2018

Publisher:
Frank Siepmann

eLearning BENCHMARKING Study

SUBSTUDY

elearning provider: DACH vs. International

Project implementation:
eLearning JOURNAL

Cooperation partner:
didacta
Verband der Bildungswirtschaft

siepmann | media + research

Imprint

Editorial office:
Siepmann Media
Redaktion eLearning Journal
Zum Dorfe 28
27628 Hagen im Bremischen

Phone: +49 (0) 47 46 / 72 68 85
Fax: +49 (0) 47 46 / 72 68 87
eMail: redaktion@elearning-journal.de
URL: www.elearning-journal.de

Publisher: Frank Siepmann

Editing: Mathias Fleig, Frank Siepmann
Final editing: Mathias Fleig, Nicole Fricke
Translation: Alexander Richter

Design and typesetting: Matthias Gerth

Graphics used:

Background vector created by Freepik

Content

Preamble

Frank Siepmann
Publisher
eLearning Journal

Mathias Fleig
Chief editor
eLearning Journal

Since 2014, the eLearning Journal has been using the eLearning BENCHMARKING study to collect figures, data and facts every year on various topics in the field of eLearning and continuing education. Every year, the editorial staff of the eLearning Journal surveys between 750 and 1000 eLearning professionals from companies and organizations in Germany, Austria and Switzerland. The eLearning BENCHMARKING study has thus become the largest study on the use of eLearning in business practice in the German-speaking world in recent years. In the course of the eLearning BENCHMARKING Study 2017, the eLearning Journal published for the first time a partial study on the supplier market in the DACH region with benchmarking figures on company sizes, growth expectations and market barriers.

As part of the eLearning BENCHMARKING Study 2018, a separate sub-study was again conducted for the eLearning providers. As in the previous year, benchmarking figures for providers in German-speaking countries were determined on the one hand, and assessments of various trend topics were asked to complement the results of the user study on the other. In addition, the editorial staff of the eLearning Journal conducted an international provider study for the first time, in which eLearning providers and service providers outside the DACH region were surveyed with a focus on North America and India. The present evaluation compares the findings of both provider studies and provides initial insights into the similarities and differences between the German-speaking and international provider markets.

Recap

The eLearning providers from the DACH region are without exception small and medium-sized enterprises. Small companies with fewer than 10 employees play a particularly important role in the German-speaking eLearning market and account for around one third of all providers in the region. Interestingly, a glance at the international supplier market reveals a comparable picture. Outside the DACH region, too, two out of three of the surveyed providers are micro and small companies with up to 50 employees, while providers with more than 250 employees are the clear exception. This picture is also confirmed by the annual sales of eLearning providers. Nearly a quarter of the study participants from the DACH region generate less than 500,000 euros per year, while 39 % of the companies surveyed said they had sales of up to 1 million euros. Another 40 % of German eLearning providers generate revenues of between 1 million and 5 million euros per year. In contrast, providers with an annual turnover of more than 5 million euros represent a clear minority with less than 20 %. The results in the international provider market are also virtually identical in terms of sales, i.e. the clear majority of the surveyed providers outside the DACH region generate less than 5 million dollars a year.

The most important sales drivers for German-speaking providers are the sale or rental of eLearning infrastructure such as LMS or authoring tools, the individual production of eLearning content and the sale or access of standard content, which together account for just under two thirds of sales. For the international providers, the sale or rental of eLearning infrastructure is even more important and alone accounts for around one third of revenues, while the share of individual production of eLearning content and the sale or access to standard content is roughly comparable to the share of individual production. with the DACH region.

4 Forecasts of the providers

Middle class

In the next 3 years, the majority of medium-sized companies will use digital media in in-company training, at least 85.9 % of providers in the DACH region expect this.

MOOCs

In contrast to German-speaking providers, the majority of international study participants (66.7%) see a future for MOOCs in in-company training.

Micro Learning

In the future, learning will be increasingly integrated into the work processes of employees, as the German-speaking providers largely agree with 92.9% of the respondents.

Workplace Learning

In the future, the majority of eLearning content will be based on micro-learning; at least 78% of the international providers surveyed believe this to be the case.

Substudy eLearning provider

DACH vs. International

How do German-speaking and international eLearning providers differ? This is the central question in the first chapter of this partial study. In order to get to the bottom of this question, various key figures such as the number of employees, annual sales or experience in the eLearning market are compared.

German-speaking providers have been active on the market for a particularly long time

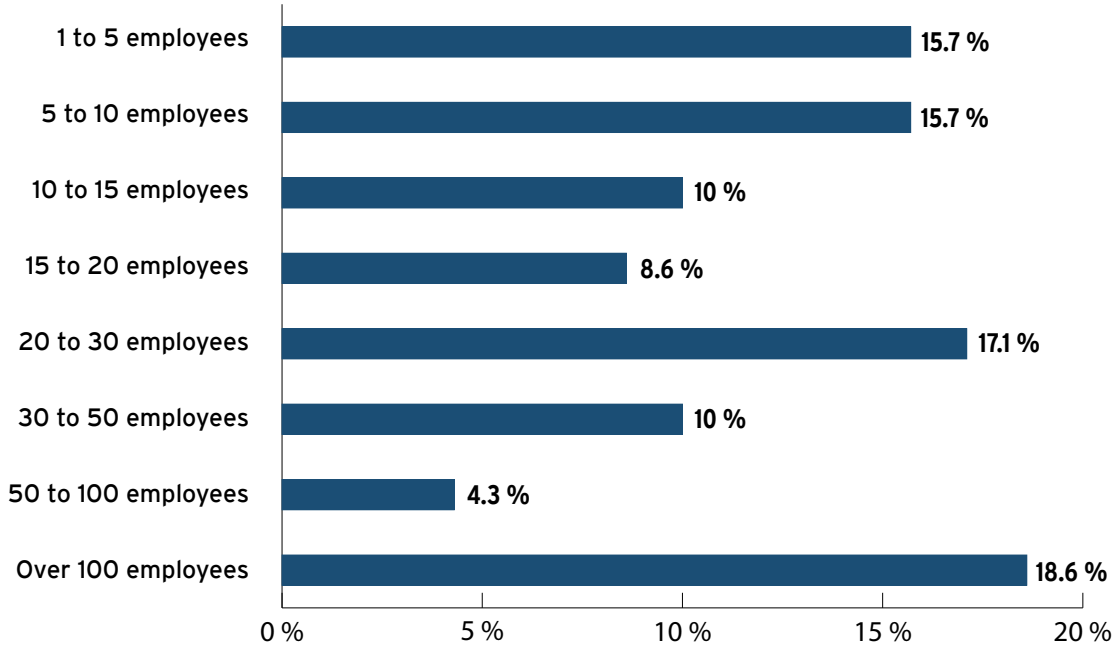
Although the topic of eLearning often still represents new territory, especially for small and medium-sized enterprises, the industry has nevertheless come through the wild founding period in the meantime. As the figures of the eLearning BENCHMARKING Study 2018 show, 53.5 % of the surveyed providers have been active in German-speaking countries for more than 10 years. At 19.7%, almost one in five providers has more than 20 years of eLearning experience. However, in addition to the established companies, there still seems to be room in the market for newcomers or start-ups, because with 18.3 %, one fifth of those surveyed have only been active as providers for less than 3 years.

By contrast, the international provider market appears to be somewhat less stable, as of the providers surveyed, 43.1 % are significantly fewer players outside the DACH region and have been active in the e-learning sector for 10 or more years. Companies with 5 to 10 years of experience in the eLearning market, on the other hand, reach the highest value of 24.7 %. The averages confirm the general trend that German-speaking providers (14.7 years) can look back on a somewhat longer eLearning history than their international colleagues (12.9 years).

eLearning providers are primarily small businesses

While in Germany alone, according to IW-Trends, 44th year no. 4, more than 35 billion euros are spent annually on in-company continuing training, the available budgets in the eLearning sector are much more modest. To a certain extent, the smaller dimensions of the industry are also reflected in the size of the providers, because both in the DACH region and internationally, the majority of the players in terms of company size trap in the area of micro and small enterprises. According to the 2018 eLearning BENCHMARKING study, every third provider surveyed in the German-speaking region alone employs 10 or fewer employees, or 31.4% of them. In the field of small companies with between 10 and 50 employees, almost half of the study participants (45.7 %) were also surveyed. In total, three quarters of the local providers (77.1%) employ 50 or fewer employees. On the other hand, at 18.6% around one in five providers has more than 100 employees and thus falls into the category of medium-sized enterprises. All in all, all eLearning providers and service providers in the DACH region appear to belong to the SME group.

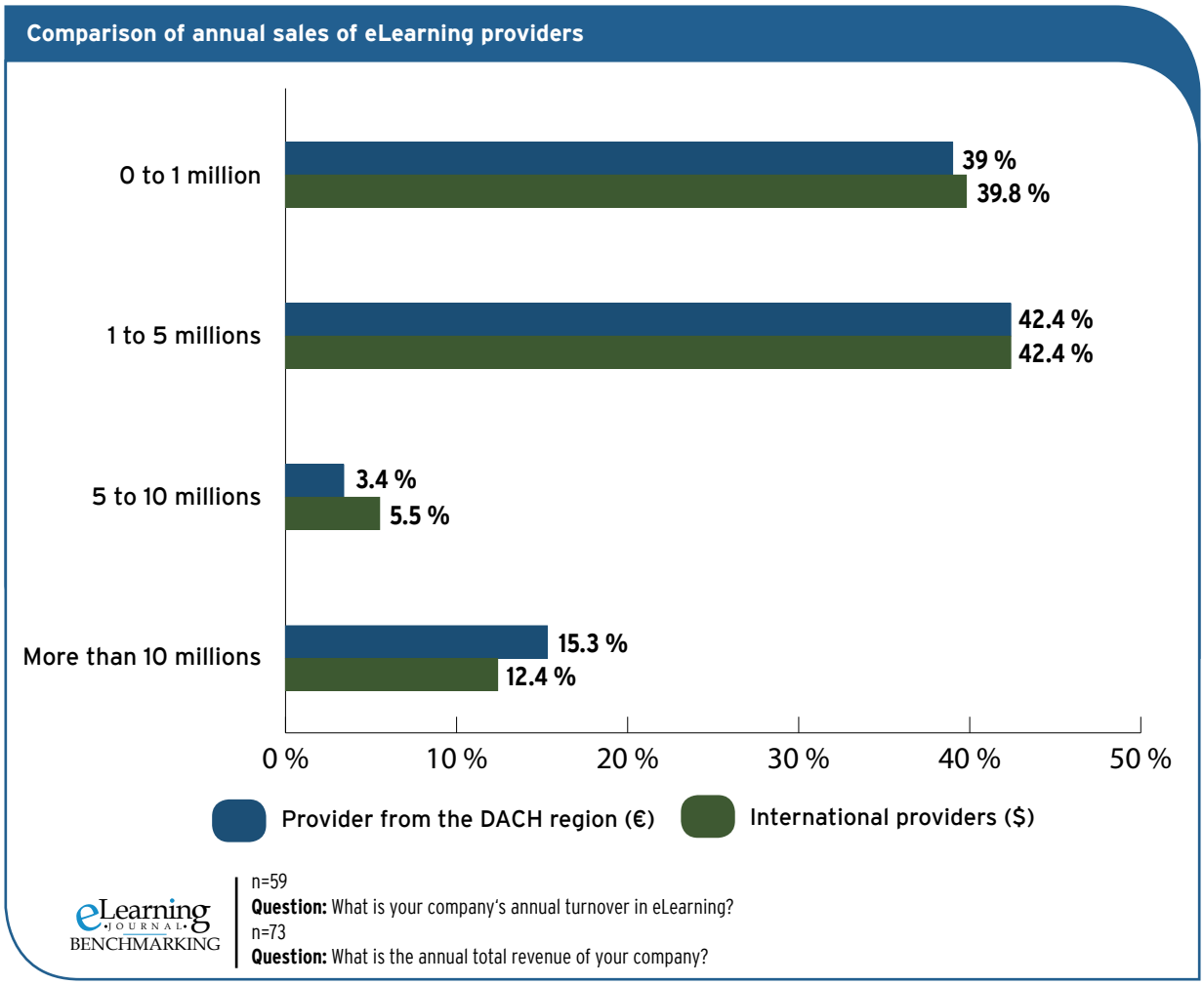
Company size eLearning provider DACH



eLearning JOURNAL BENCHMARKING

n=70

Question: How many employees are permanently employed in your company?



Internationally, the situation looks very comparable. Outside the DACH region, too, two out of three of the three companies surveyed employ 50 or fewer people (66.7 %), which also means that the majority of them are micro and small enterprises. However, the result is around 10 percentage points below the comparative figure for the DACH region, which means that a larger number of providers outside the DACH region belong to the medium-sized companies with up to 250 employees (28.4%). In our international survey, there was also a minority of 4.9 % of providers with more than 250 employees.

In the next 3 years, however, the picture could change under certain circumstances. This is because it is very likely that the number of German-speaking providers will increase in the coming years, as the figures from the eLearning BENCHMARKING study 2018 show. At 97.1%, almost all study participants assume that their company will increase in personnel over the next few years and thus grow. This trend was already apparent in the previous year's study, when the vast majority of respondents (87.5 %) already estimated that employee development would be positive. Nevertheless, the need for new employees appears to have increased further over the course of a year.

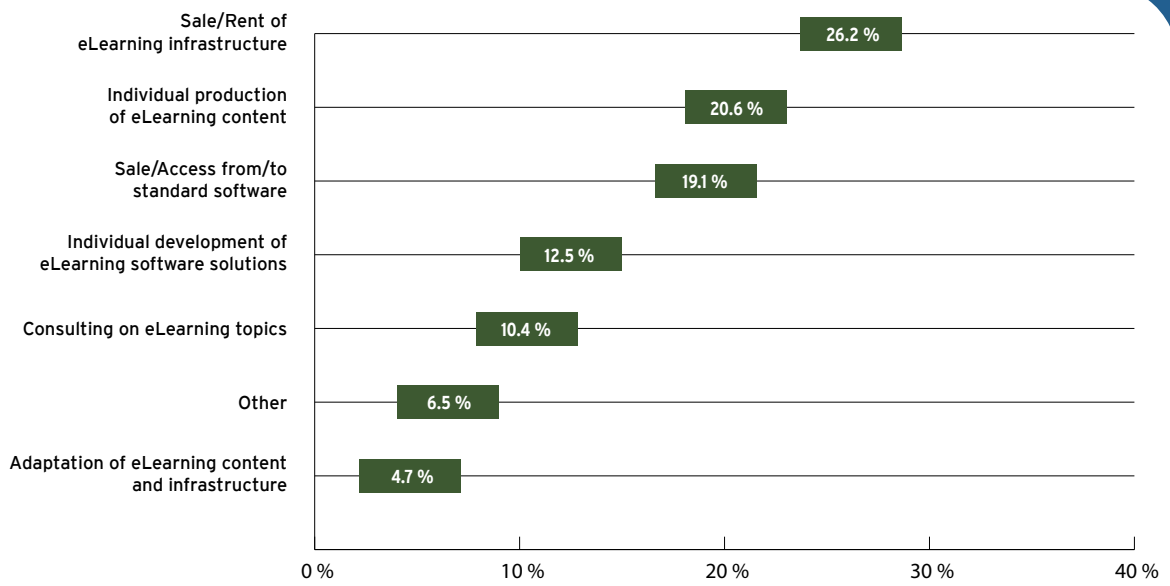
However, it is not only the local provider market that is on an expansion course. According to their own information, international providers are also looking for new employees almost everywhere, as the vast majority of the study participants estimate that the number of employees in their company will increase in the next 3 years (93.8%). The remaining study participants assume that the company size will remain approximately the same.

The eLearning industry is booming

For years now, the German eLearning industry has been going in only one direction based on the annual surveys of the mmb Institute as part of the Industry Monitor: steeply upwards. With growth rates of often more than 10 %, the turnover of the industry has been developing positively for more than ten years.

The results of the eLearning BENCHMARKING Study 2018 support this trend, because both the providers in the DACH region and their internation-

Share of sales by business segment (DACH)



eLearning JOURNAL BENCHMARKING

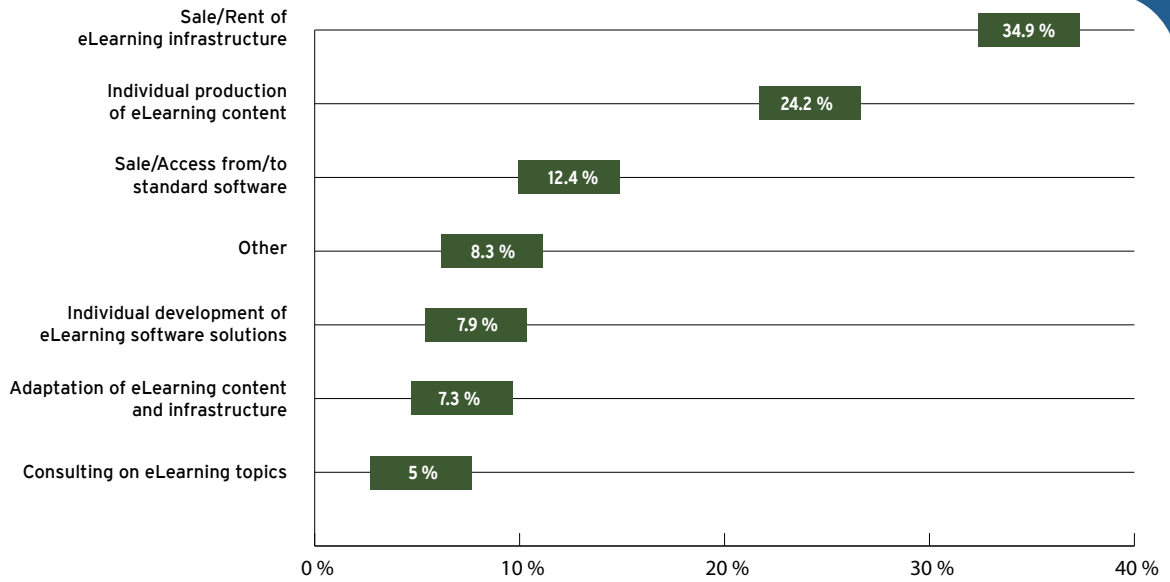
n=23-39
Question: What are the turnover shares of the following business segments in your company?

al colleagues have extremely positive expectations for the sales development in their own company over the next 3 years. At 98.6 %, German-speaking providers almost unanimously expect their sales to increase in the short to medium term.

This figure is even higher than the already high comparative figure of 93.6 % from the previous year. The international picture is virtually the same, with almost all respondents expecting an increase in sales over the next 3 years (97.4%).

Looking at both the sales expectations and the expected employee development, the only conclusion that remains is that the eLearning industry will continue to grow worldwide for the foreseeable future.

Share of sales by business segment (international)



eLearning JOURNAL BENCHMARKING

n=40-56
Question: What share of total revenue do the following business segments have in your company?

The „1 million turnover hurdle"

The sales expectations of the eLearning industry are therefore excellent, but what order of magnitude are we talking about in this context? The figures of the eLearning BENCHMARKING Study 2018 also underline that the German-speaking eLearning industry is made up to a considerable extent of micro and small enterprises in terms of turnover. At 25.4%, around one in four providers generates less than 500,000 euros per year, while 39% of the study participants have less than 1 million euros in sales per year. In addition, with 42.4 %, the majority of the respondents also fall within the sales range of 1 million to 5 million euros. At the other end of the spectrum, however, there are also some German-language eLearning providers with 15.3% who break the 10 million mark with their annual turnover.

On the side of the international providers, there is again great agreement with the results of the DACH region. At 39.8 %, the value of providers with annual sales of less than 1 million euros is almost the same.

The comparative figure for international providers in the range between 1 million and 5 million turnover is even identical at 42.4%, while companies generating more than 10 million euros annually are slightly less likely to be found internationally at 12.4%.

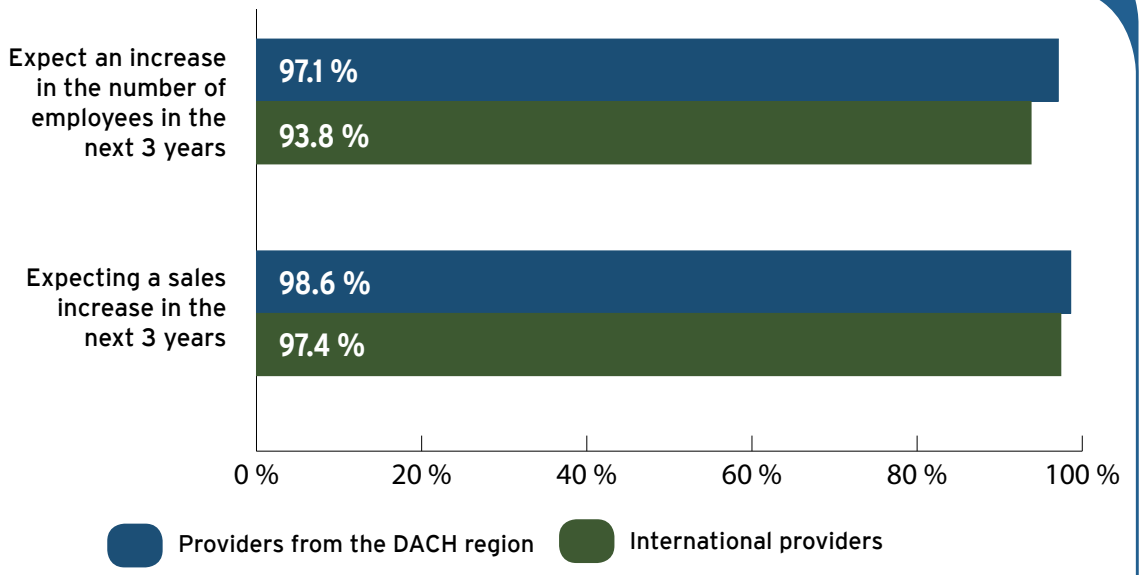
eLearning infrastructure and individual production are revenue drivers

Overall, the sales generated by both German-speaking and international providers appear to be very comparable. But with which business segments are the concrete revenue drivers?

In the DACH region, the sale or rental of eLearning infrastructure such as Learning Management Systems or authoring tools is the most important source of revenue for the surveyed providers, accounting for 25.1%. In addition, the individual production of learning content such as web-based training (21.3%) and the sale or access to standardized learning content such as compliance training (17.6%) also play an important role. In contrast, consulting on eLearning topics (10.8%) and the adaptation of eLearning content and infrastructure (5%) play a much less important role.

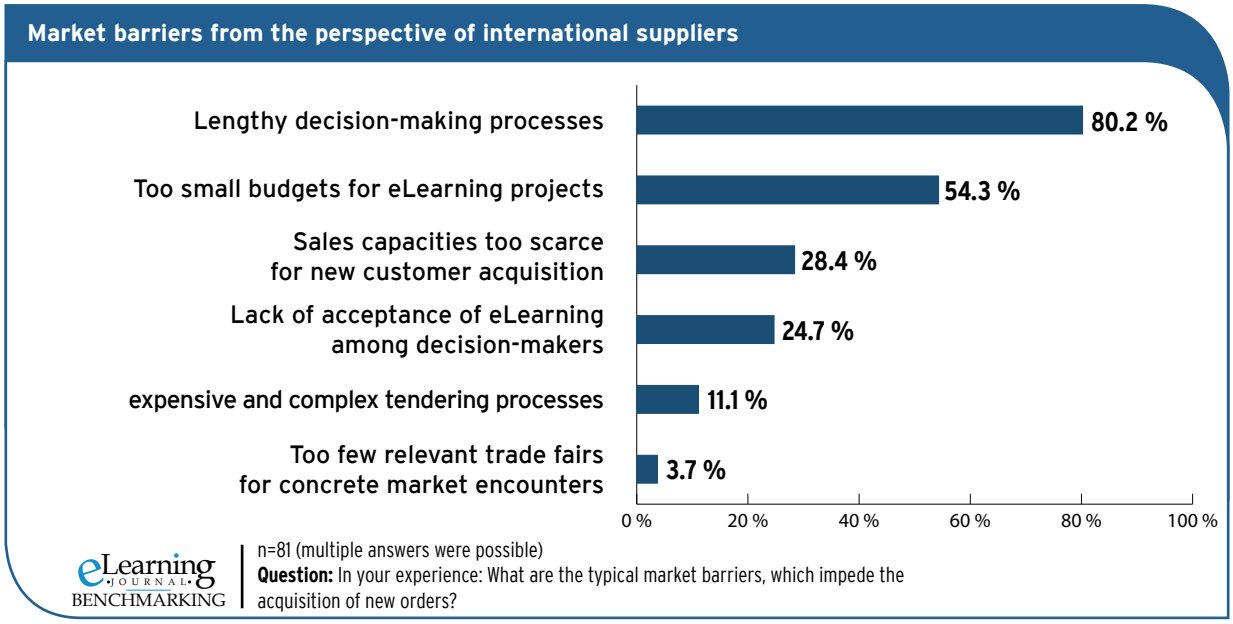
Among international providers, the sale or rental of e-learning infrastructure plays an even greater role at 34.9 %. At 24.2 %, individual production of eLearning content is also slightly above the result for the DACH region, although the difference is quite

Growth expectations of eLearning providers



n=70
Question: How do you expect the number of employees in your company to develop over the next 3 years?
n=71
Question: How do you estimate the sales development in your company for the next 3 years?
n=81
Question: In your estimation: How will the number of employees in your company develop in the next 3 years?
n=77
Question: In your estimation: How will the total revenue in your company develop in the next 3 years?

eLearning JOURNAL BENCHMARKING



small. All in all, these two business areas together account for almost 60 % of the sales of international providers and are thus significantly more important than the 46.4 % figure for German-speaking providers.

Low budgets are central market barriers

Even if the growth expectations of the eLearning industry seem to be excellent both nationally and internationally, it could of course still go better, especially if one compares the eLearning market with the much larger market for in-company training and further education. As part of the eLearning BENCHMARKING study, providers were therefore asked about the market barriers which, in their experience, make it more difficult to acquire new orders.

In German-speaking countries, money seems to be perceived as the biggest hurdle, as 66.2 % of the study participants believe that insufficient budgets for eLearning projects are the most common market obstacle. Other factors include costly and complex tendering procedures (45.1%), scarce sales capacity for new customer acquisition (43.7%) and a general lack of acceptance of the topic of eLearning among decision-makers (42.3%), all of which, from the point of view of the providers surveyed, represent roughly the same hurdle.
By contrast, the range of relevant trade fairs on offer seems to be largely sufficient for concrete market encounters in German-speaking countries, as only a minority of suppliers (9.9 %) regard the inadequate trade fair offer as a market obstacle.

The international providers were also asked about their experiences with market barriers in the eLearning market and, based on the study results, some of them seem to differ significantly from those of local players. Inadequate budgets for eLearning projects were also regarded as a hurdle by the international providers, with 54.3% of entries, but this figure is below the result for the DACH region. Inadequate sales capacities for new customer acquisition (28.4%) and the lack of acceptance of the topic of eLearning among decision-makers (24.7%) also appear to be much less of a problem for the acquisition of new contracts internationally.

However, the difference is particularly large in the case of the costly tender procedures, as only 11.1% of international bidders see this as a market obstacle. This discrepancy may indicate that the tendering procedures in the DACH region are more complex than the international standard.

Substudy eLearning provider

Digital transformation and eLearning trends

Digitalization is one of the megatrends that will profoundly change the German-speaking economy for years to come. But what concrete significance does digital transformation have for in-company training and further education? And what trends result from this? The next chapter deals with the assessment and forecasts of providers on these two topics in a way that is complementary to the results of the user study.

Products and services for digitization

The current user study has already shown that digital transformation influences company training and further education of German-speaking companies almost nationwide, as 92.6 % of the study participants surveyed attach moderate to great importance to this topic in the current substudy „Digital Transformation & Further Education".

The high relevance of digitization for in-company education in the DACH region is confirmed by the experience of eLearning providers. In the provider study, a clear majority of 63.4% of respondents stated that digitization already has a great influence on the training strategies of user companies, while another 36.6% of study participants see at least a moderate influence. Conversely, these figures also mean that not one provider has experienced that the subject of digitization currently has little or no influence.

Against this background, it comes as no surprise that the high relevance of digitization is also having an impact on the portfolios of German-language providers, as the vast majority of the study participants (80.3%) reported offering special products or services on this topic. A further 8.5 % of the providers surveyed have not yet taken digitization into account in their portfolios, but are currently planning to include this topic, while 11.3 % neither already offer products or services in this area nor plan to do so in the future.

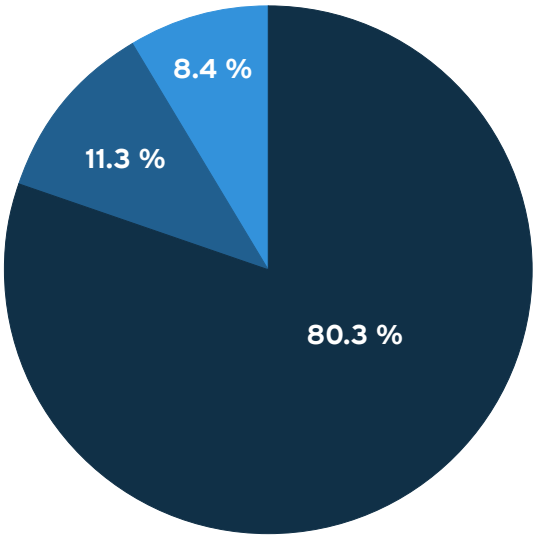
Media and self-learning skills are particularly in demand

Digitalization thus employs both user companies and providers almost everywhere. But what training needs actually result from digitization in concrete terms? According to the results of the 2018 provider study, the experience of the study participants shows that media skills are particularly in demand. With 80.3%, the vast majority of providers stated that these competences are currently being trained particularly strongly and that eLearning in particular plays an important role in this context.

In addition, however, the topic of personal responsibility, for example in the form of self-learning skills, also seems to play an important role at present, as 66.2% of the companies surveyed have found that these skills are trained by their customers using digital media. On the one hand, this means that the learner can train himself more purposefully and based on his own needs. On the other hand, however, this presupposes corresponding self-learning competences.

A third large field is knowledge about data protection and data security, which 63.4 % of the surveyed providers identified as a current training topic in the context of digitization. On the one hand, the digitization of business and company processes naturally

Offer on the subject of digitization

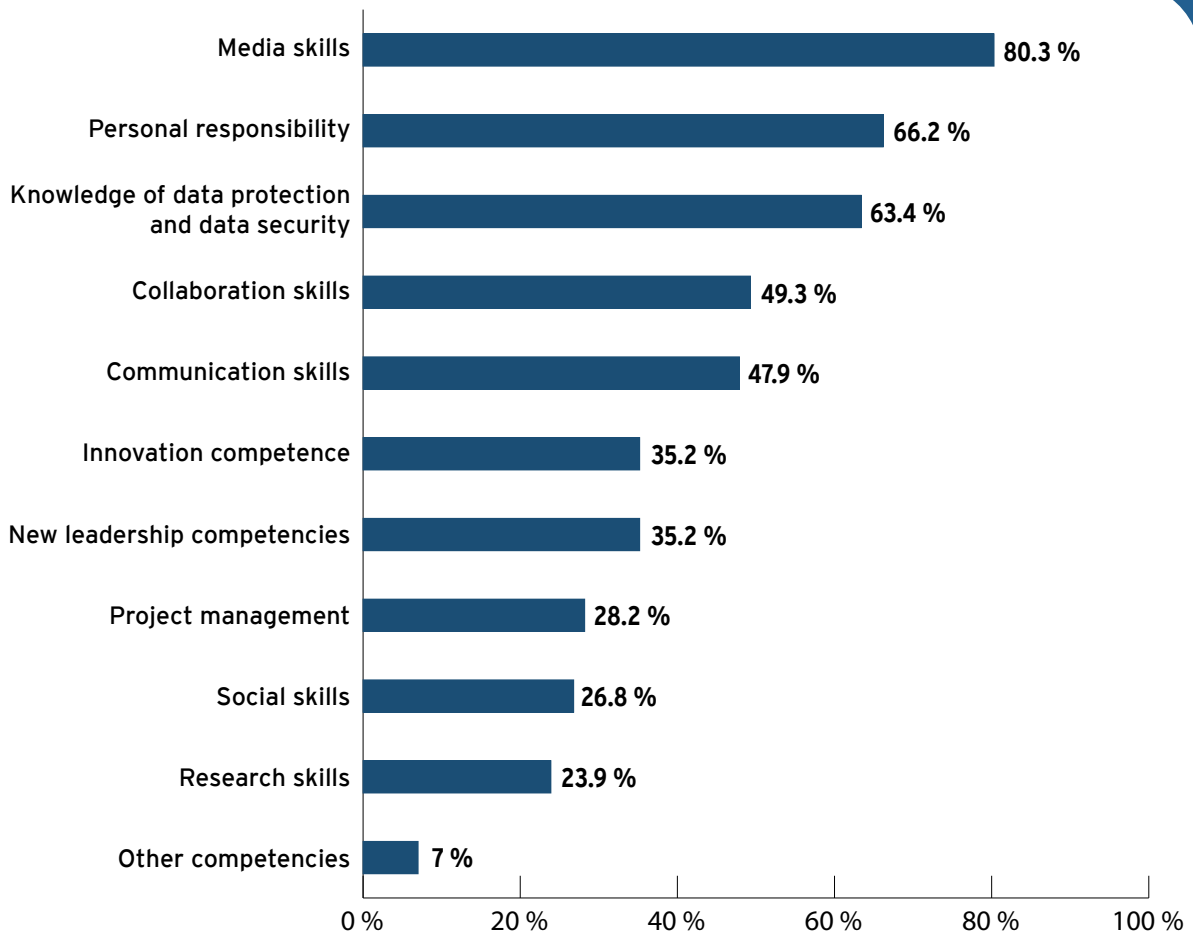


- The company offers special products and Services on the subject of digitization
- The company does not offer any products or services related to digitization
- Special products and services on the subject of digitization are being planned

eLearning JOURNAL BENCHMARKING

n=71
Question: Does your company offer special products or services on the subject of digitization?

Promoting skills through digital training



eLearning JOURNAL BENCHMARKING

n=71 (multiple answers were possible)
Question: In your experience, which competences are currently being promoted particularly strongly by digital training measures in the course of digitization?

always means the generation of data, which must of course be protected accordingly and whose use and handling requires appropriate skills. In addition, the topic of data protection has been further exacerbated in recent months by the expiry of the grace period of the new EU data protection basic regulation, which could explain the extensive need for eLearning training by user companies.

In addition to these „Top 3", collaboration is also in demand. Many digital technologies make it easier and easier to exchange information with colleagues who can easily be spread all over the world. At 49.3%, around half of the providers have found that collaboration skills are specifically trained in the form of digital measures by German-speaking companies, particularly in the context of digitization.

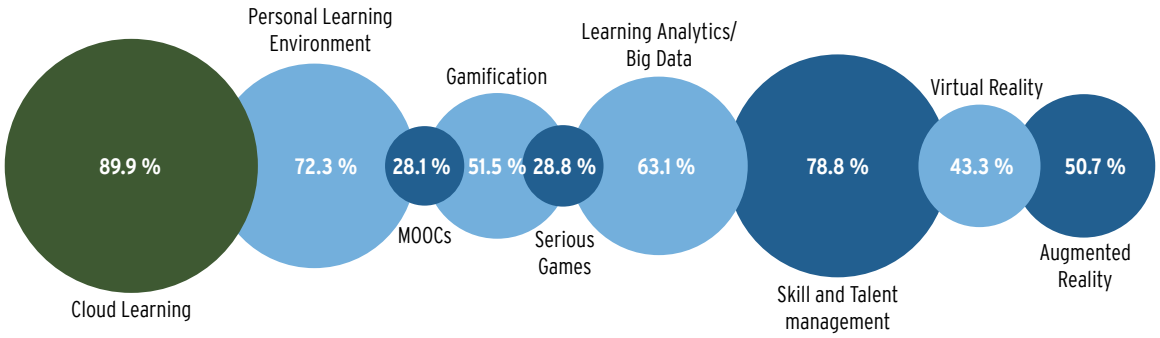
The topic of communication also seems to play an important role in complementing this, as the need for training in the context of communication skills is also widespread, with 47.9% of respondents mentioning it.

Cloud learning, skill and talent management and PLE are relevant eLearning trends

In addition to digitalization, there are a whole range of other trends and potential trends in the eLearning sector that should be relevant for in-company training in the German-speaking market. But what specific trends are there? And how are these trends evaluated from the point of view of both user companies and providers? The eLearning BENCHMARKING studies 2017 and 2018 provide answers to these questions.

In the eLearning BENCHMARKING Study 2017, Skill and Talent management emerged as the most important trend among the surveyed user companies with a narrow lead. The vast majority of the study participants rated this trend as very important or import-

Relevance of eLearning trends in the DACH sector



eLearning JOURNAL BENCHMARKING

n=64-69 (multiple answers were possible)
Question: In your opinion, what relevance do the following eLearning trends have for the German-speaking corporate eLearning market?

ant, with 80% of respondents citing it. Thanks to the imminent demographic change and the worsening shortage of skilled workers, it is becoming increasingly important for companies to identify, develop and retain skills and talent that are critical to their success. Especially software-based infrastructure such as Talent Management Systems can support companies in these areas and make a decisive contribution to a successful implementation.

With a comparative value of 72.9%, the trend towards a personal learning environment is given almost the same importance by the user companies surveyed. The Personal Learning Environment is one of these technologies that can fundamentally change in-company education in the context of digitization. Instead of continuing to operate on the watering can principle, this technology could make learning more individual and personal in the future, making the learning process more effective and motivating.

In contrast, the two trends Augmented Reality and Virtual Reality, with comparative values of 36.3% and 36.2% respectively, are significantly less relevant from the user's point of view. While these two trends are certainly „exciting" technologies that can open up new application possibilities in in-company training, and represent a highlight of many stands, especially at trade fairs such as LEARNTEC, the concrete significance for the „dull" day-to-day practice still seems to be rather manageable.

This trend assessment of user companies is largely shared by German-speaking providers. In the current provider study 2018, Skill and Talent management (78.8%) and the Personal Learning Environment (72.3%) are among the most relevant trends in the DACH region for the coming years from the point of view of the study participants. On the other hand, there is a clear difference between users and providers in the assessment of the Cloud Learning trend. While 59.7% of the user companies in the 2017 eLearning BENCHMARKING study considered Cloud Learning to be very important or important, in the current provider study the vast majority of the providers surveyed (89.9%) rated Cloud Learning as relevant for the German-speaking market. This positive expectation of the cloud is also reflected in the portfolios of many providers, as eLearning infrastructure such as their own LMS is increasingly no longer available primarily as an installation in the company, but rather as software as a service in the form of a cloud solution. On the other hand, user companies could still be more critical of the cloud due to security concerns, although great progress has been made in recent years in the area of security in particular, especially if hosting takes place in Germany.

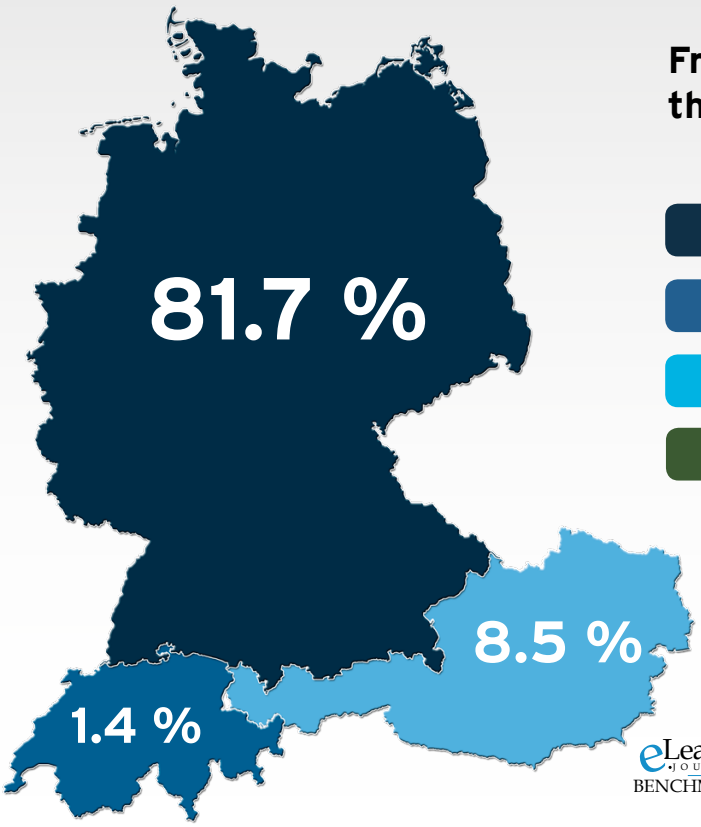
In the two trends Augmented Reality and Virtual Reality, the providers surveyed seem to see greater potential in Augmented Reality, which at 50.7% is rated as relevant for the German-speaking market by just one in two respondents. The relevance assessment of Virtual Reality, on the other hand, is 43.3 % lower and thus closer to the assessment in the user study 2017.

Methodology

The editorial staff of the eLearning Journal has been conducting the eLearning BENCHMARKING study annually since 2014 in order to gain current insights into the eLearning and continuing education practice of the German-speaking economy, including the current use of eLearning measures as well as expected trends and future developments in this area for the coming years. The eLearning BENCHMARKING study thus offers a comprehensive orientation aid for companies and organizations from Germany, Austria and Switzerland.

More than 900 companies participated in the current eLearning BENCHMARKING Study 2018 entitled „eLearning & Continuing Education". The study comprises a total of 6 sub-studies focusing on Talent Management, Digital Transformation, Competence Management, Language Training, Mobile Learning and the Provider Study.

The eLearning BENCHMARKING Study 2018 primarily surveys eLearning companies and organizations. As part of the study, eLearning Journal staff invited participants from previous years and participants from companies and organizations applying the SUMMIT Tour 2017, which comprised a total of 25 events and around 3,000 participants, to the study by telephone. The actual data was collected anonymously using special online survey software. In addition, the 20,000 editorial contacts of the eLearning Journal were invited to participate in the eLearning BENCHMARKING study.



From which country do the study participants come?

- Germany
- Swiss
- Austria
- Worldwide

eLearning JOURNAL BENCHMARKING | n=71
Question: In which country is your company located?