



eLearning Market Analysis

By ElearnSA | April 2016

Introduction: the strategic role of continuous education

One way to stay on top of a rapidly changing market is to implement a **business strategy** that maximizes the synergies between **lifelong learning** and **workforce productivity**.

Without appropriate technological support, training programmes appear to be less effective. Research has shown that **E-Learning** proves to be an excellent way to achieve quality results in a short timeframe. Online-delivered learning, within a context of continuous education, is considered strategic because it:

- Keeps the workforce apprised of their job functions' developing requirements, enabling them to make a positive impact within their Organization and help that Organization achieve its aims and goals
- Aids succession planning, helping workers to acquire the knowledge and skills to help them progress within their Organization
- Allows Organizations to keep training budgets under tighter control, develop and retain existing employees and reduce the costs related to external human resources recruitment, selection and on-boarding

The current speed of change means that employees need to be trained continuously in order for Companies to avoid the dangers of being out-thought and out-manuevered by competitors. Thankfully, entrepreneurs, senior executives and business managers recognize this.

A poorly educated workforce results in decreased, indeed ever decreasing, and levels of productivity and reduces their ability to deliver results. Ignorant and poorly skilled staff can't (or at least shouldn't) be promoted -- since they don't have the appropriate skills to help their company reach its business objectives. So Organizations need to go to the expense, in terms of time and trouble, of recruiting staff with new knowledge and competences from outside the organization in order to cover middle and senior level positions.

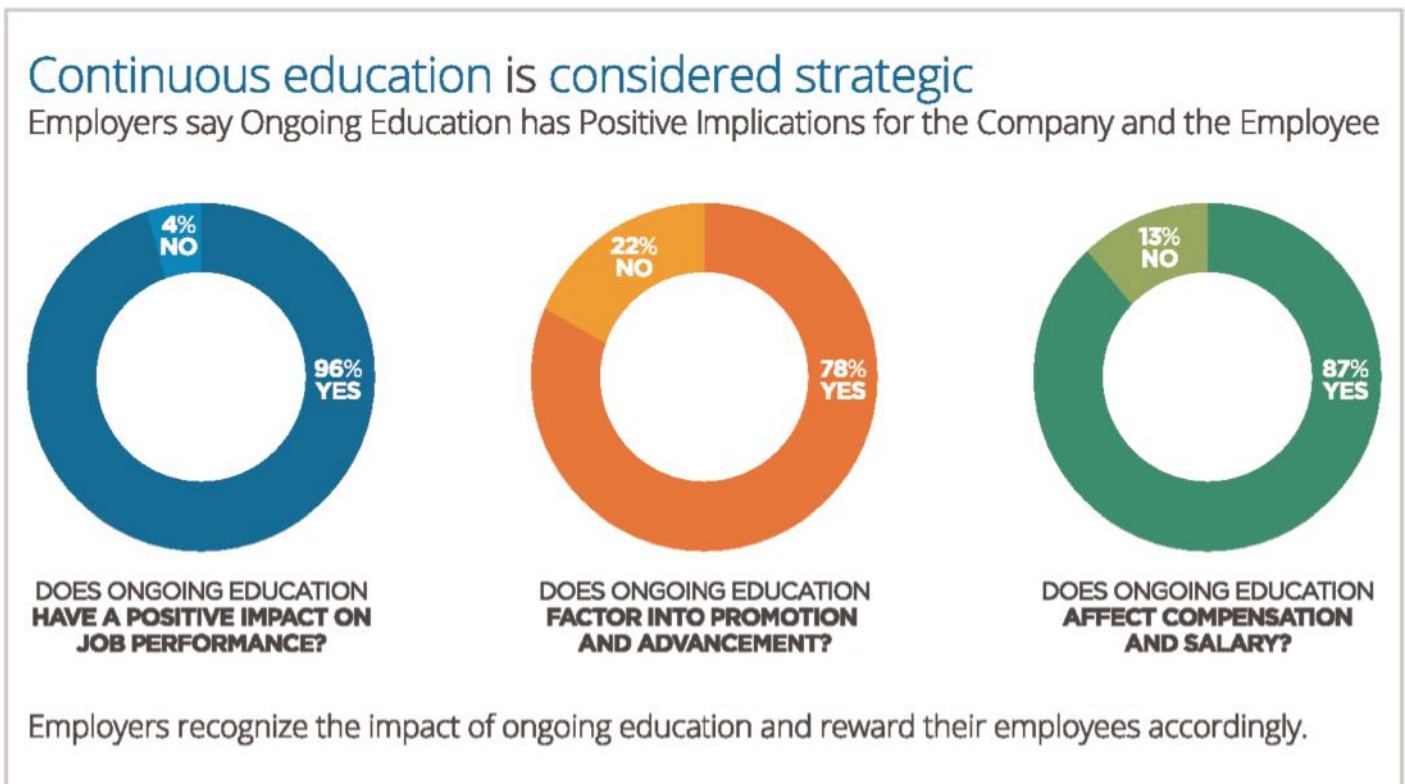
It's important to realize that not only does this practice have a negative impact on the organization, in terms of high costs per individual worker, but company results show that this approach isn't always successful.

According to recent research (Lifelong Education and Labor Market Needs, published in The EvoLLLution online newspaper) examining the need for continuing education in the workforce, 64% of executives who are recruited externally fail within four years of joining the organization.

Ideally, every company should have a plan in place for each of their employees. This plan should set out **career development** paths and the required **training programmes** that will enable the employees to develop the necessary knowledge and skills.

These training initiatives (incorporating individual and group training activities) need to be monitored and managed via a consistent and reliable tracking system that can be stored, consulted and analyzed as required. The system's data will be useful for management reports on productivity and for assessing individuals' career advancement.

This system of **Training management** -- often referred to as a **learning management system (LMS)** -- is a key element of an effective **professional development plan** as well as being a key element of an Organization's human resources strategy.



Growing Global E-Learning Market

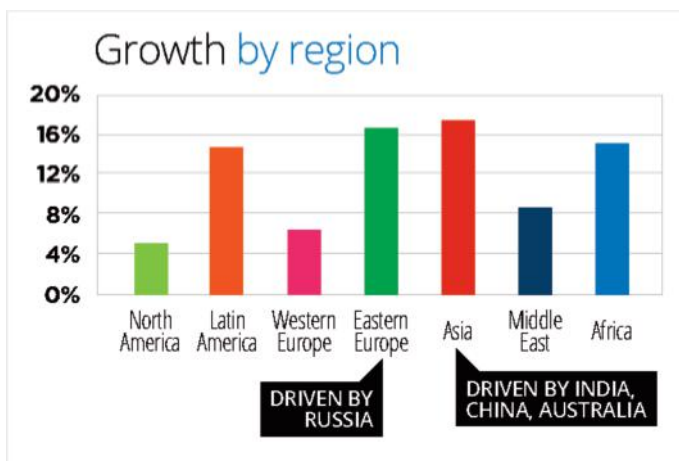
There seems to be universal agreement that the worldwide E-Learning market will show fast and significant growth over the next three years.

The worldwide market for Self-Paced E-Learning reached \$35.6 billion in 2011. The five-year compound annual growth rate is estimated at around 7.6% so revenues should reach some \$51.5 billion by 2016.

A definition of Self-Paced Learning is Education in which learners study at their own pace, without a fixed starting date or regularly scheduled assignment completion dates in common with other students enrolled in the same programme. However, there may be a fixed overall completion timeframe.



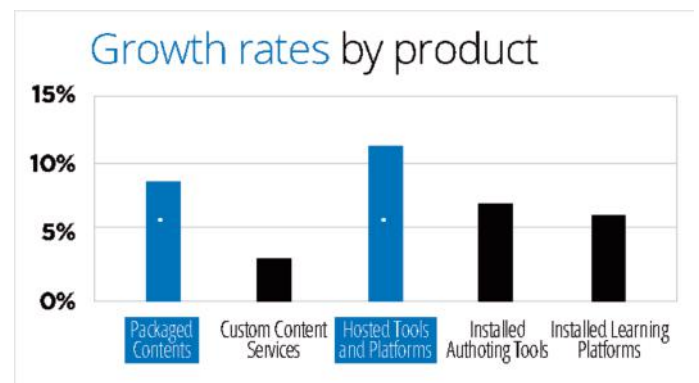
While the aggregate growth rate is 7.6%, several world regions appear to have significantly higher growth rates. According to recent regional studies, the highest growth rate is in Asia at 17.3%, followed by Eastern Europe, Africa, and Latin America at 16.9%, 15.2%, and 14.6%, respectively.



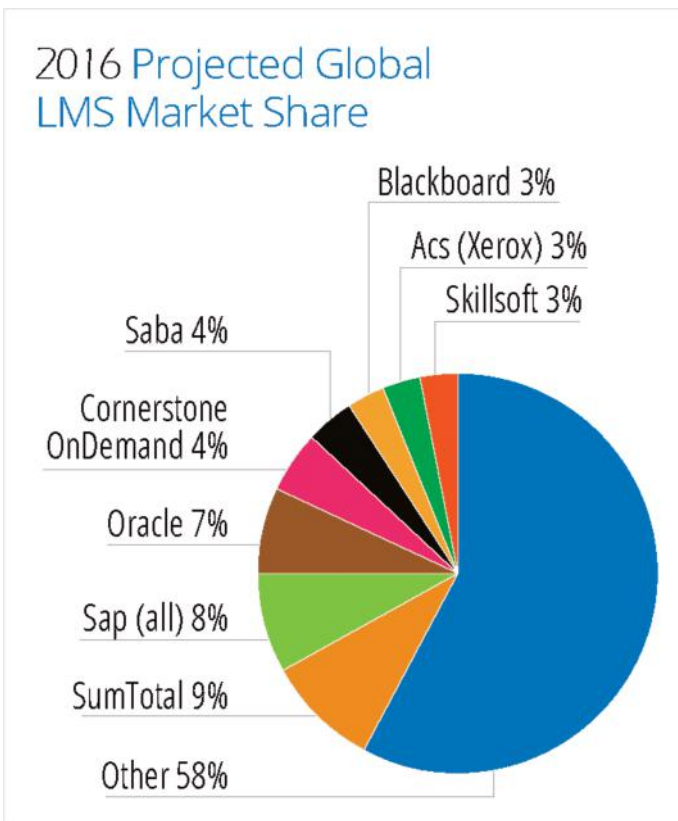
The E-Learning market is clearly expanding year-on-year, even though it's difficult to compare market data coming from different sources. For example, if you include the Gaming and Gamification tools within the E-Learning market, then the growth numbers are even more impressive.

Using a "classic" understanding of E-Learning reveals at least three dominant sub-sectors: Content, Authoring tools, and Learning Platforms.

The recent innovations within the technology infrastructure divide the Learning Platform into two business (and technological) models: Hosted and Installed platforms. According to a recent analysis from Ambient Insight, these sub-sectors are expected to grow at different rates:

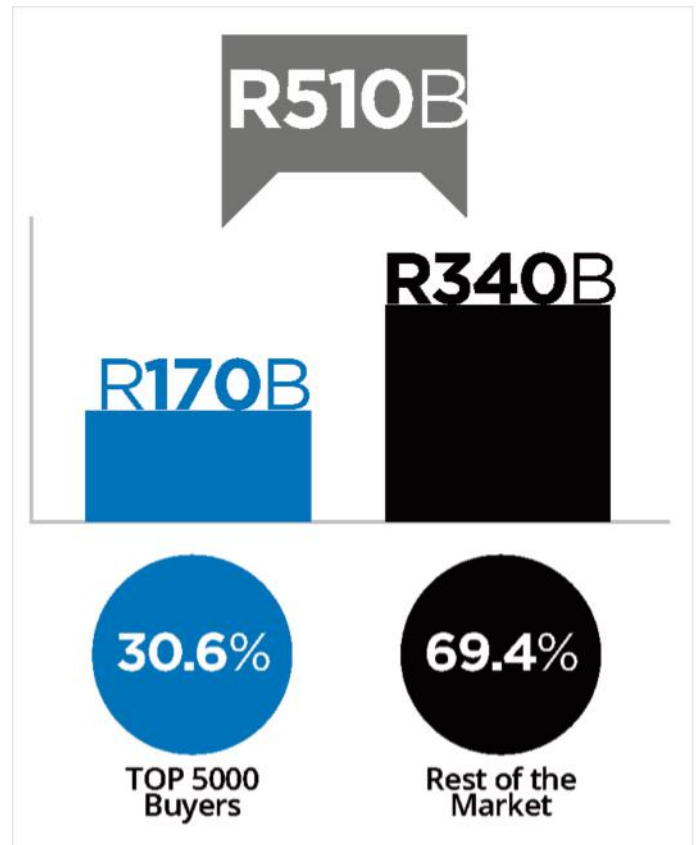


In 2012, Bersin & Associates stated that there were some 500 providers in the LMS market and only five of them have more than a 4% market share.



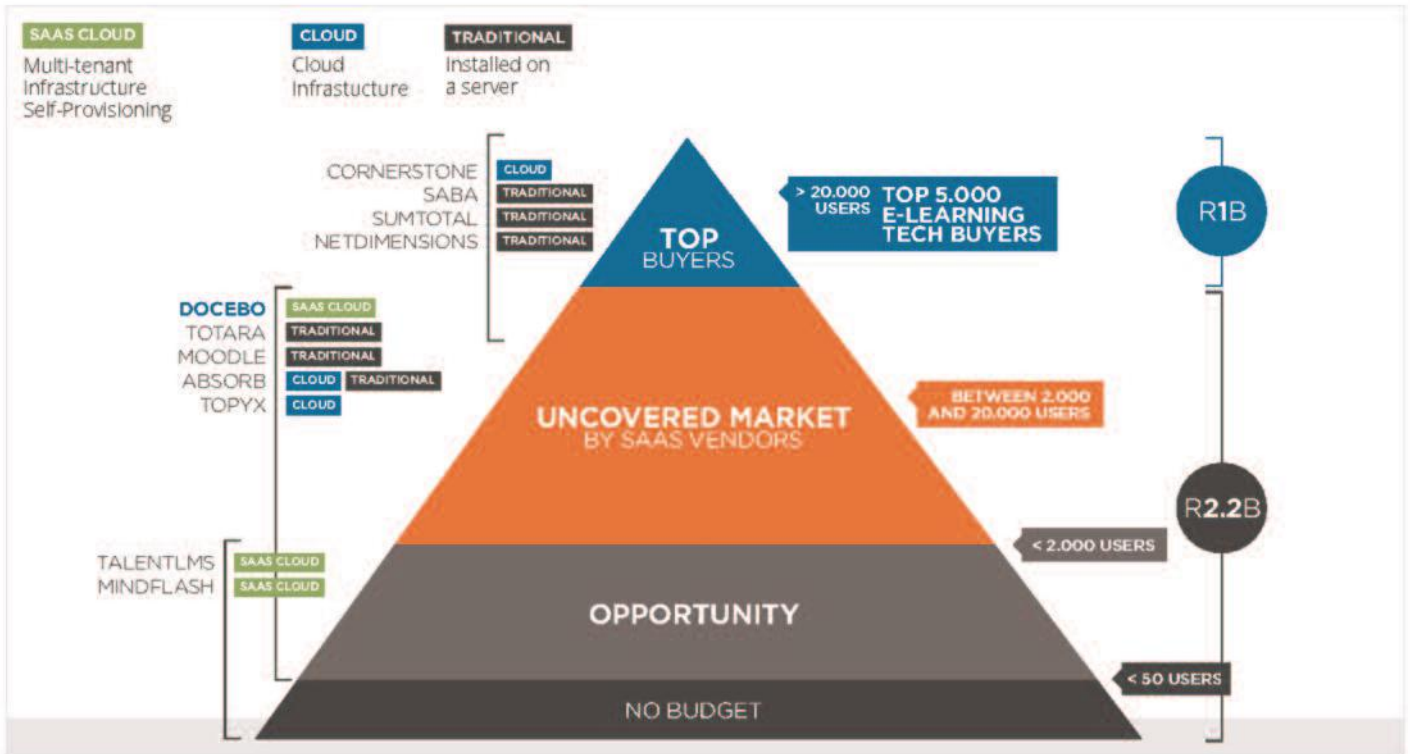
According to Product & Users, the [MS market is expected to experience a growth of 23.17% between 2017 and 2018. According to Ambient Insight, the packaged content market will reach \$38.3 billion by 2016 (SOURCE: AMBIENT INSIGHT 2012).

According to sources, large and affirmed Companies (such as the Global 5000) are the primary buyers of E-Learning products and services. They account for more than 30% of the E-Learning Market clientele.



This market share is an overall image of the market. This picture changes significantly if the focus shifts to specific producers and specific market sub-sectors. Moodle, for example, currently has more than 30% of the market in the Education and Government sub-sectors. (SOURCE: E-Learning GUILD RESEARCH)

According to the Bersin Industry study, the [MS market was expected to reach \$1.9 billion in 2013. However the growth exceeded expectations, closing the year at \$2.55 billion.



A synthesis and analysis of all the available data, results in the following estimated forecasts:

**Total E-Learning Market
(LMS + Packaged Content + Other Services)**

	2013	2016
Total	40.605	51.172
North America	23.800	27.100
Western Europe	6.800	8.100
Eastern Europe	729	1.200
Asia	7.100	11.500
Middle East	443	560
Africa	333	512
Latin America	1.400	2.200

Packaged Content

	2013	2016
Total	30.153	38.000
North America	17.674	20.124
Western Europe	5.050	6.015
Eastern Europe	541	891
Asia	5.272	8.540
Middle East	329	416
Africa	247	380
Latin America	1.040	1.634

**LMS Market
(covering all the technical solutions available)**

	2013	2016
Total	2.550	3.214
North America	1.495	1.702
Western Europe	427	509
Eastern Europe	46	75
Asia	446	722
Middle East	28	35
Africa	21	32
Latin America	88	138

Other services related to E-Learning activities

	2013	2016
Total	7.902	9.958
North America	4.632	5.274
Western Europe	1.323	1.576
Eastern Europe	142	234
Asia	1.382	2.238
Middle East	86	109
Africa	65	100
Latin America	272	428

The people of Africa seem **willing to engage** with new technologically-based tools to **improve their education, knowledge** and **skills**. However, the continent's infrastructure is proving to be a major challenge and an obstacle to meeting this growing level of demand.

AFRICA



R33200.9M
2013 Revenues

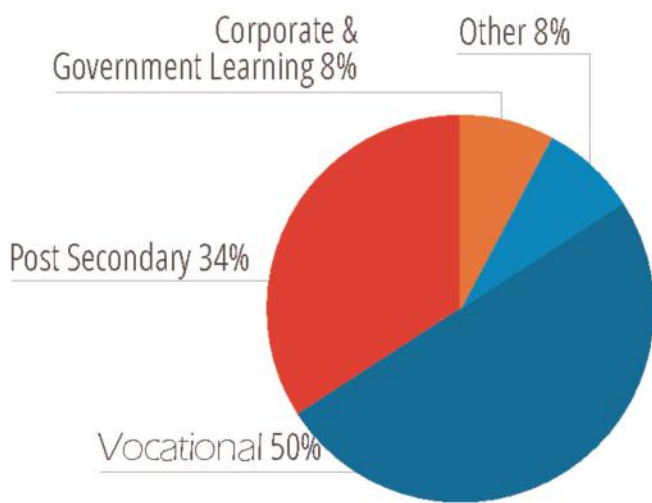


15.2%
Annual growth rate



R51200.7M
Revenues by 2016

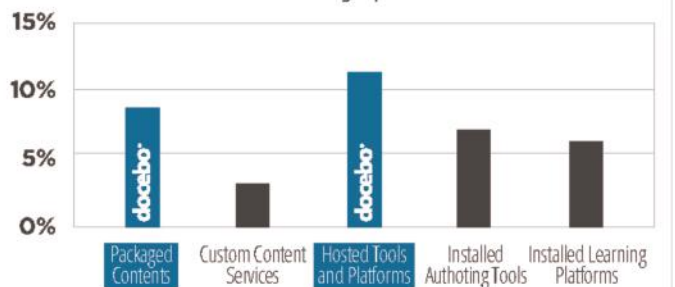
Global Education Expenditure Breakdown by Sector 2016



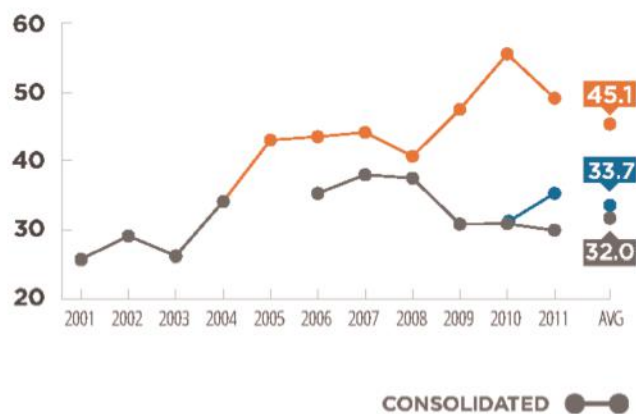
Training budget



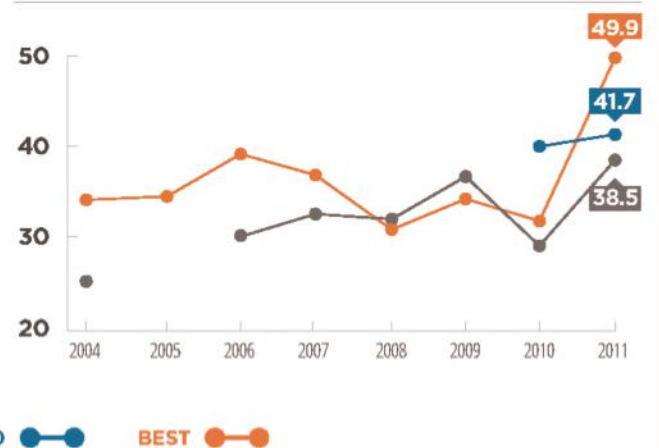
Growth rates by product



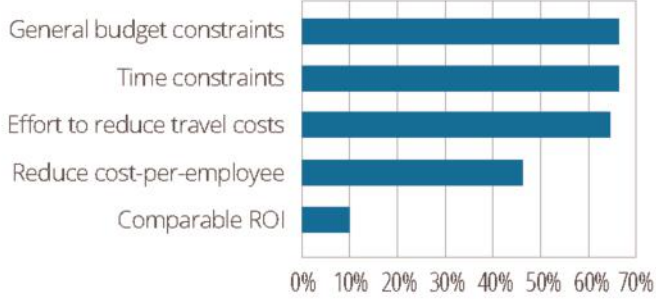
Learning Hours Employee



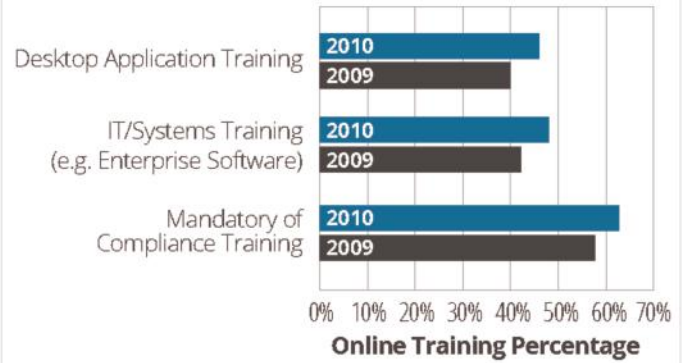
Average percentage of Formal Learning Hours via Technology-Based Methods



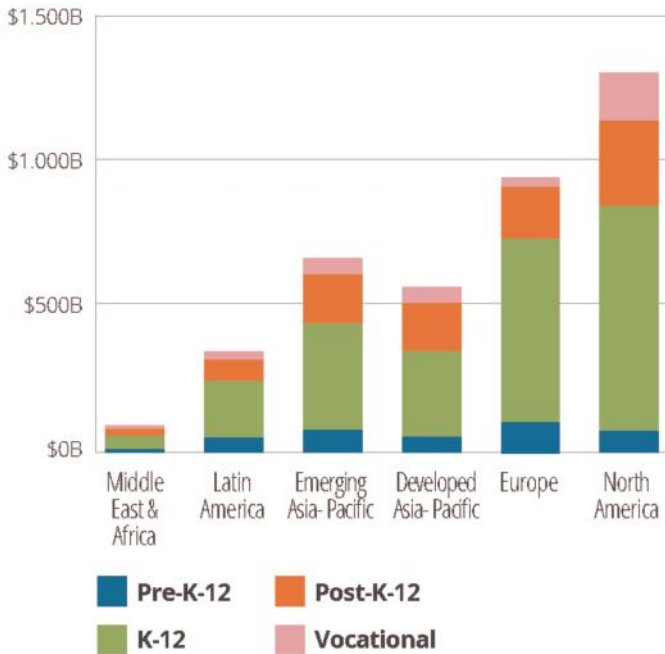
Top Drivers of Shift to Tech-based Learning



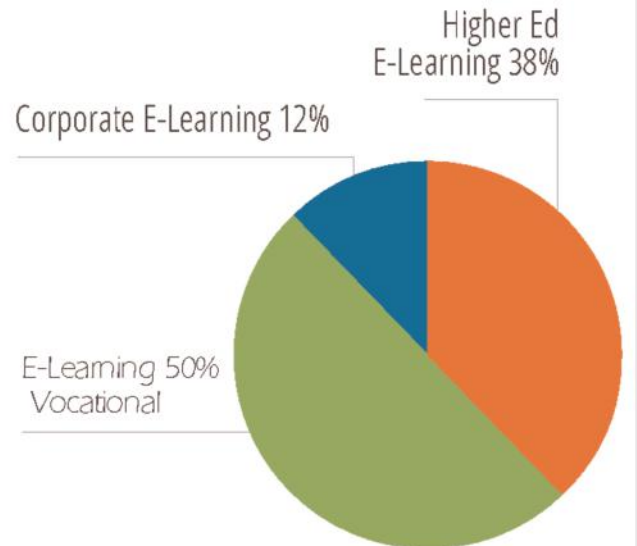
Online Training Modality as % of Total (2009 & 2010)



2011 A Global Education Expenditure by Geography



E-Learning 2012-2017 Growth (CAGR)



Growing ElearnSA Market

ElearnSA growth strategy for all our projects is to **Collaboration With Agency Partners** and to share it's growth with the right **Financial Investment Partners**.

The eLearning Value proposition

Aligning eLearnSA's business goals with your eLearning plan will ensure the best possible return on investment for the rollout of our online training capabilities. Understanding the Value Proposition of eLearning will enable us to align the benefits of eLearning with the business objectives we are aiming to achieve.

The Value Proposition of eLearning is to saves costs, improve training quality, improve service capabilities and increase

Speed to market. In short the Value Proposition of eLearning looks something like this:

eLearning Cost Savings +
eLearning Quality +
eLearning Service +
eLearning Speed = Business Value

