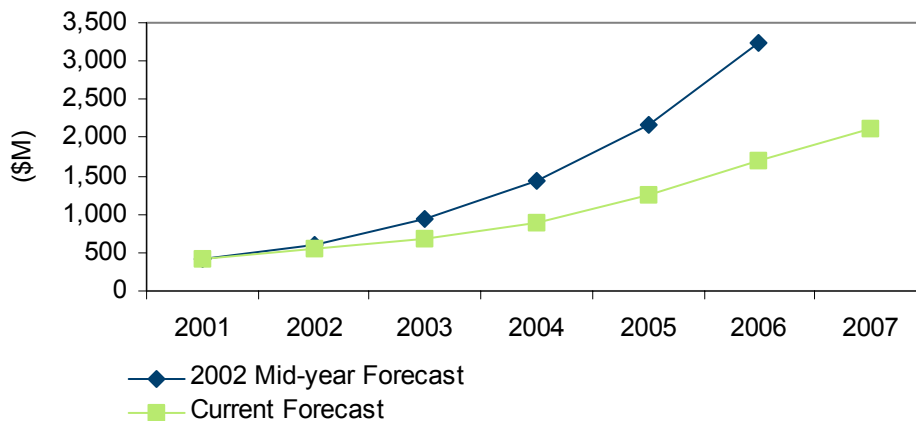
	2002	2003	2004	2005	2006	2007	CAGR
Content	302	358	469	633	832	994	27%
Services	136	177	260	407	579	762	41%
Infrastructure	120	134	164	225	287	355	24%
Total eLearning Market	557	670	893	1,265	1,697	2,111	31%

Source: IDC, 2003

IDC's forecasts have been revised downward based on continuing economic market conditions and demand-side research, which has showed that adoption rates for elearning remains low in the Western European market. This forecast is significantly lower than those published by IDC in 2002 and reflects the best current thinking about the present market and its near-term growth prospects. Although the actual market size and forecast is lower than those predicted 12 months ago, the growth prospect in the market remains strong, and stronger than most other solution and services market segments for which IDC publishes forecasts. Figure 1 shows the recent estimate of the Western European elearning market compared with the 2002 published forecast.

FIGURE 1

WESTERN EUROPEAN ELEARING MARKET BY FORECAST SCENARIO, 2001–2007 (\$M)



Source: IDC, 2003

ECONOMIC CONDITIONS HAMPER COUNTRY MARKET GROWTH

In IDC's forecasts, published in 2002, we predicted that by 2003 Germany would be the largest European market for elearning. However, the deep recession that has hit the German economy has caused a reexamination of the expected growth in this country. IDC now predicts that Germany will only overtake the U.K. as the largest country market by 2006, with France remaining in third place. Table 4 shows the Western European elearning market by country.

TABLE 4

WESTERN EUROPEAN ELEARING MARKET FORECAST BY COUNTRY, 2002-2007 (\$M)

	2002	2003	2004	2005	2006	2007	CAGR
Austria	8	9	12	16	21	25	26.6%
Belgium	15	18	25	35	48	59	30.7%
Denmark	14	17	22	30	41	52	29.0%
Finland	9	11	15	22	29	36	31.8%
France	88	105	142	205	277	346	31.6%
Germany	109	131	175	252	340	426	31.4%
Greece	1	2	3	5	6	7	51.4%
Ireland	9	11	15	21	27	35	31.3%
Italy	55	70	93	133	179	217	31.4%
Netherlands	31	38	50	72	99	123	31.6%
Norway	13	16	21	31	41	50	30.3%
Portugal	6	7	10	14	19	23	30.8%
Spain	28	34	45	65	87	112	32.0%
Sweden	35	42	55	78	105	131	30.1%
Switzerland	13	16	22	30	41	51	30.6%
U.K.	122	143	188	257	338	418	27.9%
Total	557	670	893	1,265	1,697	2,111	30.5%

Source: IDC, 2003

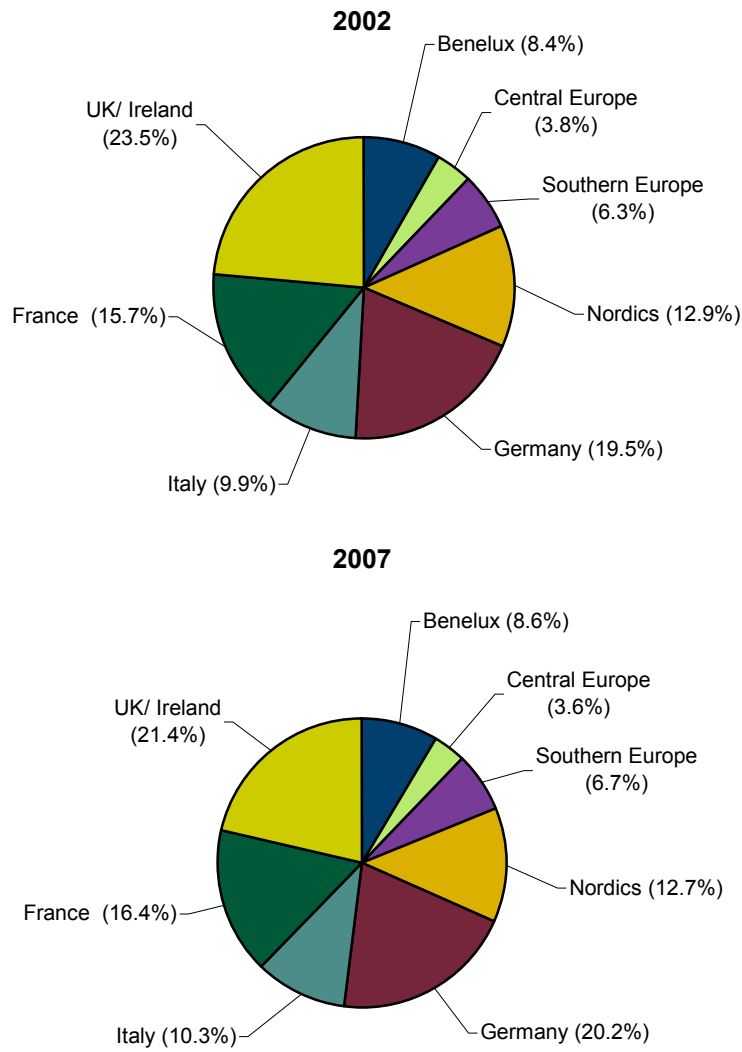
The U.K. continues to lead the elearning market both in terms of development and adoption. Although content providers have increased their efforts to deliver local language, the overwhelming proportion of available content is still in English. This remains one of the reasons why the U.K. is still the dominant market.

The highest elearning growth rate is expected in Greece at 51% CAGR, however from a very small actual base. Generally, growth rates have come down across all countries as companies continue to be cautious about new IT investments as uncertainty about economic recovery persists.

Figure 2 shows the change in the proportional share by country of the European elearning market.

FIGURE 2

REGIONAL SHARE OF WESTERN EUROPEAN ELEARNING MARKET, 2002 AND 2007



Source: IDC, 2003

Figure 2 shows that the German market will grow from representing 19.5% of the Western European market in 2002 to 20.2% in 2007. In 2002, the U.K. and Ireland together represented 23.4% of the total market. However, this region's proportion of the total market is forecast to decrease to 21.4% by 2007 (the U.K. alone is 19.8%).

BANKING INDUSTRY LEADS IN ELEARNING ADOPTION

Table 5 shows the Western European elearning market by industry sector. The banking sector was the largest sector for elearning in 2002 at \$115 million and is expected to remain the largest sector in 2007 at \$402 million. Close behind is the professional services sector, which had a value of \$112 million in 2002 and is forecast to reach \$386 million by 2007.

TABLE 5

WESTERN EUROPEAN ELEARNING MARKET FORECAST BY INDUSTRY SECTOR, 2002–2007 (\$M)

	2002	2003	2004	2005	2006	2007	CAGR
Banking	115	134	175	247	327	402	28.5%
Insurance	42	49	63	87	114	141	27.3%
Other financial services	32	38	48	65	85	103	26.2%
Discrete manufacturing	56	67	92	139	187	238	33.7%
Process manufacturing	45	56	80	114	151	182	32.4%
Communications	35	43	58	84	117	148	33.3%
Resources and construction	11	14	19	28	37	49	34.4%
Healthcare	23	27	37	53	72	93	32.4%
Professional services	112	134	176	240	318	386	28.1%
Retail	36	43	57	81	108	134	29.9%
Wholesale	11	14	20	30	44	57	38.6%
Transportation	22	27	38	56	80	106	36.5%
Utilities	17	21	29	43	58	72	33.8%
Total	557	670	893	1,265	1,697	2,111	30.5%

Source: IDC, 2003

eLearning companies are increasingly realizing that they need to develop a vertical approach in order to succeed in the market and drive up adoption rates. It is particularly important in the current market environment to identify the "killer application" that can convince organizations about the strategic benefits of elearning. An example of a company that is taking this approach is WBT Systems which has launched special elearning solutions for the financial services sector, based on the need for regulatory compliance training of employees.

ESSENTIAL GUIDANCE

The elearning market will continue to face difficult conditions throughout 2003 with growth rates expected to increase in 2004 and 2005. This reality means that the market will experience continued consolidation as vendors reposition themselves — or even fail to survive. IDC recommends that elearning vendors should:

- ☒ Be aware that in many companies elearning is still seen as part of a tactical training solution. Communicating the right messages to change this attitude and make companies understand the strategic benefits — at various levels of the organization — is key to success.
- ☒ Carefully consider the benefits and drawbacks of developing end-to-end capabilities either alone or in partnership. The trend towards outsourcing is strong in the current environment and in particular countries, and will also influence the way that companies choose to buy elearning solutions. Consider whether partnerships with HR BPO providers may also be advantageous for the same reason.
- ☒ Develop strong industry-sector-specific offerings that will make it easier to demonstrate ROI. Companies are more skeptical about the benefits that they can get from new investments after exaggerated claims have been made in other solution areas.

LEARN MORE

RELATED RESEARCH

- ☒ *IDC's Worldwide Services Taxonomy, 2003: Market Definitions* (IDC #28566, January 2003)
- ☒ *Bird's Eye View of the Worldwide eLearning Opportunity, 2002–2006* (IDC #CA651ELK, January 2003)
- ☒ *2003 Corporate Learning Services Taxonomy and Research Guide* (IDC #CA652ELK, February, 2003)
- ☒ *Buyer Attitudes and Perceptions in the eLearning Market: A survey of European Organizations* (IDC #TT01K, March 2003)

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