Evolving Business Models in eLearning

Summary White Paper

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This white paper is an overview of issues that the Learning-on-Demand (LoD) report *Evolving Business Models in eLearning*, Volumes 1, 2, and 3 covers in greater depth. For more information about LoD, see the final page of this report or visit our Web site at http://www.sric-bi.com/LoD .

CONTENTS

Figures

Box

The corporate eLearning field is undergoing substantial change as it shifts from an emerging market with bright potential toward an established industry. The signs of this transformation are numerous. Various technologies—including learning-management systems (LMS) and learning-content–management systems (LCMS), authoring and collaboration tools, synchronous eLearning platforms that connect disparate learners in "virtual classrooms," and streaming media technologies—have developed around the eLearning concept. A cottage industry of mostly small technology start-ups has evolved into a sizable cadre of eLearning providers that include larger technology players and professional-service firms. And a growing number of case studies of the benefits that eLearning provides—not only in terms of cost-savings over traditional employee training but in enhancing a company's intellectual capital and competitive edge—have helped sustain growth of the field through the recent economic downturn.

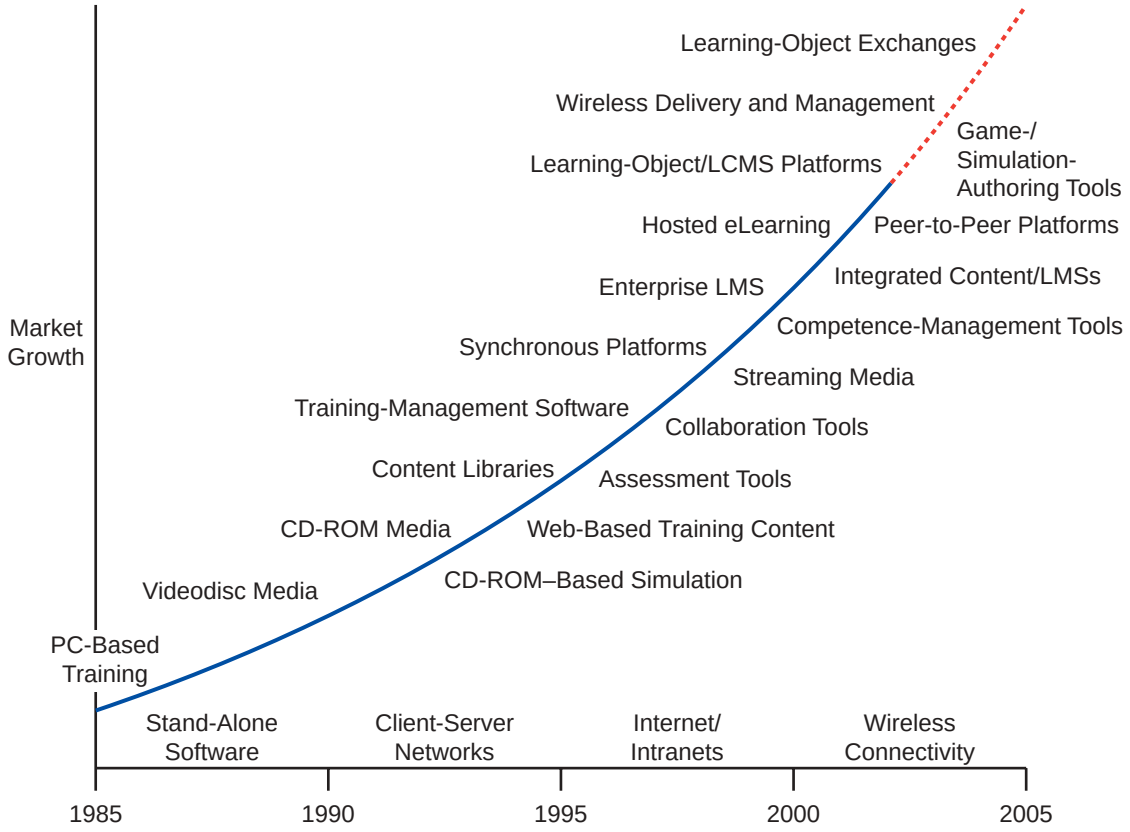
The Learning-on-Demand program of SRI Consulting Business Intelligence, an international consulting firm with headquarters in Menlo Park, California, tracks global developments in eLearning with an eye on how eLearning providers and adopters must adjust to the new realities of this maturing market. This white paper examines the key changes shaping the industry and how both providers and adopters of eLearning can anticipate and capitalize on these trends.

TECHNOLOGY DEVELOPMENTS

Technology advances are the engine of growth in the information-technology (IT) arena, creating new products and services, enabling new companies to enter the field, and stoking demand. Nowhere is this proposition truer than in eLearning, where technology innovations have expanded the field from its origins in stand-alone computer-based content to encompass a range of management, delivery, and collaboration technologies. These innovations have improved the capabilities of eLearning, broadened its appeal to corporations seeking ways to develop their human capital, and allowed successive waves of developers to establish themselves in the eLearning market.

During the global economic expansion of the 1990s, networking advances, together with the rise of the Web and its supporting technologies, helped fuel a variety of IT innovations. Incubated in this climate, the eLearning field expanded from business models centered in custom-content development and off-the-shelf content to a range of new product and service offerings (see Figure 1). Chief among them was the emergence of learning-management systems that provided a means for human-resources managers strategically to manage both classroom training and the growing body of eLearning content. A parallel to the rise of enterprise software that united previously separate applications for managing an organization's finances, inventory, and other areas, LMS technology sparked the growth of a new category of eLearning providers while existing content providers sought to add LMS infrastructure to their offerings.

Figure 1
TECHNOLOGY EVOLUTION IN eLEARNING



LCMS = Learning-content–management systems; LMS = learning-management systems; CD-ROM = compact-disc read-only memory.

Source: SRI Consulting Business Intelligence (SRIC-BI)

The eLearning arena has also embraced other technology innovations. Synchronous collaboration tools, which allow physically distant learners to share a "virtual classroom" over Internet-protocol networks, offer a far less expensive alternative to satellite-based videoconferencing systems and thus have broadened use of this type of learning. Similarly, online-learning authoring tools, asynchronous collaboration tools, and systems for assessing and testing learner skills have blossomed and helped add value to eLearning.

Most recently, development of technologies that author and manage learning content in the form of "learning objects" has captivated the industry. LCMS represent the latest wave of innovation, offering the benefits of granularized learning that users can repurpose for different audiences and personalize for individual learners. At the same time, advances in content development that harnesses streaming video or simulation development tools are opening new avenues for content developers.

A number of other Web-based technologies for broader markets—including streaming-media technology, collaboration tools, and gaming technology—have also found applications in the eLearning arena. Many such technologies have been licensed by established providers; many have spawned new providers.

Which technology will be the next "killer app" for eLearning? Will a new breakthrough exert as fundamental a restructuring and expansion of the field as that provided by development of LMS? Not likely, at least in the foreseeable future. Instead, evolution of a handful of existing and emerging technologies—led by the gathering momentum behind learning-object methodologies—will help the field mature. The period of rapid innovation and numerous technology start-ups that characterized the late 1990s and 2000 has shaped an industry infrastructure that will seek to incorporate these new technologies as they become refined.

RISE OF HOSTED SERVICES

Hosting of eLearning software by vendors or third-party service firms is becoming a significant business model for eLearning providers. Hosted offerings have grown broadly in the past 18 months, and today most vendors of eLearning technology offer hosting services—either directly or through third-party application service providers (ASPs). Growth of the hosting model has included the launch of purely hosted eLearning service providers, the expansion by many existing providers into hosting services to augment their licensing model, and the migration of outside technology firms into the eLearning arena through their ability to integrate and host eLearning applications that they license from providers.

Hosting—or ASP services or outsourced eLearning—involves use of an outside provider to house and maintain software for a client, who accesses the software over the Web. Increasingly, vendors offer hosting as an option for clients who prefer that approach to the traditional task of licensing, integrating, and maintaining the software behind their firewall. Part of a broader technology practice made possible by the Web and Web-based software architectures, hosting has particular appeal in the eLearning arena for a number of reasons. The box on page 4 provides a list of factors driving demand for hosted services.

Many eLearning providers have rolled out hosted versions of their platform, content, or development tools to meet growing demand from prospective clients. At the same time, third-party ASP firms that provide hosting services have broadened the channel of hosting providers and allowed new competitors into the field. Technology firms such as EDS, General Physics, and Raytheon have entered the field through partnerships or licensing arrangements with eLearning developers that allow them to provide hosted eLearning services. Other firms such as Oracle and Sun Microsystems have entered the eLearning market using hosted platforms. In Oracle's case, the ebusiness software developer launched a hosted eLearning service based on internally developed software in late 2000; Sun, which began incorporating eLearning into its Sun Education IT training division in 2000, acquired LMS developer Isopia in June 2001 and recently launched an LMS offering that centers on hosted services.

The most sophisticated of these hosted services providers are "pre-integrating" software from multiple eLearning vendors, such as content offerings, synchronous tools, and LMS to provide a more robust eLearning platform. A growing percentage of eLearning companies operate strictly or predominantly as hosted providers, using more recent Web-based software architectures that provide them a competitive advantage over software originally for client-server–based systems.

HOSTING: BENEFITS TO BUYERS

Hosting—or application-service–provider services or outsourced eLearning—provides several benefits to buyers:

- The ability to launch eLearning initiatives in much less time than necessary in behind-the-firewall eLearning implementations
- Lower up-front implementation costs for customers
- A means of leapfrogging an overburdened or resistant information-technology division
- The ability to provide line departments with eLearning resources to meet specific "initiative-learning" needs (for example, new product rollouts, customer-service training)
- Web-based access to eLearning for geographically dispersed learner populations (for example, national retailers, multinationals)
- The ability for vendors to provide updates to their technologies without creating additional implementation tasks for customers
- A means of avoiding investing in technology that faces obsolescence
- The ability to provide multiple eLearning technologies in an integrated package.

The merits of hosted services versus the traditional license-and-implement approach is an issue of hot debate throughout the Internet-technology arena. The technology trade press has widely documented the difficulties facing early ASP entrants. Projections that the ASP market would be worth more than $6 billion by the end of 2001 have proved well off the mark, and some prominent critics have expressed doubts about the future significance of the business model.

But although the early excitement about outsourcing software clearly outpaced technology capabilities and successful business models, hosting has gained new champions from several quarters as it has matured technologically and demands on corporate IT departments continue to grow. More technology developers are opting to offer hosted versions of their software directly to customers, providing competition to third-party ASPs that must license the software. In the ebusiness arena, Oracle, PeopleSoft, and SAP have each unveiled hosted versions of their enterprise software.

According to *Business Week* magazine, Oracle now counts more than 100 customers of its enterprise-resource planning and customer-relationship–management applications using its hosted service—a doubling of such customers from 2001 to 2002.

Some software industry observers compare the impact of the hosted software model with the migration from the mainframe to client-server architectures and the subsequent migration to the Internet. In each case, concerns about data security, an opportunity for new entrants to establish themselves, and resistance by vendors who dominate the existing paradigm characterize the shift. In hosted services, resistance is accentuated by powerful IT constituencies within organizations that see the outsourced software model as a threat to their hegemony.

In areas such as enterprise software, the hosting model must become compelling enough to unseat investments already made by organizations in licensed—and often customized—applications. However, in the young eLearning arena, many organizations are making their first significant investments in eLearning technology, which provides a significant opportunity for hosted-services providers. Without a need to debate whether to upgrade existing technology, new adopters of eLearning—or those who have invested in only one or two components of an eLearning suite—can approach hosted offerings with greater latitude.

Though hosted services typically target midsize and smaller businesses with fewer IT resources, instances in which large organizations opt for hosted eLearning services are increasingly evident. Eastman Kodak, a *Fortune* 150 company with more than 80 000 employees worldwide, recently chose a hosted solution as the basis for an eLearning initiative, citing many of the benefits of hosting offered by the model's proponents. The company cited the desire to launch the initiative quickly, a need to avoid involving an IT department with other pressing issues, and budget constraints that made hosting preferable to a large up-front outlay for a licensed offering. Other large organizations embracing hosted eLearning services include Dow Corning and General Motors, both of which chose hosted services over internal implementations for their sizable eLearning initiatives. Lucent Technologies is using a hosted service for an eLearning program that targets the firm's telecommunications customers. And several recent U.S. government contracts, including the bulk of a recent U.S. Navy initiative that targets more than 1 million learners, make use of hosted services from eLearning providers.

THE VALUE OF ALLIANCES

Alliances among vendors of complementary technologies or services are an increasingly common business strategy throughout the information-technology industry. Such relationships are valuable as a means of extending a product's reach in fragmented markets, leveraging resources to the benefit of partners and sharing risk, among other reasons. The total number of alliances that information technology vendors form each year has grown dramatically during the past two decades, to an annual average of more than 5000.

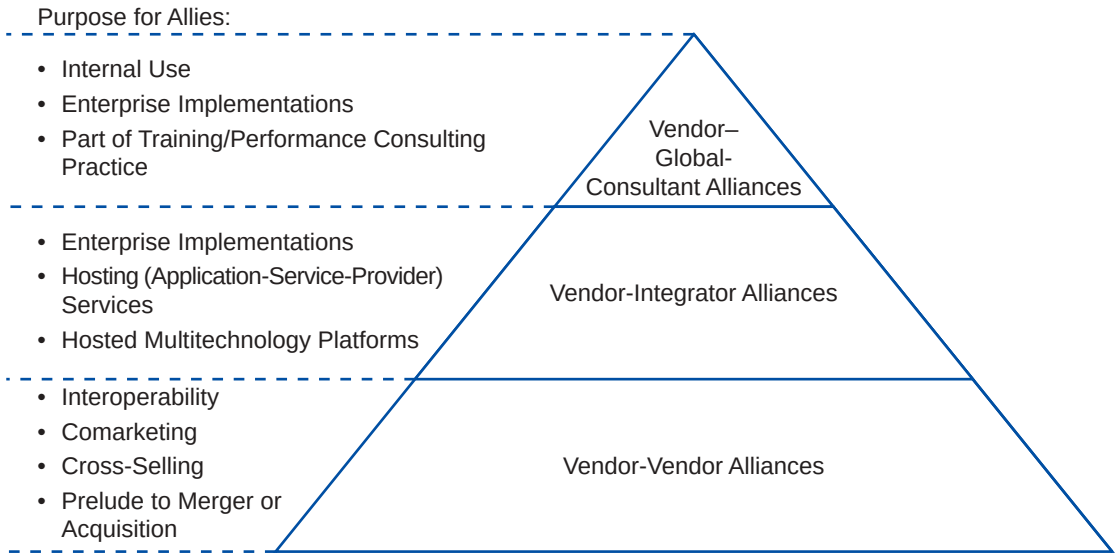
In the eLearning arena, alliances have acquired an added degree of significance. The emerging field is characterized by a broad array of technologies for authoring, delivering, and fostering learning; few vendors who offer more than two or three of these components in an integrated fashion; and a lack of technology standards to allow automatic integration of these individual offerings. At the same time, large adopters of eLearning are increasingly interested in multifaceted eLearning systems that combine multiple elements. Evidence points to the benefits of broad eLearning solutions that provide multiple ways to leverage learning and for learning to appeal to different learning preferences.

The result has been a proliferation of alliances among vendors that seek to provide multiple eLearning capabilities. These alliances typically center on establishing technical interoperability between the technologies of two or more vendors and announcing such interoperability to existing and potential customers. From there, and depending on the nature of their bond, allies may engage in comarketing, cross-selling of each other's offerings, and more intimate coordination of their businesses.

eLearning platform providers are in turn partnering with consultants, including professional-service firms and technology integrators that provide valuable integration capabilities and new sales channels. These alliances begin with training of a consultant's technical staff in implementing its LMS/LCMS partner's technology. The consultant can then resell the LMS/LCMS as part of its enterprise software implementation and integration portfolio. Competition for these prized relationships is high because consultants typically limit the number of LMS/LCMS vendors in which they are willing to invest staff resources to learn the details of its technology. Figure 2 depicts a hierarchy of three types of alliances in terms of their relative frequency and the benefits gained by alliance partners.

For buyers of eLearning technology, the number of allies a vendor works with as well as their prestige provides an indication of the vendor's future viability. Vendors of more "closed" or proprietary systems that are difficult to integrate land fewer partnerships, as do those with little market momentum. Given the challenges facing many eLearning providers in the current economic climate, buyers of eLearning are wise to judge smaller vendors by the quality and number of their alliances.

Figure 2
HIERARCHY OF VENDOR ALLIANCES



Source: SRIC-BI

BROADENING COMPETITIVE THREATS

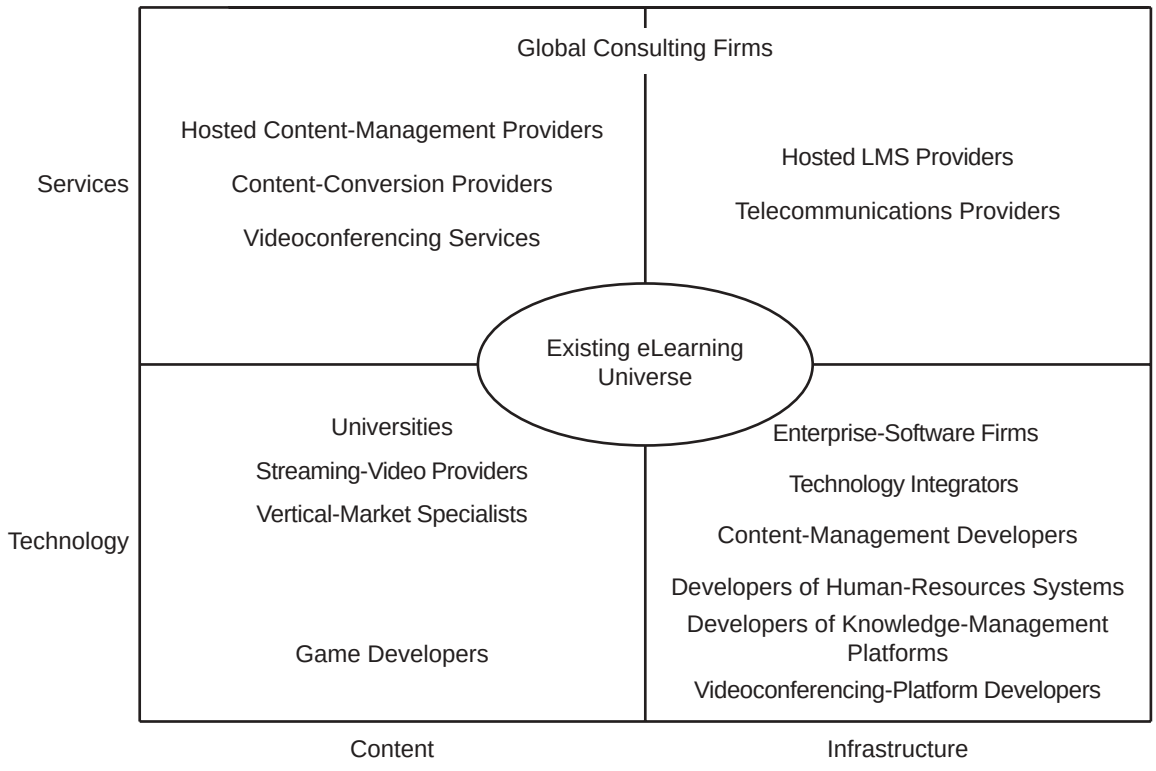
As the market for eLearning expands beyond early adopters to encompass mainstream organizations, and as the technologies and services that facilitate eLearning broaden and mature, the industry has begun to attract new entrants from a variety of sectors. Growth projections for the eLearning field, its resilience in the face of the recent economic slowdown, and testaments of eLearning's potential by prominent industry figures have drawn the attention of outside firms that see the field as an opportunity to extend an existing technology or service or develop a new line of business.

Unlike many eLearning start-ups that were born during the Internet technology boom of the mid- to late 1990s and for which eLearning is a core focus, many of these new competitors are established, profitable firms in the technology and services sectors. Others are start-ups that have focused on developing Internet technologies in other areas but have turned their attention to eLearning. Although these firms typically lack industry-specific knowledge such as instructional design know-how, they seek to leverage relevant technologies or services—sometimes in partnership with eLearning providers. More established firms are using the opportunity provided by the recent economic slowdown to buy eLearning firms or acquire assets of bankrupt firms. Still others that focus on a particular vertical market are adding eLearning to their offerings.

And to the list of for-profit firms that seek to expand into the eLearning arena, we must add a number of higher-education institutions that are looking beyond degree-based eLearning programs to cater to the corporate training market. Many of these university competitors are partnering with eLearning developers to target corporate buyers.

Figure 3 provides a map of various competitors that seek a piece of the expanding eLearning pie. They include technology developers focusing on opportunities to provide content development and management tools, developers of Web-based communication tools that have applicability in the eLearning sphere, developers of enterprise software that seek to extend those platforms to encompass learning management, and a range of service providers that are taking advantage of the ability to provide hosted services. Professional service firms—in particular the "Big Five" global firms—are also becoming competitors in some respects, through services and spin-offs that compete with existing eLearning players.

Figure 3
POTENTIAL COMPETITORS TO PURE-PLAY eLEARNING PROVIDERS



Source: SRIC-BI

The encroachment of this broad array of outside competitors represents both a threat and an opportunity for existing eLearning providers. These new players are helping expand the overall market, adding new technologies, services, and customers to the arena, but they also threaten to steal market share and momentum from existing "pure-play" eLearning providers. eLearning adopters are obvious beneficiaries of the expanding suite of providers as they widen and deepen the availability of eLearning services around the globe and exert downward pressure on prices.

Of course, the pace with which large firms from outside eLearning have announced plans, partnerships, or acquisitions to enter the field has slowed in recent months in conjunction with slowing economies in the United States, Europe, and Asia. But existing eLearning providers should take into account the potential for large outside players to move into various eLearning areas as they develop their business strategies.

DEMAND DRIVERS

As eLearning gains traction in various sectors, patterns of adoption are beginning to emerge that provide clues to broader adoption likely for the industry in coming years. These patterns include the different rates of eLearning adoption in various industry sectors and among corporations of different sizes, and differences in adoption among various line functions and horizontal job classifications. They also include a growing body of studies and anecdotal accounts from these leading adopters about what they need to make eLearning initiatives succeed.

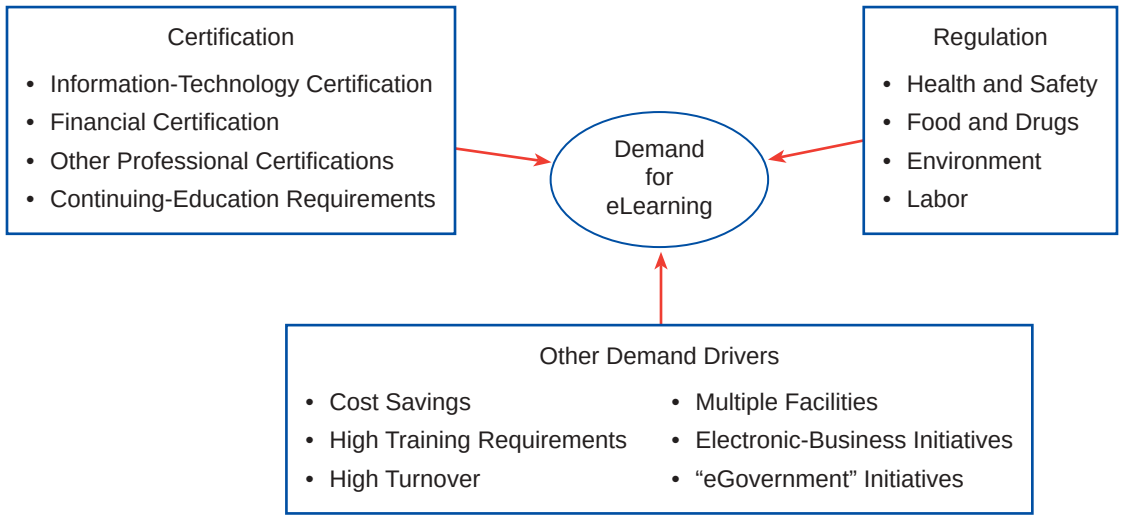
It is particularly difficult to gauge demand in technology-driven markets that are the subject of continuous innovations. The race to develop new capabilities by competing vendors outpaces their use among customers, leaving to question whether demand exists or will develop for new product features—especially in young industries such as eLearning, where the "installed base" of customers is relatively small. To look at the experiences of companies that have implemented eLearning is in some sense to look back in time, because the technology evolves rapidly. Still, demand patterns and conclusions that they point to are helpful clues about how the market will evolve.

The backdrop for growth in demand includes forecasts that the global eLearning market will expand rapidly during the next several years. The most widely cited growth projection, from IT research firm IDC, forecasts the global corporate eLearning market to grow to $23 billion by 2004 from an estimated $3.4 billion in 2000 and $6.4 billion in 2001. LoD estimates, from our 2000 report *The Emerging eLearning Industry*, predicted that the market would exceed $20 billion by 2005. These and other projections predicted compound annual growth rates of 60% or more for the market. The economic slowdown that has gripped IT markets in the United States and Europe during the past year may yield lower growth than some of these early forecasts anticipated.

Where will eLearning see the most traction going forward? To address that issue, one is wise to examine where demand has been strongest thus far in terms of horizontal drivers of demand in both various industries and particular industries that have been fastest to embrace eLearning.

Not surprisingly, pioneering adopters of eLearning are in industries and job areas where learning demands are high and where the benefits of eLearning over traditional training methods are vivid and demonstrable. Cost savings provided by eLearning have been a major driver of growth in these areas; it was on a cost basis alone that many early adopters in these areas pursued eLearning solutions. Industry sectors that can most clearly and rapidly realize cost savings in traditional training methods have been the most vigorous adopters. Many companies in these industries have subsequently discovered what we consider more substantial long-term benefits: increased productivity, improved employee retention and recruiting, and a more agile and competitive organization. But the ability to demonstrate a rapid return on investment has been critical for many early adopters as they choose among a variety of IT investment options. Figure 4 identifies several drivers that have helped stimulate demand for eLearning among the first generation of adopters.

Figure 4
KEY DRIVERS OF eLEARNING DEMAND



Source: SRIC-BI

In at least some of the industries and job areas below, competitive pressures are playing an important role in the spread of eLearning from pioneers to mainstream adopters. Highly competitive sectors such as financial services have experienced rapid adoption of eLearning, illustrating a phenomenon that Geoffrey Moore described in his acclaimed *Crossing the Chasm*. Where competition is greater, innovations will spread more quickly among competitors to minimize the competitive advantage gained by pioneers. Following are vertical industries and horizontal job functions where eLearning adoption has been most rapid.

Certification-Driven Markets

Industries or functional areas with learning requirements that link to certification programs have led the wave of eLearning adoption. Certification programs represent quantifiable, sustainable demand for learning, in large part because of the value of learning associated with certifications. Certification provides the learner with proof of the skills and knowledge that he or she has attained—which translates into higher compensation or other tangible benefits—as well as assurance to the learner's current and prospective employers of that person's qualifications. Certification-based training has helped fuel the growth of the training industry as a whole, particularly the training boom in the IT sector that began in the mid-1990s.

The rapid growth of eLearning in the IT arena is part of a broader surge in IT-related training worldwide, which one market-research firm estimates to be growing at a rate of 12% annually. eLearning constitutes a growing share of that total, though it does not account for more than a quarter of the total IT training market, which indicates room for significant continued growth. The world's dominant eLearning providers in terms of revenues, led by SmartForce, are centered in the IT eLearning market. At the same time, leading IT providers have developed lucrative IT training divisions based on certification programs for their technologies. Cisco, Sun, and Microsoft have all been increasingly active in this regard. The expenses facing employers who seek to keep their IT staff current on IT technologies and the inherent demand for training that successful IT certification programs have created have made IT a leader in adoption of eLearning.

The financial services and insurance industries have also seen strong growth of eLearning for similar reasons. Continuing-education requirements for banking and insurance professionals—coupled with a range of federal, state, and industry-based certification programs—have made eLearning attractive in those areas. Many large investment banks and insurance firms, such as Merrill Lynch and Prudential, have begun augmenting training programs with eLearning.

Health care is another industry in which numerous license- and certification-based continuing-education programs provide fertile ground for eLearning. More conservative than other industries and heavily regulated, the health-care industry has been slower to integrate eLearning with classroom training, but health-care providers are beginning to warm to digital learning approaches. Managed-care providers have been among the early eLearning adopters in the field, though their eLearning programs typically revolve around areas such as claims processing and general office skills rather than medical education. Medical professionals have proved a more difficult target market for several reasons. Continuing-education requirements for nursing professionals and physicians vary from state to state, and educational programs must win state approval. Continuing education for medical disciplines continues to reside in the domain of degree-granting, accredited academic institutions. A small number of eLearning providers, such as Compass Knowledge, have developed eLearning programs in partnership with various universities to provide degree-based eLearning for various medical degrees.

Certification and continuing-education programs in other areas—such as engineering, architecture, construction, and human services—are also logical candidates for eLearning. The high costs that face employers who must provide training to allow employees to achieve or maintain certification provide a straightforward value proposition for eLearning providers. At the same time, certification provides a potent incentive for individuals to pursue learning, opening the door to eLearning offerings that target both employers and individuals.

Certification-based eLearning is also less susceptible to economic downturns—and in fact may be countercyclical to downturns, as displaced employees seek new skills that are backed by recognized certification programs. The case appears to be so in the recent U.S. downturn: IT-oriented eLearning providers report strong continued demand for their services.

Regulation-Driven Markets

Though it substitutes the stick of enforcement for the carrot of certification, regulation-based training is similar to certification-based training in that it represents fixed demand and a substantial cost center for industries that must train employees to meet government regulations. A significant amount of overlap exists also between certification-based and regulatory-required training; many industries, including health care and financial services, face a combination of both. The most heavily regulated industries—petrochemicals, energy utilities, and pharmaceuticals—face a substantial amount of regulation-based training and thus an opportunity to lower their training costs quickly through use of eLearning. These industries have consequently been among the most aggressive adopters of eLearning, and as evidence of the savings that they reap mounts, further growth is certain.

A recent example of the savings yielded by use of eLearning in a predominantly compliance-based training environment is Dow Chemical. The company saved $34 million in one year using eLearning technology from WBT Systems to replace instructor-led training, according to a study by Deloitte Consulting. Jon Walker, director of IT for Dow's Human Resources division, described Dow's embrace of eLearning as "essential for a company like Dow where health and safety training is mandatory for employees." Dow had converted 80% of the regulatory-required training it conducts for its 60 000 employees in 900 locations worldwide to eLearning by the end of 2001.

For similar reasons, other manufacturers in petrochemical, pharmaceutical, energy, food processing and durable-goods industries—including Shell International, Halliburton Energy Services, Bristol-Myers Squibb, Hoechst Celanese, Procter & Gamble, and the three major U.S. automakers—have provided strong demand for eLearning. For these global firms as well as smaller firms that must contend with numerous government-mandated environmental, health, and safety training requirements, enterprise eLearning promises a rapid return on investment and considerable long-term cost savings—especially for multinationals that must manage regulation-based training requirements for each of the countries in which they operate. Enterprise-learning–management systems can reduce the administrative costs of managing training and eLearning for employees of these firms.

The ability of eLearning providers to keep pace with regulatory requirements facing regulated industries and provide tools that simplify compliance with training rules is a key competitive differentiator. In addition to the obvious need for content developers to provide learning content that satisfies regulatory requirements, compliance with auditing and verification requirements is essential for platform providers.

Voluntary international standards programs such as the ISO 9000 series quality standards present further stimuli for growth of eLearning, because these programs often involve training components. In addition, advances in technologies that validate the identity of remote learners will broaden use of eLearning in applications that require testing, as is the case with much certification and compliance-based training.

Training-Intensive Markets

Areas where the need for ongoing training is strong, the ability to provide such training via desktop computers is straightforward, and the cost savings are clear represent a third locus of high demand for eLearning. Manufacturers that must continually train sales representatives, customer-support staff, and value-added resellers on new products are one example, customer contact centers that contend with high employee turnover are another, and large consulting firms that provide extensive training to staff are a third. These and other areas where training needs are high and barriers to use of eLearning are low—for example, where employees have frequent access to PCs—provide an opportunity to recognize cost savings quickly in moving to online learning.

Manufacturers in high-tech areas, including IT hardware and software makers, have been significant early adopters—as well as shapers—of eLearning. The contracting product life cycles that these manufacturers must contend with to stay competitive has placed a premium on efficient methods for training sales staff and customer-support staff on new products. Training of these functional areas is effectively a continuous process for many IT companies, making traditional methods prohibitively expensive and inefficient.

Cisco Systems and Sun Microsystems are two such manufacturers that have pushed the boundaries of eLearning in part to satisfy their internal need to increase the efficiency and lower costs of training. Cisco has helped develop several technologies and methodologies for eLearning in its efforts to improve training while lowering costs, including learning-object–development methodologies and content-delivery networks optimized for delivery of high-bandwidth content such as streaming video. In preparation for a recent rollout of its content-delivery network offering, Cisco employed the technology to provide streaming video tutorials to 2000 sales staff on three continents at a cost of $70 000—a small fraction of the travel and accommodation costs of flying even one-tenth that number to an onsite meeting.

Customer contact centers (often, *call centers)* represent another demand leader among market segments. In addition to having significant training needs to provide call-center personnel with skills for using call-center software, providing information about a company’s products and services, and employing appropriate phone skills when talking with customers, call centers often experience high employee turnover. Adoption of eLearning, including both courseware and performance-support tools, has been dramatic

in this sector to defray training costs. Large eLearning providers such as SmartForce have developed eLearning packages that target call centers; a number of smaller niche providers have sprung up to focus on the sector.

Multinational Organizations

Large corporations and other organizations with multiple facilities have embraced eLearning to augment their training function. These organizations—such as multinational corporations; government agencies, including military and diplomatic agencies; and international bodies—can quickly realize a reduction in travel costs associated with training employees. The cost advantages of centralizing learning resources through an online learning platform are considerable. Though they must grapple with issues such as the need to localize content to account for language and cultural differences in the various countries in which they operate and ensure access to eLearning or provide alternatives such as CD-ROM– (compact-disc read-only memory–) based content, multinational organizations can quickly realize cost savings as well as improved speed and impact of their learning initiatives.

The sales function of multinational corporations is one area where training needs are relatively high and the scalability of eLearning content provides clear advantages over traditional classroom training. Many multinationals—including leading automakers, durable-goods manufacturers, retailers, electronics makers, and energy-related firms—have adopted eLearning technologies to aid in their product-related training.

Vertical markets that have seen the most rapid growth of eLearning include information technology, financial services, pharmaceuticals, telecommunications, and government. Each of these markets embodies one or more of the characteristics that we describe earlier that allow eLearning to reduce costs and improve organizational effectiveness very quickly.

As evidence of its value to these market segments mounts, eLearning will expand into other markets where demand for training is less robust but still vital for organizations' success. These first-generation adopters will light the way for broader adoption of eLearning among the broader corporate community.

About Learning on Demand and SRIC-BI

SRI Consulting Business Intelligence's (SRIC-BI's) Learning-on-Demand (LoD) program is a global network of thought leaders and early adopters of eLearning. LoD helps its members to explore and exploit opportunities along the value chain through workshops, one-to-one discussions, and research reports. Members are eLearning vendors, users, and decision makers from large and small companies and government bodies in Europe, Asia, and the United States.

The Learning-on-Demand program provides:

- Research publications for in-depth and international perspectives on current and future eLearning issues and their implications
- Meetings to hear expert perspectives and to discuss important issues and network with other eLearning players
- Advisory services for one-to-one interaction with and assistance from the LoD research team.

SRIC-BI believes that capturing business opportunities requires exploring the big picture and then focusing on actionable strategies in an uncertain environment. Our research identifies the defining forces of change to help our clients expand their perspective. Our expertise and unique tools enable our clients to focus on strategies for action. Teaming with SRIC-BI increases our clients' ability to capture opportunities.

An employee-owned spin-off of the former Stanford Research Institute, SRIC-BI taps into a history of technology innovation that nurtured the computer mouse and the Internet. We combine content-based research programs with consulting expertise. And we bring an optimistic view of opportunity coupled with a realistic view of the difference between hype and reality.

For more information about LoD and SRIC-BI, contact info@sric-bi.com or telephone: +1 650 859 4600.