

Ambient Insight Targeted Report

The US Collaboration-based Learning Market: 2010-2015 Forecast and Analysis

*Beyond the Enterprise: Collaboration-based Learning Now in
Higher Demand across Other Buyer Segments*



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This is a Targeted Report. Ambient Insight has five types of syndicated market research reports:

Comprehensive Reports are 50-65 page reports that provide detailed analyses and revenue forecasts for content, content services, technology services, and technology for a specific product type and break the revenue out by multiple buyer types and segments.

Targeted Reports are 25-40 page reports that identify buying behavior in a specific buyer segment, isolate revenue opportunities and forecast revenues for a particular product type, or pinpoint revenues for a specific sub-category of content, service, or technology.

Research Briefs are 20-35 page competitive intelligence reports that provide global or regional analyses, industry-wide analyses, trend analyses, supply chain analyses, or an analysis of the competitive landscape.

Revenue Snapshots are 2-3 page reports that include a single revenue forecast table from a current market report. Please review the free Executive Overview for each report for a list of available tables. Contact us at info@ambientinsight.com to request a specific Revenue Snapshot.

Radar Reports are 5-10 page reports that identify leading indicators, emerging products, new buyers, promising markets, novel business models, and untapped revenue opportunities for suppliers. These reports provide recommendations on how to monetize learning technology innovations, create new customers, generate new revenue streams, and compete in emerging markets.

Executive Overview

The US market for Collaboration-based Learning products and services reached \$4.2 billion in 2010. The five-year compound annual growth rate (CAGR) is 5.7% and revenues will reach \$5.5 billion by 2015.

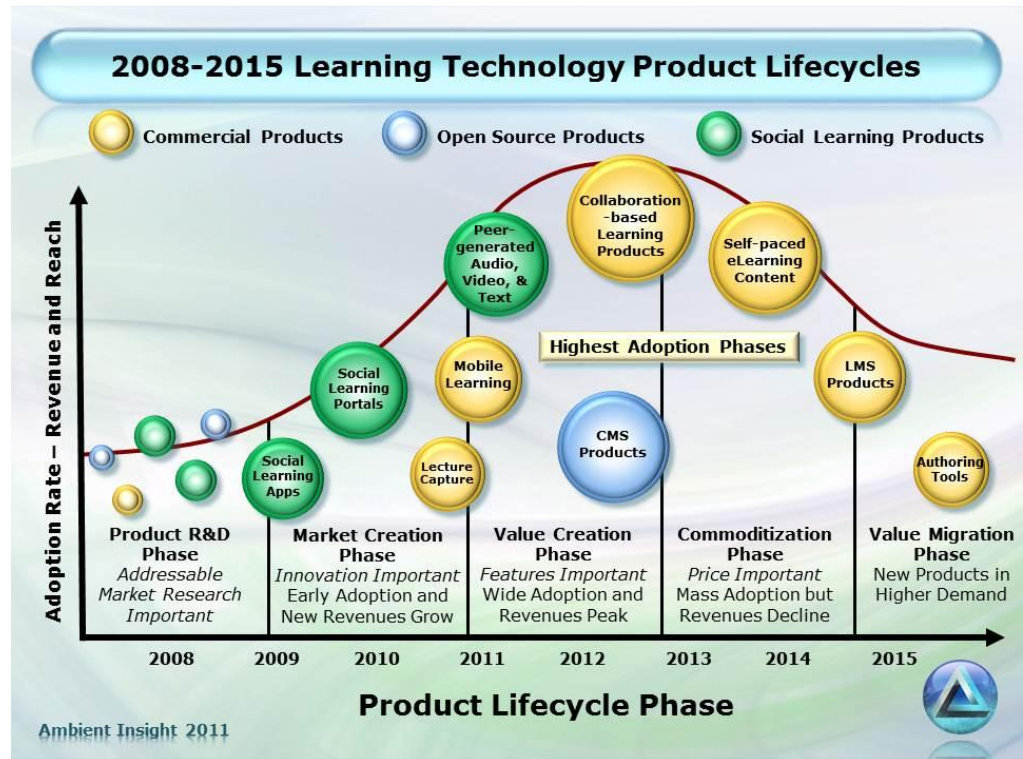
The demand-side analysis in this report forecasts five-year Collaboration-based Learning expenditures by eight buyer segments: consumer, corporate, federal government, state and local government, PreK-12 academic, higher education, non-profits/associations, and healthcare.

Each segment has different buying behavior and particular products are in higher demand in specific segments. The buying segments with the highest growth rates are healthcare, non-profits/associations, and higher education at 23.3%, 21.7%, and 14.9%, respectively. The growth rates in all the segments have leveled off over the last five forecast periods, but this is an indication of a maturing market and does not indicate a lack of demand.

As a product type in a typical product lifecycle, Collaboration-based Learning is entering a commoditization phase characterized by mass adoption, and also by distinct pricing pressures. In a commoditization phase, buyers shop for price.

Collaboration-based Learning will have the largest reach (in terms of users) of all technology-based learning products during the forecast period.

Figure 1 - 2008-2015 Learning Technology Product Lifecycles

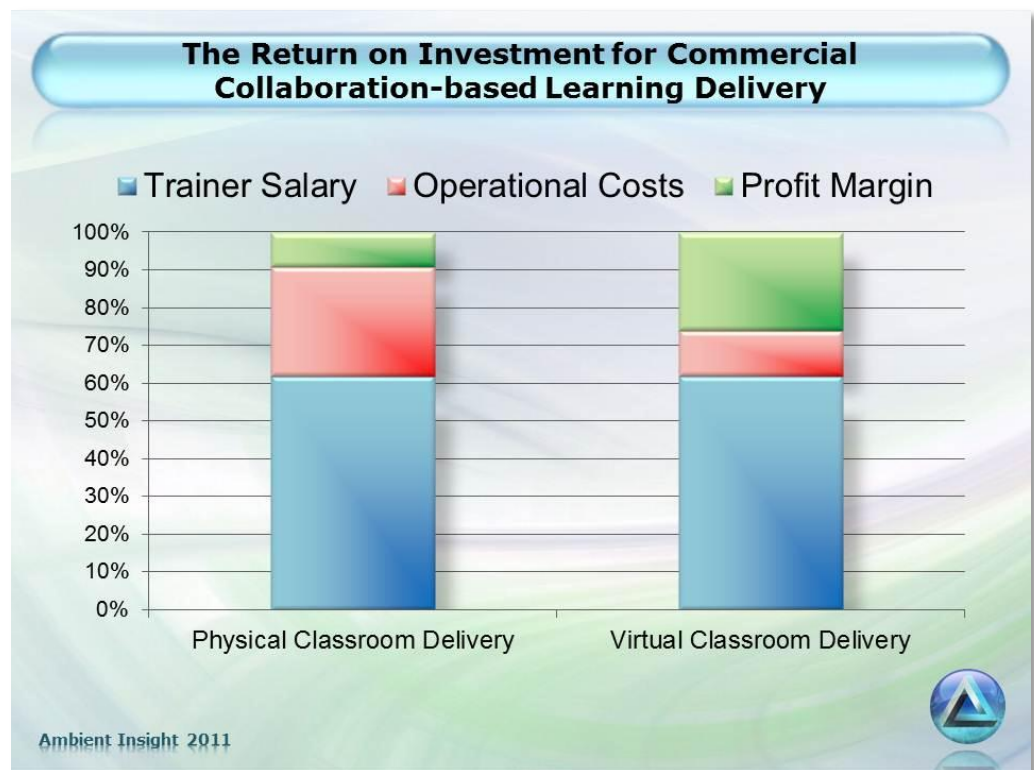


During the forecast period, Collaboration-based Learning will have the largest reach (in terms of users) of all technology-based learning products. There is now mass-market adoption across all the buyer segments. Various economic, technical, and social factors are driving this demand. The user experience is a primary factor driving adoption.

There is a natural affinity between the traditional instructor-led classroom learning experience and the virtual collaborative-learning experience. Unlike self-paced CBT and Self-paced eLearning courseware products, the real-time virtual collaborative experience closely approximates the traditional classroom experience. The transition from the physical classroom to the virtual classroom is a natural progression for instructors, trainers, students, and attendees. The context of the experience is a live human presenter interacting with participating students. The instructors prepare for live web events in much the same way they prepare for classroom events.

The higher return on investment (ROI) achieved with virtual delivery is the primary attraction for commercial training and education suppliers struggling with "brick and mortar" physical classroom costs.

Figure 2 - The Return on Investment for Commercial Collaboration-based Learning Delivery



The supply-side analysis in this report forecasts the expenditures for three major categories of Collaboration-based Learning:

- Content events
- Content and technology services
- Installed technology

Content events will generate the highest revenues throughout the forecast period, followed by technology services. Live online language learning classes are now in high demand in several segments. IT professionals now

prefer virtual labs and real-time virtual classroom events over every other type of learning method (including physical classroom.)

One of the major "pain points" for firms selling live online content events and tutoring content services is handling the complex ecommerce process of the business.

- WebEx began offering ecommerce in their WebEx Training Center platform in 2004.
- WiZiQ launched a premium priced product with integrated ecommerce in 2008.
- In early 2011, Citrix released the RevStream feature for their GoToTraining platform, which enables ecommerce for commercial events and services.

Several other general-purpose collaboration platforms such as InstantPresenter, Infinite Conferencing (a division of Onstream), ConferencePlus, and omNovia now offer ecommerce either as an optional feature or integrated into their product.

These products are essentially turnkey Collaboration-based Learning platforms that meet the needs of commercial training suppliers. Commercial training and education is a \$38.6 billion industry in the US and the vast majority of this revenue is still derived from the sales of physical classroom events.

The market for both hosted Software-as-a-Service (SaaS) and installed Collaboration-based Learning platforms is becoming increasingly commoditized. Hosted solutions are attractive to buyers because they are easy to deploy. Until recently, the biggest impediments to using a hosted solution were security mandates and firewall restrictions. Suppliers have managed to overcome this hurdle by embedding security-compliant code in their software or by offering installed solutions.

Installed solutions can be cheaper than hosted solutions for buyers with large numbers of users. Installed solutions, often marketed as appliances when bundled with storage devices, are relatively new solutions coming on the market years after the first hosted web-based products. Some segments simply prefer the installed solutions. Higher education and the federal government are good examples.

There is a vibrant cottage industry for platform resellers in the US market. Resellers usually drive sales to the primary supplier, but the often label the platform with their own brand. This latter trend has caused a spike in the apparent number of suppliers entering the market over the last 2-3 years.

There is also a healthy market for white label installed solutions. The business model of the primary suppliers is to sell wholesale products to downstream retail suppliers that brand (known as private labeling) the products as their own.

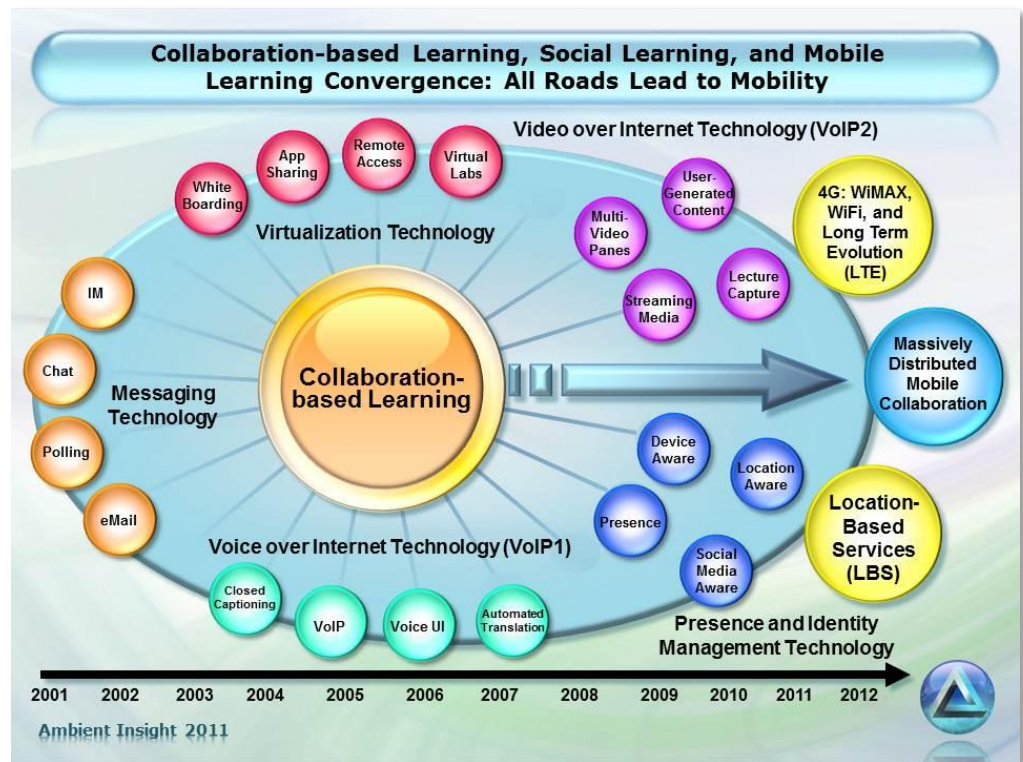
Turnkey
Collaboration-
based Learning
platforms offer
commercial
training suppliers
a quick way to
generate new
revenue streams.

An interesting new trend is the convergence of platforms used for Collaboration-based Learning with Social Learning and Mobile Learning:

- Cisco's WebEx and FuzeBox deployed cross-platform mobile support in 2009.
- Saba Centra launched their iOS applications in February 2010.
- Citrix launched their GoToMeeting for iPad app in April 2010.
- In June 2010, Cisco announced their Cius tablet, which they market as, "a mobile platform for collaboration."
- Adobe launched their new Adobe Connect Mobile product in October 2010 for both iOS and Android. The Android V1.5 launched in March 2011.

In April 2011, Tutor.com released their Tutor.com To Go app for iOS devices. The company asserts that the product is, "the only education app available that connects a student to an expert tutor for real-time help." The Tutor.com To Go app is free for users that have a Tutor.com account.

Figure 3 – Collaboration-based Learning Convergence: All Roads Lead to Mobility



Source: The US Market for Mobile Learning Products and Services: 2010-2015 Forecast and Analysis, Ambient Insight, LLC

One of the more innovative mobile collaboration products to come on the market is Librestream's Onsite, a combination of a handheld device and video-conferencing software that, "provides commercial and government enterprises with the ability to leverage subject matter experts and speed decision making through live video collaboration from the field. Field

workers can stream high-resolution video, speak and draw onscreen with remote experts for immediate decision making."

Go Social: Mitigate the Threat of Product Substitution

A product substitution threat to Collaboration-based Learning is the emergence of native Social Learning platforms in the last two years.

Ambient Insight identified Social Learning as a distinct product type in early 2009. Social Learning represents a shift from top-down centralized sources of learning to bottom-up widely distributed peer-to-peer learning communities. New Social Learning suppliers are entering the market at a steady pace.

There is now clear evidence that the growing demand for Social Learning is cannibalizing textbook (print and electronic), classroom, Collaboration-based Learning, and Self-paced eLearning revenues.

There are pockets of organizational resistance (common with new learning products.) Adoption in corporations and K-12 academic institutions is slow.

Nevertheless, Social Learning is gaining traction in the higher education space. The demand in the higher education space is attracting the majority of new Social Learning suppliers (with a wide range of business models) including Peer 2 Peer University (P2PU), Inigral, Teach the People, Course Hero, ConnectYard, eduglu, GradeGuru, OpenStudy, Udemy, Koofers, and Xplana.

It is interesting that Xplana hired Information Control Corporation (ICC), a custom apps developer, to create Android and iOS mobile interfaces to their social learning platform. "Students can view all of their notes, videos, flashcards and other resources, and can increase productivity by turning their mobile device into a powerful learning tool. The application creates a highly collaborative learning environment through integrations with students' Facebook and Twitter accounts."

Consumers are flocking to Social Learning sites. The majority of these sites offer free access for basic products. The sites attract very large global communities often exceeding millions of users. Livemocha, with over 6 million users, is a good example. Whyville, a virtual Social Learning world for pre-teens and teens, has over 5 million users. Clearly, the experience is popular with users.

In February 2011, SlideShare launched ZipCast a free web-conferencing tool that includes integrated support for Twitter, Facebook, and other social media. SlideShare has a significant amount of educational content and over 45 million users log on to SlideShare each month. Every presentation uploaded to the site now has a ZipCast button allowing users to launch a meeting in real time. The ad-supported free version will not appeal to training departments or commercial training suppliers, but a paid version is available that enables ad-free, private, branded, and password-protected meetings. Consequently, ZipCast is a disruptor product and a viable product substitute for Collaboration-based Learning.

Suppliers are advised to integrate both mobile and social features into their Collaboration-based Learning products.

Methodology, Definitions, and Scope

Ambient Insight provides market revenue forecasts based on our proprietary Evidence-based Research Methodology (ERM). The ERM is an iterative process based on predictive analytics used to identify revenue opportunities for suppliers. There are four key components of the ERM process:

- Isolate target market via leading and lagging indicators
- Define the potential market revenue boundaries
- Triangulate the baseline market revenue
- Forecast the Total Addressable Market (TAM) for specific products

ERM progresses from general patterns (the big picture) to very precise particular patterns. It is used to create a forecast model comprised of accurate predictors. The forecast model is refined as additional data becomes available. Ambient Insight triangulates baseline revenues from three analysis vectors that include:

- Supply-side analysis
- Demand-side analysis
- Product and Service category analysis

Once the baseline revenues are triangulated, Ambient Insight uses the data to forecast the Total Addressable Market (TAM). Ambient Insight uses the data derived from the ERM process literally as evidence to support our market forecasts.

Ambient Insight gathers market and competitive intelligence from a wide spectrum of information broadly classified as leading and lagging indicators. Economic and market conditions are subject to change and the data in this report are current at the time of publication.

Definition of Collaboration-based Learning

Collaboration-based Learning is live personalized human-to-human collaboration and mentoring. As a knowledge-transfer method, by definition, collaboration requires the real-time interaction between one or more people. Consequently, the use of synchronous collaboration platforms is the defining pedagogical characteristic of Collaboration-based Learning.

Content Events

Content events are live scheduled classes. Ambient Insight defines several different subcategories of Content Events including:

- IT virtual labs, virtual classes, and learning webinars
- Non-IT educational virtual classes and learning webinars
- Scheduled tutoring sessions
- Live online language lessons

Live classes are often archived for post-event on-demand viewing. The revenues for archived events are included in the content event forecasts.

- Continuing education (CE) and continuing medical education (CME) classes
- Instructor, teacher and faculty development
- Association members Web training events
- Marketing, sales and product training: subsidized customer-partner-supplier webinars
- Customer product training and patient education via paid advertising
- Post-event sales of archived content

Content Services and Technology Services

There are two major types of Collaboration-based Learning services: content and technology.

Content Services

Content services include:

- Virtual instructor services
- Content conversion and development
- Academic online tutoring subscriptions
- College entry, professional licensure, and IT certification exam mentoring
- Event marketing and promotion
- Online executive coaching
- Individual and group business mentoring
- General individual adult mentoring
- Live product tutoring and third-party remote support
- Event facilitator and moderator services
- Live and post-event transcription, translation, and interpretation services
- Post-event content editing and reformatting

Technology Services

Ambient Insight defines Collaboration-based Learning products sold via the hosted SaaS model as technology services in our product taxonomy. Suppliers sell access to the products as a service and customers do not actually own the products.

Ambient Insight defines several subcategories of technology services that apply to both SaaS and installed technology solutions including:

- Product training
- Direct and downstream technical support services
- Installation, setup, customization, and configuration
- Event technical administration
- Learning event ecommerce and customer data management
- Integration and configuration
- Localization
- Archiving, analysis, reporting

Definition of Collaboration-based Learning Platforms

There are five specific types of Collaboration-based Learning platforms discussed in this report:

- Remote assistance and screen-sharing tools
- Virtual labs
- Virtual classrooms and virtual learning environments (VLE)
- General-purpose collaboration platforms used for learning
- Classroom collaboration management systems

With the exception of classroom collaboration management systems, which to date, are usually sold as installed solutions; they can all be sold either as hosted SaaS solutions or as installed platforms.

Remote Assistance and Screen-sharing Tools

Remote assistance technology and screen sharing supports live hardware and software application training. The technology and the experience are relatively simple compared to virtual classrooms. Remote assistance is the fastest growing SaaS Collaboration-based Learning product.

Two different types of performance-based learning are enabled by this technology: demonstrations in which the user is shown how to perform tasks by the remote technician and performance support with the user performing the tasks under the guidance of the technician.

GoToAssist Express from Citrix is an example of a remote assistance tool and Glance is an example of a screen-sharing tool.

Virtual Labs

There is now a strong demand for virtual lab SaaS services, particularly in the IT Training industry where it is quickly replacing traditional onsite hands-on training. Virtual lab technology allows a student to access hardware and software via a remote connection.

Commercial IT training firms provide hands-on access to remote hardware and software in real time with virtual lab products. Toolwire and Hatsize are the two best-known virtual lab suppliers.

Students use the labs to learn how to operate, maintain, and configure software and hardware products. This is not a simulation. It is remote access to a real product in real time. The experience closely approximates physical access to software and hardware.

Organizational buyers use Virtual lab SaaS services for two types of training: internal staff training and external customer training. Commercial training firms license the services to sell individuals and organizations time in their private label virtual labs.

HP sells a version of their HP Virtual Rooms product branded as HP Virtual Support Room.

Virtual Classrooms, and Virtual Learning Environments (VLE)

Virtual classrooms and virtual learning environments (VLE) are web-conferencing products modified, marketed, and branded as specialized Collaboration-based Learning products. Suppliers market the products as education and training products.

Best-of-breeds that identify themselves with learning include Centra (Saba), Elluminate (now owned by Blackboard), Horizon Wimba (also owned by Blackboard), SkillSoft, WiZiQ, iCohere, and iLinc.

Many of the general-purpose collaboration suppliers such as Cisco WebEx and Citrix brand a particular configuration of their product as a learning solution.

The demand for products branded and marketed specifically as learning products is very strong in PreK-12 schools, higher education institutions, and commercial training companies.

General-purpose Collaboration Platforms used for Learning

Most suppliers that sell general-purpose webconferencing, webcasting, and webinar products emphasize the training demand in their marketing messages. The original demand for collaboration products was from large corporate buyers who used the products for internal training. Suppliers continue to market their products to the corporate training market, but they are now targeting training and education firms with white label platforms.

Vendors that sell general-purpose collaboration platforms include Microsoft, Adobe, IBM, HP, Cisco, AT&T, Oracle, Novell, Polycom, Citrix, and WebEx. Best-of-breed vendors like Centra (Saba) and iLinc are "crossover" suppliers and now market their training products as general-purpose collaboration platforms.

Many companies and organizations use unified communications (UC) platforms (such as Microsoft's Lync and IBM's Lotus Sametime) comprised of messaging, audio, VoIP, web conferencing, and instant messaging. These platforms are often used for internal Collaboration-based Learning. The web conferencing component of IBM's Lotus Sametime is the result of their acquisition of WebDialogs in 2007.

Classroom Collaboration Management Systems

Classroom collaboration management systems tend to be used in individual classrooms. To date, they are usually implemented as installed technology.

These products are used in both PreK-12 and higher education institutions but tend to be more prevalent in PreK-12. One common feature among these products allows a teacher to take control of a student's machine. This is the exact same technology used in the commercial remote assistance products.

Ambient Insight's conservative estimate is that at least half of all revenues generated by the sales of general-purpose collaboration platforms is related to training and education.

Outside the Scope of this Report

This report does not include revenues derived from customers outside the US. Many US suppliers do a significant amount of business now in the international market, but those revenues are not considered part of the US market by Ambient Insight. This report **does** include revenues generated in the US earned by non-US companies.

Revenues for live customer support systems are not forecast in this report. These are chat-based products designed for live interaction between customers and product support personnel. They are primarily used as sales tools and not as training products.

Prior to 2007, Ambient Insight categorized Student Response Systems (clickers) and whiteboard products as Collaboration-based Learning products. Clickers are now categorized as Mobile Learning products in our taxonomy and forecasts for them are not included in this report. Ambient Insight categorizes whiteboard products as display technologies and forecasts for them are not included in this report.

We do not include forecasts for high-end telepresence platforms such as products sold by Polycom and Tandberg (now owned by Cisco). These are quite expensive and while sometimes used for Collaboration-based Learning, for the most part they are used for business and government agency meetings.

Related Research

Buyers of this report may also benefit by the following Ambient Insight market research:

- [The Worldwide Market for Self-paced eLearning Products and Services: 2010-2015 Forecast and Analysis](#)
- [The US Market for Self-paced eLearning Products and Services: 2010-2015 Forecast and Analysis](#)
- [The US Market for Mobile Learning Products and Services: 2010-2015 Forecast and Analysis](#)
- [Ambient Insight's 2011 Learning Technology Research Taxonomy](#)



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