

# The E-Learning Sector in British Columbia

• • • • • • • •

A Marketing Strategy



eLearning BC – The marketing alliance of BC's eLearning organizations



# Contents

<b>A Message From Elearning BC</b> .....	<b>2</b>
<b>Executive Summary</b> .....	<b>4</b>
<b>Recommendations: 2004-2007</b> .....	<b>6</b>
DOMESTIC AND INTERNATIONAL MARKETS IN ONE TO THREE YEARS .....	7
COMPETING TO WIN—THE PLAYERS AND THEIR ROLES .....	11
<b>Global E-Learning: Trends and Market Opportunities</b> .....	<b>14</b>
TRENDS IN THE USE OF E-LEARNING .....	15
GLOBAL AND COUNTRY MARKETS FOR E-LEARNING .....	17
THE UNITED STATES .....	18
EUROPE .....	20
ASIA PACIFIC REGION .....	21
CANADA .....	22
<b>Profile: The British Columbia E-Learning Sector</b> .....	<b>23</b>
A QUICK SNAPSHOT .....	23
IMPACT IN THE GLOBAL MARKET: HOW DOES BC STACK UP? .....	25
<b>International Competitors</b> .....	<b>31</b>
IRELAND .....	32
SCOTLAND .....	33
FINLAND .....	35
SINGAPORE .....	37
<b>Appendices</b> .....	<b>39</b>
INDUSTRY FOCUS GROUPS: SUMMARY RESULTS .....	39
INDUSTRY SURVEY RESULTS .....	44
ELEARNING BC - MISSION AND GOALS .....	48
ALLIES - AFFILIATE MEMBERS .....	51
PARTICIPANTS AND THANKS .....	52

# A Message From eLearning BC

**eLearning BC (eLBC) applauds and confirms the Premier's Technology Council in identifying e-Learning as one of five technologies with the potential to transform the economy of BC from its dependence on resource based industries to a technology and knowledge based economy.** This report, made possible by funding from the Province of BC (BCTIO), will provide timely information for the Government and the Industry in their examination of the capacity of the Industry; the mapping of this to domestic and international e-Learning markets; and the laying-out of one and three year action plans for the Industry to effectively access the opportunities.

This industry was hyped in the late years of the 20<sup>th</sup> century as having the potential to "make email look like a rounding error" (John Chambers, CEO of Cisco). When it failed to live up to those predictions following the crash of the technology sector in late 2000, many capital markets and others lost interest. But the fact is that it has continued to grow at the healthy rate of almost 200 per cent annually, and IDC predicts that the global e-Learning Industry will be a US\$40B industry in 2005.

Bryan Chapman of Brandon Hall.com has a stock ticker of 17 publicly traded e-Learning companies. To November 25, 2003, the annual return on investment in the portfolio was 191.93 per cent. This includes such companies as Centra (up 224 per cent), Skillsoft (176 percent) and Saba (down 13 per cent). E-Learningstocks were up 146 percent from January 1, 2003, compared to a rise of 46 per cent for the NASDAQ index.

Recently, the Economist Intelligence Unit, in conjunction with IBM, did a report on global e-Learning readiness and the factor countries need to succeed in e-Learning. Canada is ranked number two, after Sweden.

[\(http://www306.ibm.com/services/learning/solutions/ideas/whitepapers/\)](http://www306.ibm.com/services/learning/solutions/ideas/whitepapers/)

**This is an industry worth pursuing – although in its infancy – it is one that BC is uniquely well positioned for. Canada, and particularly British Columbia, is recognized around the world as a leader in educational technologies and online learning.**

As this report demonstrates, many countries are taking action to develop their e-Learning sectors both for the productivity benefit of their citizens, as well as for a commercial global advantage. If we act decisively now, BC has a tremendous head start. The Premier's Technology Council is absolutely correct in identifying e-Learning as one of five technologies with the potential to transform the economy of BC. We have the capacity and the opportunity to be both the beneficiary of a provincial e-Learning strategy, as well as one of the top global providers of commercialized e-Learning, within 5 years.

We can capitalize on that reputation if we act before other locations can catch up. We must create awareness, branding, and an easily recognized BC advantage. We need to stand out. We need to move now to optimize the commercialization and delivery of our tools, content and services. We must not squander our advantage.

We will need to galvanize ourselves and act quickly, and must move outside of traditional approaches. We MUST bring Industry and Government together, as never before, to be true strategic partners – with a clear strategy and achievable and measurable goals if we are to claim the global advantages and opportunities that are well within our grasp.

Across Canada, other provinces have noticed how the technology sector in BC is organizing itself. Industry associations such as eLBC, New Media BC, WINBC, VIATec, etc. already understand the challenges and opportunities. They are ready to work together as strategic partners with each other and with the BC Government to leverage our BC cluster advantage and achieve an unparalleled reputation for our tools, services, approaches, and business models. The goal is no less than to achieve dominance in the e-Learning and associated markets - such as simulations, gaming, filming, etc.

We believe we can turn challenges, such as our many small companies, into advantages of nimbleness (quick turn-around) and the delivery of end-to-end, world-class online solutions capability – by working strategically together on opportunities too big for any one of us.

We have already recognized that we must ‘cooperate in order to compete’ and develop high quality consortia models that enable large companies, SME’s and entrepreneurial academic institutions to collaborate, compete and win - on large provincial, national and international e-Learning opportunities

We must encourage our own government, education system, and business community to ‘proudly and loudly’ support what BC produces and the growth of this Industry. Imagine the results if we can encourage the use of BC e-Learning solutions for BC communities. Government can help by constructing visionary Request For Proposals that call for ‘templatable’ (sic) world-class, interoperable e-Learning platforms, tools, content and services with money they have already budgeted for “custom” solutions.

We think that by working together locally, we can provide e-Learning solutions that address BC issues associated with access, the digital divide, distance, geography, language, motivation to learn, community economic development, workplace training, tourism (2010 Olympics), culture and provincial identity, to name but a few.

We know that if we can be competitive at home, meeting a good portion of our own needs, and can showcase the high quality of our Canadian e-Learning products and services, we will obtain more of the experience and credibility we need to be competitive globally.

We are ready to work shoulder to shoulder with the provincial government and other groups in all sectors to ensure leadership, momentum, and action take place in this critical Industry: e-Learning.

We trust that this report will serve to move us purposefully and strategically forward.

Tanya Northcott

President, eLBC

# Executive Summary

The objective of this study was to examine the capacity of the sector, map this to domestic and international e-Learning markets and lay out an action plan for the industry.

## **A Nascent Industry with a Global Future**

The e-Learning industry is new and has been in a downturn since 2001, due to general economic conditions and technology-related challenges. But demand for e-Learning in corporations and higher education continues to grow, on a global basis. The United States is the dominant market, but in Europe, countries such as the UK, the Netherlands and Scandinavia are catching up. In the Far East, Korea, Australia and China are leading the way. In Canada, while adoption has been slower than in the US, the rate of corporate training delivered through e-Learning technologies is expected to double in 2004, from 13% to 25%.

E-Learning is changing, moving away from simple text-based online courses to becoming integrated with overall business processes. By 2011, the higher education and corporate training markets will likely remain the largest. Mobile learning and games and simulations are seen as key growth areas.

## **The Commercial E-Learning Sector: Opportunities and Challenges**

At least three associations represent e-Learning firms: eLearning BC, New Media BC and the Vancouver Island Advanced Technology Centre.

BC e-Learning companies can be divided into four broad categories:

1. A large pool of one and two person service companies.
2. A smaller cohort of technology and content firms.
3. A few larger firms, such as IBM and Telus and branches of larger organizations.
4. Post-secondary institutions that offer commercial training products and services.

Most companies are less than six years old and target the corporate sector. The primary export market is the United States.

The key marketing challenges for companies include:

1. Getting there first, large contract with a major client.
2. Securing funding for ongoing marketing.
3. Developing a long term vision and working to educate buyers on their products and services.

The BC sector is diverse, has a strong pool of individual talent and a strong sense of community, between companies and with research institutions. It has a record of success, as the birthplace of such firms as Thing and WebCT. To grow, the sector must overcome barriers related to financing, a lack of business skills within firms, limited local markets and weak linkages between public sector program spending and industry growth. Opportunities are related to a growing global e-Learning market, BC's proximity to the United States and being part of a cluster of related technology firms in BC. The e-Learning sector must contend, however, with stiff Canadian and international competition, the entry of large IT firms like Microsoft into the market

and competitor countries whose governments provide generous and ongoing company and sector support.

### **The International Competition**

Ireland, Scotland, Singapore and Finland all are similar in population to BC, have limited local markets and have commercial e-Learning clusters. The governments in each of these countries take the position that e-Learning is an important part of the knowledge economy and that its products and services can contribute to export growth. They have developed policies and programs to conduct research, support fledgling firms and strengthen sector associations.

### **Three Year, Focused Marketing for a Consolidated Industry**

A marketing plan for the e-Learning sector in British Columbia should be based on three elements:

1. The e-Learning sector requires a full-time, paid, marketing champion—other BC sectors have shown that successful growth comes through concentrated effort of a few key people.
2. Focus —The industry must look at short-term opportunities and then develop sales and marketing channels in a few vertical markets that make business sense.
3. Consolidation —The goal should be to create two or three large, strong companies that can be transformed into real global players. Associations must speak with one voice. The government should support an organized effort to bring players together in a cooperative structure that expands opportunities.

Time is of the essence; the window of opportunity may close on BC commercial e-Learning if critical mass and an organized structure are not achieved in a three year time frame.

### **Recommendations**

To grow effectively, we recommend that companies:

1. Focus on the United States and Canada.
2. Target three to five vertical sectors, like the Olympics, rural communities, the federal government, healthcare, oil and gas and resource sectors.
3. Consider e-Learning opportunities related to gaming and simulations in the longer term.
4. Look at international markets in three to five years.

Industry associations and post-secondary institutions can support the growth of the sector, through education and research. Governments can provide ongoing support for industry-wide marketing, along with sponsoring further industry research and related policy development.

# Recommendations: 2004-2007

Realistic optimism is the ability to maintain a positive outlook, without denying reality, actively appreciating the positive aspects of a situation without ignoring the negative aspects. It means aspiring and hoping for positive outcomes, and working toward those outcomes, without assuming those outcomes are a foregone conclusion. Realistic optimism does not assume that good things will happen automatically. It is the belief that good things can happen and are worth pursuing, but that effort, problem solving, and planning are necessary to bring them about.

The Resilience Factor, 2002

## Government Support for Market Development

The provincial government must level the playing field for BC e-Learning firms. A hands-off approach to business development may be fine in theory, but BC companies compete against other Canadian firms that have received substantial financial and development support from the provincial and federal governments. On the international scene, in countries like Singapore, Ireland and Finland, government and industry cooperate closely to develop the e-Learning sector and promote it internationally.

The February 2004 e-Learning round table sponsored by the Premier's Technology Advisory Council is an excellent first step in this process. We encourage active participation from industry to create an ongoing dialogue and joint action plan.

## Three Year, Focused Marketing for a Consolidated Industry

A marketing plan for the e-Learning sector should be based on three fundamental elements:

1. **For the next three years, the e-Learning sector requires a full-time, paid, marketing champion.** The companies in the sector have demonstrated a heroic commitment to build the industry, but such volunteer efforts are unsustainable in the long term. The provincial government is now supporting the marketing efforts of the high tech industry with Leading Edge British Columbia with \$8.3 million over three years. A representative from the e-Learning sector should become part of its Board and e-Learning related marketing activities part of its mandate.
2. **Focus is key.** A huge variety of opportunities exist. A huge amount of time and money do not. The industry must look at opportunities in the short term. It needs to develop some sales/marketing channels in a few vertical markets that make business sense and have some early buying from a few key sectors, to set the overall marketing direction.
3. **Consolidation must take place.** The sector is fragmented into many micro companies, with multiple industry associations trying to represent them. In business, size matters; companies and associations must consolidate. The goal should be to create two or three large, strong companies that can be transformed into real global players. The government can play a role in moving this along, by supporting an organized effort to bring players together in an architecture that expands opportunity while working together.

**Time is of the essence; the window of opportunity may close on BC commercial e-Learning if critical mass and an organized structure are not**

**achieved in a three year time frame.** Cooperation to build to a value-added architecture that can support a cluster in this province, with the evangelist process necessary to make that happen, must be a priority for the next 12 months to meet the three-year horizon.

## Industry Consultations on This Report

To turn the recommendations of this report into reality, we recommend that ELBC holds meetings in January 2004 to discuss the findings of this report, modify them as appropriate and develop detailed plans and budgets to proceed.

## Domestic and International Markets in One to Three Years.

A primary goal of the BC industry should be to create two to three substantial companies that dominate their key markets. To achieve this vision, we recommend the following.

### Recommendation 1: Focus on the United States and Canada

**BC firms should focus on the Canadian and American marketplace.** In fact, they may want to primarily target the US market, following the successful strategies of GeoMetrix, Recombo, Etraffic Solutions and WebCT. In addition to marketing their own firms directly, they can:

- 1) **Sub-contract with large firms**—Companies can seek sub-contracting work with larger Canadian firms such as Bell, Telus or IBM. For example, in BC, Advanced Interactive leverages the market power of Hewlett-Packard. As another example, in New Brunswick, LearnStream has built up a strong relationship with SkillsSoft, supplying major portions of their e-Learning course content.
- 2) **Sub-contract to smaller firms with large established clients**—Sub-contract opportunities with Canadian and American companies with already established clients in the United States. These firms may or may not be directly in the e-Learning sector. Cadmium Inc. in Quebec has parlayed its expertise in instructor-led technical training to major contracts with Sun and Symantec. (What is important here is to maintain a diversity of offerings. The trials show the e-Learning sector in New Brunswick, which largely focuses on e-Learning content, the danger of a “monoculture” of companies specializing in only one aspect of e-Learning.)
- 3) **Hire consortia-paid “stringers”<sup>3/4</sup>** Companies could also jointly pay for a local “stringer” to represent them at meetings, local professional associations and trade shows and hunt down leads. Depending on interest, companies could sponsor reps in Ottawa for the federal government market, Toronto for the Ontario government market, and Edmonton for the Alberta government. As well, those with a strong interest in the United States could look to establish agents in key US capitals, like New York and Washington, DC.

### Recommendation 2: Target Three to Five Verticals

**BC firms should target three to five vertical sectors and pro-actively seek business in them.** As companies develop expertise in these verticals, some will grow to the larger size needed to compete more effectively globally. The following sectors are strong in BC, which will help e-Learning firms establish a domestic client

base. These sectors however are also present globally, which means BC e-Learning firms can sell this domestic expertise internationally. Some possibilities include:

- 1) **Olympics (security, tourism, and hotel sectors)**<sup>3/4</sup> The Olympics give an opportunity for local firms to produce for sectors such as security, tourism and hotels, culminating in support for the Games themselves. These activities could strengthen these sectors generally and have usefulness far beyond the one event.
- 2) **Rural communities**—innovative companies can look at business and social concerns: how can e-Learning serve remote communities in socially productive ways? E-Learning technologies can be used to produce community technologies, such as common tourism support, common local knowledge support, or a web of local tutors, which are beyond the obvious training components. eLearning BC will shortly be starting a pilot with a rural and First Nations community, which is meant to increase capacity of e-Learning firms, develop greater alliances and demonstrate the ability to work together. Firms should take advantage of this opportunity, since, as Industry Canada has noted, many countries are seeking a comprehensive framework for bringing the education and economic benefits of the Internet to rural communities.
- 3) **Federal government**<sup>3/4</sup>In November 2002, six BC e-Learning companies and organizations carried out a mission to Ottawa, visiting with various government departments. We suggest they and others build on this successful foundation through additional activities such as:
- 4) **Federal government**<sup>3/4</sup>In November 2002, six BC e-learning companies and organizations carried out a mission to Ottawa, visiting with various government departments. We suggest they and others build on this successful foundation through additional activities such as:
  - a) Making a return visit, built around a major trade show or government-oriented event like the *Government Online* trade show and conference.
  - b) Conduct joint marketing, starting with such simple measures as purchasing a joint subscription to Merx, the federal government's online tendering site.
- 5) **Oil and Gas**— Firms should explore partnering opportunities with Alberta companies and organizations, building on the October 2003 Premier's agreements for the two provinces to collaborate. In addition, BC itself has a rapidly growing indigenous industry, one with considerable staffing requirements and large amounts of cash available.
- 6) **Resource Sectors**—With its large base of resource industries, BC e-Learning firms could explore options for providing mobile e-Learning to the forestry and mining sectors.
- 7) **Health Care**— Health care is a multi-billion-dollar industry in BC, but cash for training is in short supply, and companies working in the sector will need to navigate complex union/management relationships. Nonetheless, the needs and potential export opportunities in this sector are too large to be ignored. In addition, the recent restructuring of the system into a small number of health authorities has created greater opportunities for joint purchasing, system-wide projects, etc. For example, firms might explore such notions as expanding web resources to help people help themselves, thereby taking some of the load off the medical system. As well, UBC Medical School is in the midst of a large project to bring medical training, via sophisticated distance education technologies, to Vancouver Island and Northern BC. In short, opportunities exist.

### Recommendation 3: Look at Gaming and Simulations in the Longer Term

Interested companies can support a longer-term (three-five years) focus on gaming and simulations to build on existing sector knowledge here.

- 1) TR Labs has worked with Simon Fraser University to propose the development of a research lab focusing on gaming, simulations and e-Learning. This research effort could pay off in a few years time in technology spin-offs in this specialized e-Learning area. At the time of writing, the status of the proposal is unclear; whatever the outcome, with the closure of the New Media Innovation Centre, the e-Learning sector should support research and development activities that may lead to longer-term benefits. Companies should be clear, though, on time frames—these research and development efforts take time and provide no “quick fixes” to short-term marketing problems. Moreover, firms will need to do marketing research to find out what type of technology is needed; currently the cost of many simulations and games mean that only the largest corporations or military are actively using these products.

### Recommendation 4: Go International in the Longer Term

- 4) For most BC firms, the long sales cycles, travel and cost make playing in the international marketplace a longer term objective. For this reason, we recommend that the majority of sector activities focus on the US and Canadian markets. If some firms want an international presence, we suggest the following:

- a) **Marketing “scouts”**—As recently happened on a federal government e-Learning mission to Latin America, one person can go on behalf of associations and interested companies on trade missions, etc. This sales rep can help keep the BC sector abreast of trends, but at a far lower cost than each firm going individually. A scout might also participate in the missions of related sectors, like the wireless mission to South East Asia in February 2004.

Even with this lower cost method, it is still vitally important that BC firms choose their targets carefully. We believe that the best possibilities for international marketing are where the local Department of Foreign Affairs and International Trade (DFAIT) officer is active and engaged. He or she must be ready to set up meetings, interact with local companies and associations and push towards developing an actual business deal. Otherwise, a scout is engaged in a series of “meet and greet” sessions with little to show for time and energy expended. At the time of writing, countries with active DFAIT staff in the e-Learning area include Chile, Argentina, Brazil, Peru, Germany and England.

- b) **Partnering**—as mentioned above, Advanced Interactive has leveraged its association with a multinational to penetrate the global market. Such arrangements allow small companies to piggyback on the far greater marketing power of the larger entity.
- c) **A BC Kereitsu System**—An entirely different approach might be for BC firms to try to create their own model of the Japanese *kereitsu* system or the more familiar co-op. (Though it should be noted that these models have vocal detractors.) In the BC case, companies could divide themselves into technology development companies and a set of sales and marketing companies, targeted at various sectors: K-12, corporate,

community, etc. The sales and marketing companies could have objectives of selling the technology and companies would hold shares in each other. The sales and marketing companies become the champions of existing products and services. The next generation of e-Learning products would be built in small tech companies that can use existing support mechanisms, e.g. Industrial Research Assistance Program, Venture Exchange and so forth. Such cost sharing could make international ventures far more feasible.

### **Companies<sup>3/4</sup> Consolidate and Participate**

To effectively access the opportunities described above, we believe that companies must:

- **Consolidate<sup>3/4</sup>** Companies should partner, form strategic alliances and become larger, more reassuring and sustainable looking entities to clients. Currently, the sector has many individual and one and two person companies. These people form a valuable contract “feeder pool” of talent to larger companies, allowing them to expand and contract as the market dictates. We recommend that, with government assisting, companies explore creative, alternative models for engaging e-Learning professionals, e.g., associate model, and models from the legal field and real estate industry. Micro companies can retain their identity in a legal sense, but in a marketing sense, they submerge their identity by being exclusively allied with a larger firm. This company builds the brand and takes care of marketing.
- **Participate<sup>3/4</sup>** Building an industry sector takes time and energy. To date, a few companies have done the lion's share of work in lobbying government, organizing events and generally raising the profile of the e-Learning industry in British Columbia. More companies, particularly those with 10 or more employees, need to do their part on a more regular and ongoing basis.

### **Associations<sup>3/4</sup> Consolidate and Educate**

To help companies achieve their marketing goals, industry associations should:

- **Consolidate**—Currently, the sector has at least four associations that can or could play a role in e-Learning, including the BC Technology Industry Association, New Media BC, eLearning BC and the Vancouver Island Advanced Technology Association. These groups do valuable work, and have been key in making governments aware of the importance of high tech industries to the BC economy. The weaknesses of fragmentation in the private sector, however, also hold true for associations. By joining forces for the common good, associations can be a model for the private companies. Nationally, they should work closely with such organizations as the Canadian E-Learning Enterprise Alliance, which acts as a liaison with the federal government and can help market the industry in the United States and elsewhere.
- **Build intra and cross-sector ties<sup>3/4</sup>** The trend in e-Learning is towards “blended” training, combining technology tools with traditional classroom offerings. E-Learning industry associations should look for the means to work closely with such groups as the International Society for Performance Improvement, Human Resources Management Association and chapters of the Canadian Society for Training and Development. Similarly, e-Learning associations should work with the industry associations in health care, resource or other vertical target markets identified in the previous section.

- **Educate the clients**<sup>¾</sup>In 2002, New Media BC sponsored a highly successful conference, with a goal of educating BC client companies on e-Learning. Such conferences, seminars and breakfasts should become an ongoing activity, in BC and in selected target markets. Large private companies like Macromedia or other vendors frequently offer such events. As an example, an industry association could work with companies to put on a breakfast in Ottawa, targeted to federal government buyers. Such activities cost money, but associations can often access government funding programs more easily than individual firms and can leverage this advantage for the good of the sector.

### **Post-secondary Institutions**<sup>¾</sup>**Partner and Outsource**

Post-secondary institutions have played a key role in the development of the commercial e-Learning sector in BC. WebCT, for example, spun out of the University of British Columbia. As well, TechBC and later Simon Fraser University sponsored New Media BC's E-Learning Special Interest Group. The new BC Campus initiative will also offer opportunities for technology vendors. We recommend that post-secondary institutions:

- **Develop research partnerships with the private sector**—Federal funding exists to encourage cooperation between universities and private firms. For example, in October 2003, the Natural Sciences and Engineering Research Council (NSERC) contributed \$7.5 million to LORNET; a new NSERC research network that will develop tools needed to create web-based training courses and programs. Simon Fraser University will play a role in this initiative, partnering with local e-Learning firms Recombo, Knexa Knowledge Solutions Inc., Etraffic Solutions, and Credo Interactive Inc. Other companies and post-secondary institutions can similarly partner, to mutual benefit.

In November 2003, TR Labs and Simon Fraser University presented a proposal to Western Diversification and the BC Government to set up a gaming, simulations and e-Learning lab in SFU Surrey. If successful, this lab could be of great long-term benefit to the BC Industry.

- **Outsource to private firms**—The BC Institute of Technology, Justice Institute and others have outsourced with BC e-Learning vendors. This activity and partnership development should continue.

### **Government**<sup>¾</sup>**Stable Funding with Research and Policy Development**

The federal and provincial governments have worked cooperatively to assist in the development of the e-Learning industry. They should be applauded for their practical and ongoing support. Below are some additional ways they can help:

- **Budget for ongoing marketing support**<sup>¾</sup>In addition to helping fund full-time marketing person governments should clearly designate a budget for e-Learning marketing activities and communicate these figures to industry. Governments should continue to:
- Fund conferences and e-Learning industry celebrations and awards presentations

- Send association representatives on national and international trade missions and conferences as appropriate
- Organize meetings with foreign delegations in the province
- Develop print and online e-Learning company directories
- Fund e-Learning pilots that enable companies to gain domestic experience and practice in collaboration (such as the rural communities project that Industry Canada and Human Resources Canada will sponsor in the spring of 2004)
- Provide introductions to key players and fund pilots in sectors that e-Learning associations are targeting (e.g. government departments and ministries, health, Olympics, etc.)
- **Sponsor benchmarking and status reports**<sup>¾</sup> Governments can sponsor benchmarking studies, comparing BC firms with competitors from other countries. They could also sponsor an annual "State of the Industry Report" that monitors the e-Learning industry and provides a report card on progress toward agreed-upon goals.
- **Develop innovative policy to support the growth of lifelong learning**<sup>¾</sup> Governments might consider ways to encourage companies to spend more on training and development. One way might be to offer a tax credit for training purchased from BC or Canadian owned firms.

# Global E-Learning: Trends and Market Opportunities

This chapter provides summary information from various reports and presentations on global trends in e-Learning. Predicting the future is difficult, more so in a new and emerging sector. Hence, we have tended to highlight the most frequently mentioned trends and used the most conservative estimates from well-respected sources. We have also focused most attention on markets for which data is available and which BC firms might have in interest in pursuing. <sup>1</sup>

## An E-Learning Definition

For the purposes of the report, we use Brandon Hall's most recent definition of e-Learning: "use of Internet technology for learning outside of the classroom."<sup>2</sup>

## E-Learning Buyers

The learning market is defined as the markets for goods and services that facilitate learning. Most commentators segment the learning market into three main sectors:

1. Schools – pre-school, primary, secondary
2. Post-secondary – universities, colleges, technical institutes
3. Corporate/Professional – adult employees in the public and private sector seeking skills and knowledge to further their careers.

## E-Learning Suppliers: Some Doing Well

Three broad groups of companies exist within the e-Learning sector:

1. Technology providers (in BC, examples would be Recombo, NOW International, Nortia)
2. Content providers (Serebra, Open School BC, eTraffic Solutions)
3. Service providers (Trimeritus, QualitE-Learning Assurance, Polar Bear Corporate Education)

	<b>Technology</b>	<b>Content</b>	<b>Services</b>
<b>K-12</b>			
<b>Post-Secondary</b>			
<b>Corporate</b>	Most BC firms focus on	the corporate sector.	

Public eLearning companies are doing well in the stock market. Bryan Chapman of Brandon Hall.com has a stock ticker of 17 publicly traded e-Learning companies.<sup>3</sup> To November 25, 2003, the annual return on investment in the portfolio was 191.93 per cent. This includes such companies as Centra (up 224 per cent), Skillsoft (176

<sup>1</sup> Since our surveys and interviews show that most BC e-learning firms target corporate clients, most of the information in this chapter focuses on this area.

<sup>2</sup> Available at <http://www.brandonhall.com/public/pdfs/glossary.pdf>

<sup>3</sup> Available at <http://www.brandonhall.com/public/ticker>

percent) and Saba (down 13 per cent) E-Learning stocks were up 146 percent from January 1, 2003, compared to a rise of 46 per cent for the NASDAQ index.

## Trends in the Use of E-Learning

### Early Days: Saving Travel Costs and Delivering Consistent Information

According to a report in Information Week of July 2001<sup>4</sup>, many companies initially looked to use e-Learning for the following reasons:

- Less travel time and expense 90%
- Better convenience and service 90%
- More training about the company 80%
- More access to company information 80%
- Better quality training 78%
- Training outside work hours 60%

### Technical Problems Have Slowed E-Learning Adoption

Early expectations and results, however, differed. Jerry Neece, a former SUN employee who presented to Silicon Valley's E-Learning Forum in April 2003 notes:

- The performance and reputation of e-Learning have not lived up to the lofty expectations set by the early realization of the enormous potential benefits of this marriage of learning and technology
- While much user dissatisfaction can be traced to the poor quality of content and support, most frustration has come from the inflexibility and unfriendliness of the underlying technical infrastructure
- Poor content can be traced back to functionality as well: limitations in the content development and content distribution tools involved.<sup>5</sup>

### From "Courses" to Just-In-Time Knowledge

By November 2003, many companies were beginning to move beyond their initial concept of e-Learning. They changed from a rather narrow focus on something akin to the transfer of computer-based training (CBT) to a web-based format, to a much more integrated view of ICT supporting learning processes. Firms are beginning to see the power of connected e-Learning and being able to provide employees with "just-in-time" knowledge as opposed to more traditional courses.

According to author and cofounder and vice president of Simulearn, Clark Aldrich, "E-Learning is no longer just an HR or training issue viewed as a cost centre, but is now used in the same breath as speed-to-market, time-to-competency, sales readiness

<sup>4</sup> Informationweek.com July 9, 2001

<sup>5</sup> Available at <http://www.elearningforum.com>.

and regulatory compliance. It has elevated training and development to a level where it has the attention and scrutiny of senior executives." Aldrich sees, however a serious disjunction between e-Learning buyers and users. Buyers are looking at packaged courses and enterprise-wide systems and solutions, but users "love PCs, palm pilots, instant messaging, and Internet connections. These are the 'killer apps' of e-Learning." <sup>6</sup> In corporate e-Learning, the buyer and consumer are generally two different people with two different agendas. (The same pattern holds true for K-12 purchasing.)

## **A Blend of Classroom and Online Training**

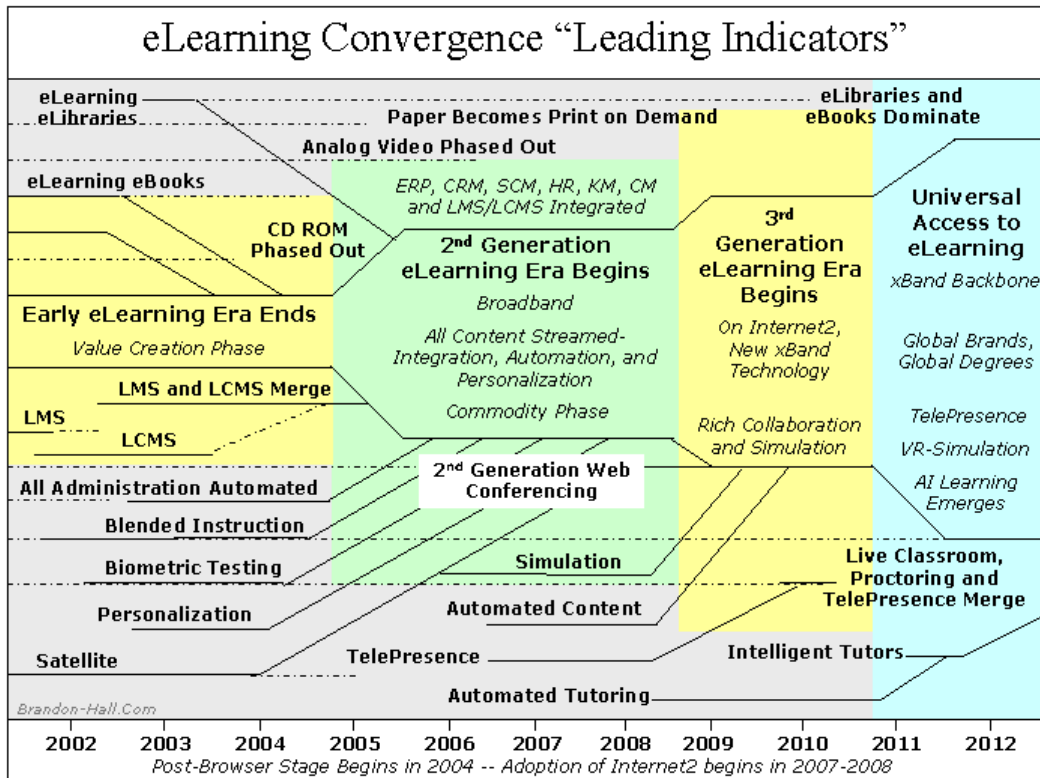
IDC Canada also notes a trend toward "blended" learning in the classroom. Companies are using web sites and other e-Learning tools to supplement existing classroom courses, thereby gaining the benefits the Web offers. At the same time, they still maintain the networking and interpersonal opportunities the traditional classroom provides. <sup>7</sup>

Sam Adkins, a well-known American e-Learning writer and commentator, has prepared a graphic summarizing the future development of the e-Learning industry. As can be seen, he believes the future of e-Learning is tied to the development of broadband; as it becomes more global, so too will various incarnations of learning on demand.

---

<sup>6</sup> Barbara K. Beach "The E-Learning Industry—Retrospect and Prospect", *Learning Circuits*, September 2002. Available at <http://www.learningcircuits.org/2002/sep2002/beach.html>

<sup>7</sup> Julie Kaufman, Presentation at Canadian Society for Training and Development Conference, Toronto, November 12, 2003.



Source: "Market Analysis of the 2002-2010 U.S. E-Learning Industry", written by Sam Adkns. Published by Brandon-Hall.com. Used with permission.

## Global and Country Markets for E-Learning

### A Growing Global Market for E-Learning Despite the IT Downturn

In a report released in July 2003,<sup>8</sup> eMarketer identified some trends that affect the broader global education and training market (with our comments following in brackets):

- Globalization and the growing demand for skilled workers
- Private and for-profit education increasing relative to public services (though in British Columbia, public sector school districts can engage in for-profit activities)
- Education a growing export earner for countries such as the US, UK, Canada, Australia and others.

<sup>8</sup> E-Learning: Key Trends in K-12, Post-secondary and Corporate E-Learning

- In the United States, e-Learning has become more mainstream, particularly within the corporate training market. (Canadian companies have lagged somewhat; Europeans are now embracing but lack the US's years of experience.)
- Corporate universities are proliferating in response to the growing need for skilled workers and shorter product lifecycles
- A new generation of learners – young people who've grown up with video games and the Internet. (Used to the interactivity these products provide, however, many young people find static, page-turning “first-generation” e-Learning boring.)
- Despite increased broadband access, bandwidth limitations and a lack of technological infrastructure are still barriers to the global spread of e-Learning. (In some companies, these limits are self-imposed, as IT departments limit downloading and restrict certain plug-in tools, in an effort to minimize loads on company networks or stop viruses.)

Like many other sectors related to the IT and Internet sector, e-Learning has suffered since the dot-com bust and the downturn in the economy starting in 2001. While there have undoubtedly been some high profile casualties and mergers in recent years, opportunities are opening up in other areas as the e-Learning sector evolves. This has meant that while consolidation has occurred, the e-Learning market, in general, has remained relatively constant in size.

ThinkEquity Partners and Eduventures estimate that the corporate and government spending on e-Learning totaled \$18 billion worldwide in 2001. E-Learning accounted for only 6% of the total spending on training and education in this market, indicating considerable room for growth. These estimates are for corporate spending only; the Canadian Centre for Policy Alternatives suggests total **education** spending at \$1.5 trillion (US) for 2001, growing to \$6.0 trillion by 2007. IDC's latest estimate says the corporate e-Learning market will reach \$23.7 billion in 2006, up from \$6.6 billion in 2002.

## The United States

### The Dominant Market

Brandon Hall estimates that the entire e-Learning market in the US in 2002 was worth over \$10 billion. It calculates that the corporate sector accounts for the majority of the revenues generated at nearly 45% of the total e-Learning market, followed by the K-12 sector at 17.5% and higher education at 14.6%. While the corporate sector dominated the e-Learning market in 2003, Brandon Hall predicts the higher education market will be the largest e-Learning sector in 2011, followed by corporate and the e-Learning simulation market.

### Simulations Growing

For years, military and business simulations have been designed to teach different skills and improve competencies. Previously, computer-based simulations were considered too expensive for normal organizational learning needs. Today, with

powerful authoring tools that recreate virtual environments/scenarios, simulations are now becoming more affordable. Developers are now looking at these new technologies to reduce the time and expense of simulation development. This framework-based approach, where companies can use simulation templates and simply drop in content for a particular subject (such as Customer Relationship Management (CRM) or sales training), has become increasingly popular.

### **E-Learning Revenues in the US, by Sector, 2002, 2006 and 2011 (in billions)**

	<b>2002</b> (US\$ billion)	<b>2006</b> (US\$ billion)	<b>2011</b> (US\$ billion)
K- 12 academic	1.8	11	18
Higher education	1.5	23	<b>44</b>
Recruiting and staffing	0.8	4.6	11.7
Corporations and business	4.6	16.4	<b>42.6</b>
Government	0.6	2.7	13.4
E-Learning simulation	0.3	6.1	<b>37</b>
Vocational	0.4	8.6	19.2
Consumer	0.2	7.3	16.0
Associations	0.1	3.4	11
<b>Total</b>	<b>10.3</b>	<b>83.1</b>	<b>212.9</b>

Source: brandon-hall.com, March 2003

### **E-Learning Increasing in the Corporate Sector**

The American Society for Training and Development's (ASTD) *State of the Industry Report, 2003* shows that training delivery via learning technologies (or e-Learning) increased to 15.4 percent in 2002, up from 10.5 percent in 2001.<sup>9</sup> ASTD estimates that by 2004, 25 percent of all training time will be delivered via learning technologies. Given the multiple kinds of learning required in a corporate setting, a 25 percent share for e-Learning is a strong indication of support for this type of learning.

The industry sectors that have been quickest to embrace e-Learning are the manufacturing and technology sectors. By 2004, ASTD predicts the finance/insurance/real estate and the health care sectors will also be strong users of learning technologies for employee training.

### **The Rise of Mobile Learning**

While still in its infancy, Brandon Hall believes that mobile e-Learning will grow in response to greater enterprise adoption of mobile technology and greater bandwidth across mobile networks. It notes such major e-Learning companies such as IBM, Docent, Kaplan and SkillsSoft, are marketing mobile e-Learning products and services and estimates the market will grow to \$5 billion 2006, up from \$250 million in 2002.

<sup>9</sup> Available at [http://www.astd.org/virtual\\_community/research/pdf/SOIR\\_2003\\_Executive\\_Summary.pdf](http://www.astd.org/virtual_community/research/pdf/SOIR_2003_Executive_Summary.pdf)

It is still early days, however, and it remains to be seen if mobile learning takes off. Still, BC has a growing wireless industry and other mobile technologies, so this area may be one for further business development.

## Europe

### Slower Adoption But Coming On

E-Learning adoption in the US and Europe has contrasted significantly. The main reasons for this, according to Cortona Consulting, are the differences in scale of Internet infrastructure and the relative sizes of the IT industries. It estimates that European e-Learning revenues totaled \$1.5 billion in 2001, compared to the US at \$3.5 billion.<sup>10</sup> Another difference relates to accounting. In the USA, software (including content and technology for e-Learning) is typically put on the balance sheet as a depreciating asset. Europeans and most Canadians expense software, hitting the operating results line. As a result, they invest **less** in any one year. Still, it could be argued that Europeans are actually **more** committed to e-Learning than Americans are, with stronger research and development support from the EU research frameworks. An example is a stronger commitment to adoption and labour laws requiring ongoing retraining of staff. Reports by IDC that the European business skills market will reach \$13 billion by 2006 indicate the potential for a significant e-Learning market in the future.

### Great Britain, Netherlands and the Nordic Countries

While e-Learning has been slower to develop in Europe than the US to date, many national governments in addition to the European Commission have established clear guidelines and policies that are promoting e-Learning investment and development. Many national governments are funding e-Learning activities, which are providing a boost to the commercial e-Learning market. According to Epic Group Plc, the UK, Netherlands and the Nordic countries show the greatest potential for e-Learning in Europe since Internet adoption is high and localization is less of an issue as English is widely taught and spoken, especially in business.<sup>11</sup> In Great Britain, for example, a major skills and education initiative that employs e-Learning has won strong government support, personal support from Tony Blair, and international backing from that country's private sector.<sup>12</sup>

---

<sup>10</sup> Available at <http://www.info-edge.com/samples/EM-2102sam.pdf>

<sup>11</sup> *Epic Survey 2003: The future of e-learning* Available at <http://www.epic.co.uk>

<sup>12</sup> Beach, *Ibid.*

## Asia Pacific Region

### A Small, Nascent Market in Select Countries

According to IDC, the Asia-Pacific market for e-Learning (with the exception of Australia) is still in its infancy. In 2001, the Asia-Pacific e-Learning market (excluding Japan) was worth some \$US100.5M, representing a year on year growth of 20 percent. The Australian e-Learning market grew 19 percent year on year from 2000-2001.

### Korea, Australia and China to Lead the Way

The IDC believes the Asia-Pacific countries that show strong potential for e-Learning growth are those with:

- adequate Internet infrastructure (South Korea, Singapore, Australia, Hong Kong, Taiwan)
- low language barriers and availability of quality courseware (Singapore, Australia)
- government incentives to promote e-Learning (Singapore, Hong Kong, China, South Korea, Australia)
- cultures conducive to lifelong learning (South Korea)<sup>13</sup>

In a forecast of April 2003, IDC expected the Asia-Pacific region (excluding Japan) to grow at a CAGR of 28 percent from 2001-2006 to be worth around \$US345M by 2006. By 2006, the corporate e-Learning market will be headed by Korea, followed by Australia and then by China in terms of size. The Korean corporate e-Learning market is expected to be the largest by 2006, worth some \$US87.3M, growing at a CAGR of 39 percent. Korea has high broadband and Internet penetration, as well as an existing culture that embraces e-Learning. Employees may also be subsidized for corporate training by the government. Australia will take up some 24 percent of the overall corporate e-Learning market in the region by 2006.<sup>14</sup>

The corporate e-Learning sector is the most well defined market but online higher education shows significant potential. Figures from the World Bank indicate that the demand for higher education in Asian countries will explode over the next 20 years. China alone is expected to have 240 million higher education students by 2020, and they will demand online education, from national and international institutions.<sup>15</sup> The potential for e-Learning in Asia is tremendous. Asia is in a race between deployment of the Internet infrastructure at affordable usage prices and deployment of the infrastructure of the classroom – the desire for an e-Learning solution will be strong.

---

<sup>13</sup> Cindy Sim. eLearning in the Asia/Pacific. Available at <http://www.inchone.com/Resources/Executive%20Summary.PDF>

<sup>14</sup> Canopi E-learning. IDC Reports Regional E-learning Market Boom Available at <http://www.canopi.com.au/01home/01h0505h.asp>

<sup>15</sup> International Finance Corporation. Health and Education Strategy. Available at <http://ifcln1.ifc.org/ifcext/che.nsf/Content/StrategyE>

## Canada

### Connected, But Slower Adoption of E-Learning Than United States

Studies conducted on the availability, price, reach and use of information and communications technologies place Canada second only to the United States in its overall level of connectedness, and ahead of Sweden, Finland, the United Kingdom, Australia, Germany, Japan, France and Italy.<sup>16</sup>

Canadians have also benefited from watching Americans install some of the first generation e-Learning products in the late 1990s. Canadian companies have been more circumspect in their e-Learning investments and so for some, the downturn in e-Learning has been less difficult to weather.

According to statistics from IDC, 15 per cent of all training content provided in Canada was via e-Learning in 2000 and this rose to 22 percent in 2001. The Canadian e-Learning market will grow to nearly \$1 billion in 2005, from only \$200 million in 2002, although IDC has revised down its growth projections as a result of the US economic downturn.<sup>17</sup> In December 2002, IDC Canada placed e-Learning at number three in the top IT growth markets in Canada.

### E-Learning to Increase in the Corporate Sector

The Conference Board of Canada reports in its 2003 outlook on training and development that the percentage of Canadian organizations that use a Web-based distribution method for training rose to 50 per cent in 2002 from 25 per cent in 1997. Currently, 13 per cent of all training in Canada is delivered through e-Learning technologies, and that figure is expected to double by 2004.<sup>18</sup>

---

<sup>16</sup> The Conference Board of Canada, Pursuing Excellence Through Connectedness, 2002.

<sup>17</sup> Julie Kaufman. The eLearning Opportunity: At Home and Abroad A Briefing on the eLearning Marketplace. Presentation to Industry Canada, December 13, 2002.

<sup>18</sup> "E-learning grows in workplace." Toronto Star, November 20, 2003.

[http://www.thestar.com/NASApp/cs/ContentServer?pagename=thestar/Layout/Article\\_PrintFriendly&c=Article&cid=1069069224611&call\\_pageid=968867496752](http://www.thestar.com/NASApp/cs/ContentServer?pagename=thestar/Layout/Article_PrintFriendly&c=Article&cid=1069069224611&call_pageid=968867496752)

# Profile: The British Columbia E-Learning Sector

This section provides an overview of the companies and associations in the commercial e-Learning sector in British Columbia and analyzes the sector's strengths and challenges.

## A Quick Snapshot

### Many Small Firms, a Few Large Companies and Commercial Academic

The BC commercial e-Learning sector can be divided into four broad categories:

1. A large pool of one and two person companies, offering instructional design, project management and consulting services. These firms often work with traditional training as well as e-Learning services
2. A smaller cohort of technology and content firms. Examples would include: E-Traffic Solutions, Nortia, Odyssey Learning Systems, NOW International, Chalk Media, Serebra, GeoMetrix.
3. A few larger firms, such as IBM and Telus and branches of larger organizations such as CDI Corporate Education, WebCT and Thinq.
4. Post-secondary institutions that also offer commercial training products and services, such as the British Columbia Institute of Technology, CedarLearning at Royal Roads University and Justice Institute.

Estimates of the number of e-Learning firms in BC vary. In its May 2003 BC E-Learning Marketing Map, New Media BC lists 80 companies and organizations. In November 2003, eLearning BC had 56 members. In the Canadian E-Learning Enterprise Alliance's e-Learning company directory, 45 BC companies and organizations had submitted listings as of November 2003.<sup>19</sup>

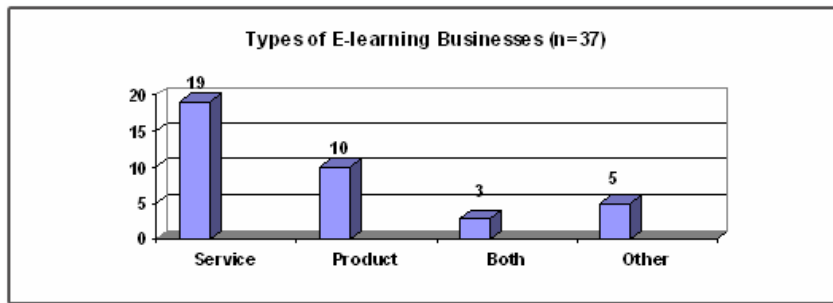
### Small, New Service Firms Predominate

In March 2002, Ingenia surveyed 53 e-Learning companies for a company capabilities database. Of these, 37 responded, representing a 70 percent participation rate.

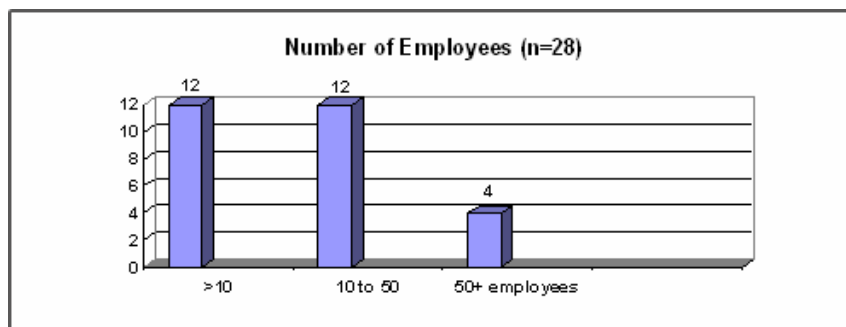
- **Types of Business**—Nineteen firms reported they were service companies, 10 offered product and three provided a mixture. Using the codes provided in the Company Capabilities listing, 16 companies said they provided "Other Educational Services", two companies "Elementary and Secondary Education" and three chose "University Education". The rest were scattered over a variety of codes.

---

<sup>19</sup> Available at <http://www.celea-aceel.ca>



- **Years in Business**—Companies had been in business from one to 15 years, with the average number of years in business at six. Fifty percent of the companies were less than five years old.
- **Employment**<sup>3/4</sup>The e-Learning companies in the sample employed a total of 1166 employees. Only four companies report having more than 50 employees. Eighty-six percent of the companies had fewer than 50 employees, while 46 percent of companies had fewer than ten employees.



- **Sales**—Companies could report their sales figures within ranges (e.g. under \$100,000, \$100-200,000, over \$5 million, etc.) Twenty-seven of the 37 companies provided yearly sales figures. Total sales were in the range of \$88.1 million to \$207.6 million. Twenty-three of the 37 companies reported export sales figures. Total export sales were in the range of \$53.6 million to \$116 million representing 61 percent of those companies' sales. Most sales were to the United States.

### Multiple Industry Associations

Since 2000, e-Learning firms in the Vancouver and Victoria area have been actively organizing professional development, networking and client education events with the goal to develop and strengthen the industry.

- **New Media BC E-Learning SIG**<sup>3/4</sup>With sponsorship from TechBC (now Simon Fraser University Surrey) in September 2000, the New Media BC E-Learning Special Interest Group (SIG) began regular monthly education and networking events for the industry. From 2000 to 2003 it organized:
  - A reception for delegates of the World Education Market tradeshow held in Vancouver in May 2001.

- A well-attended, profitable conference, “Corporate E-Learning: Knowhow for Smart Companies” in May 2002.
- A workshop on exporting to the United States.
- E-Learning company marketing maps and company directories, which have been distributed to Canadian embassies worldwide.

In March 2002, the E-Learning SIG, with support from Industry Canada, also developed a brief sector profile. One of the report's key recommendations was that companies needed to band together to enhance their marketing efforts.

- **Vancouver Island Advanced Technology Centre**—ViaTec is a not-for-profit, industry-driven venture, which actively promotes and enhances the development of the advanced technology industry on Vancouver Island. ViaTec has worked with e-Learning firms as part of its regular program of activities. In January 2003, it cosponsored with New Media BC, an “E-Learning Excellence” Awards and Celebration in Victoria.
- **eLearning BC**—eLearning BC (ELBC) was founded in July 2002 in an attempt to begin the process of bringing companies and organizations together, facilitating networking and partnerships and addressing various standards and technical issues.

In contrast to some industry associations, eLBC has been open to all players in the commercial sector— including those commercial arms of post-secondary institutions. As well, ELBC has included provincial and government representatives on its Board as ex-officio members, thereby allowing it to work closely within existing government programs and policies. Since its formation, ELBC has organized missions to Los Angeles, Chile and Ottawa, established an interoperability lab, developed an online company database and visited rural areas through BC and the Yukon to promote BC e-Learning.

## Impact in the Global Market: How Does BC Stack Up?

### Key Challenges: Buyers, Financing and Organizing the Effort

BC firms and organizations and their industry associations have worked hard to develop the sector and make it nationally and globally competitive. Despite their efforts, however, they face at least three major challenges to achieving this goal by 2007, three years from the writing of this report:

1. Finding a buyer of first resort—Often the key to success for firms is that first, large contract with a major client. For example, in New Brunswick, LearnStream quadrupled in size after it secured a contract to develop the soft skills courses for SmartForce (now SkillSoft.). Large government contracts have also served this purpose for other firms.
2. Financing—Marketing costs money. Many firms have limited resources available to sustain long term efforts, in an industry where sales cycles may be 12-18 months long.
3. Defining the overarching vision and educating buyers—Educating buyers, getting companies to move beyond short-term internal needs and think long term requires ongoing time and effort. Many individuals in the e-Learning industry have

volunteered hundreds of hours of time and achieved a great deal in a short period of time. Nonetheless, such largely volunteer efforts are unsustainable given the years it will take to develop the sector.

Developing effective marketing starts with a realistic assessment of the current state of affairs for companies in British Columbia. Through interviews with industry leaders and observers, the following profile of the sector emerged.

## Strengths

The BC commercial e-Learning sector has a number of strengths.

- **Talent:** Companies can draw on a large pool of experienced, highly educated workers, most with post-secondary degrees.<sup>20</sup> With limited outside funding available, many companies have become fast, flexible and adaptive. Many contractors are available to support the growth of smaller companies as they win project business.
- **Diversity:** The sector has a diversity of player and skill sets and good overall coverage of the e-Learning space. This diversity contrasts with a province like New Brunswick, which has largely concentrated its efforts in design for custom e-Learning content.
- **Research:** BC universities and colleges have been early adopters of e-Learning and collaborate with each other and the industry.
- **Related technology industries:** BC is home to growing wireless, information technology and gaming companies. Simulations, educational games and wireless present new opportunities for e-Learning firms. Collectively, this background of related industries and academic research allow BC's e-Learning companies to move rapidly as industry and customer desires translate into a willingness to purchase products and services.
- **Government support:** Governments have invested heavily in the infrastructure required for e-Learning, such as ensuring Internet access in schools and libraries province-wide and investing in networks required for broadband access. As well, the industry has received federal and provincial support for industry association growth and marketing initiatives. BC firms have also benefited from research and development programs such as CANARIE and the Industrial Research Assistance Program of the National Research Council.
- **A record of success:** Several well-know e-Learning companies started in BC—WebCT, Virtual U, Thing. Within the verticals these companies serve, Praxis and Etraffic Solutions are well known on the US market stage.
- **A sense of community**<sup>3/4</sup>Companies and organizations have continually demonstrated a willingness to cooperate and collaborate. This sense of community may allow the sector to cooperate and take on larger projects and

---

<sup>20</sup> NewMediaBC, *New Media in BC: 2003 Industry Survey*.

garner more of a profile than would individual small companies operating independently.

## Challenges

The challenges the sector faces include:

- **Lack of funding:** The economics of the e-Learning industry play a role here. Content providers generally have a rapid product replacement cycle, especially if they sell broadly based content areas with large pools of potential customers. Infrastructure players have had to respond to a rapidly changing technology infrastructure and quickly evolving industry standards. These factors mean that the industry is relatively inexpensive to enter, but difficult to find staying power in. Typical Canadian venture funding also undervalues sales and marketing investments. As a result, many small companies have fragile cash flows and a resulting low tolerance for risk. Often the majority of funds are invested in product development with minimal amounts left for sustained marketing and sales activities. Service firms are often under funded from the start.
- **Lack of business development skills:** Typical of many new knowledge industries, management in many firms is strong on educational and technology skills, weak in sales and marketing. Even where the experience in sales/marketing exists, often the skills and staying power to gain a buying decision at a distance is missing – the company must sell to multiple constituencies at different organizational levels to gain a sale, most often outside of British Columbia. In 2003, average sale time was in excess of nine months in the industry.
- **Uninformed buyers:** Many buyers remain unaware of e-Learning or unconvinced of its benefits. More generally, Canadian companies tend to train less than companies in other countries and often view training as a cost, rather than an investment.<sup>21</sup> Limited awareness exists of the impact this attitude has on their operations and future success; of the demographic issues affecting change in the workforce making a staff development model more necessary; or of the role of training and learning in producing value-added goods and services.

Public advocacy of the benefits of workplace training has also been limited and somewhat spotty. E-Learning can play an important role in developing a knowledge-based economy. To date, however, there has been ineffective use of existing government programs throughout the province to inform, educate and help industry and local administrations tap into the products and services of the e-Learning industry to effect change and growth in their communities and businesses.

---

<sup>21</sup> The Conference Board of Canada reports that actual formal total training expenditures in 2001 were \$768 per employee. This contrasts with an average \$1,137 per employee spent by US organizations in 2001.

- **Lack of large organizations locally to buy e-Learning**— Having strong, large customers in a local market is a good way for e-Learning companies to grow organically in their early days. Per capita, BC has few of these. It has burgeoning knowledge and technology industries, but these tend to draw upon recent graduates who hone their skills through participation in research projects and have limited need for in-house learning. In addition, these firms face challenges, so buying e-Learning products for staff may not be a good use of proceeds for a fledgling business.

In contrast, Toronto, Montréal, Ottawa and Calgary-based e-Learning companies have large potential customers close at hand. As a result, they have no requirement to fund remote sales forces early in their life to begin growing. New Brunswick e-Learning firms faced the same problem when they started out. In their case, they could count on substantial federal and provincial government funding for their early stage marketing and business development efforts.

- **Weak linking of public sector spending to e-Learning industry growth**—The public sector has been spending money on e-Learning (such as pilots for rural school districts using interactive video, e-mail, discussion groups and web casting<sup>22</sup>), which creates opportunities for private sector firms. Regretfully, many initiatives have been focused on immediate and pressing needs rather than looking for ways to both meet community and education system needs **and** create an export-oriented e-Learning industry. Indeed, in some federal government community projects involving millions in spending, Canadian e-Learning firms have been left out entirely, or brought into the picture when goals and funding priorities are already well established.

## Opportunities

The e-Learning industry in BC has opportunities, as Canada and countries throughout the world continue to move towards knowledge-based economies.

- **A growing market**— The Conference Board of Canada in its 2003 outlook on training and development stated that 50 percent of Canadian firms use web-based distribution for training in 2002, up from 25 percent in 1997. Currently, 13 percent of all training in Canada is delivered through e-Learning technologies. The Conference Board predicts this to double by 2004.<sup>23</sup> Selected BC companies have shown that they are able to compete with other Canadian and global firms; a growing home market in Canada can help them further.
- **Access to the American market**—While this opportunity is shared by other provinces, some BC firms and organizations have taken advantage of their proximity to California and the partnering and sub-contracting possibilities with Silicon Valley firms.

---

<sup>22</sup> British Columbia Ministry of Education, "Electronic Learning Opens Doors in Rural BC", October 21, 2003.

<sup>23</sup> Toronto Star. E-learning Grows in the Workplace, November 20, 2003.

- **Improving infrastructure**—More people in the United States and Canada have access to broadband, which enables e-Learning designers to use web casting, video conferencing and other rich media tools more often and effectively. Hardware has also improved.
- **Related technology industries close by**—BC has a growing new media sector, with particular strength in gaming. A current trend in e-Learning is towards the greater use of simulations and games. The challenge is that many games and simulations are highly expensive to produce and the large gaming companies have shown little interest in developing products for workplace training. An opportunity exists, however, for e-Learning firms to partner with smaller gaming firms, to develop technology that significantly reduces simulation development time and cost.

An additional opportunity exists for e-Learning firms to draw upon the marketing and business expertise and competencies of the pool of local “tech veterans” to develop their firms.

- **A changing Canadian policy environment**—Paul Martin, the new Prime Minister, has made a public commitment to encouraging lifelong learning and innovation. BC firms can take advantage of this policy direction, by continuing to be active at the federal level and participating in resulting programs and activities, should they make business sense. Similarly, the Premier's Technology Advisory Council will be sponsoring a Round Table on E-Learning in February 2004—another opportunity for the sector to position itself as a player in education and workplace training in the province.

## Threats

BC companies face short and long term threats to their development. These include:

- **Stiff competition from existing American and Canadian e-Learning firms**—In almost every sub-sector, BC firms must compete against often larger and better-funded rivals. Content providers must face-off against international firms like SkillsSoft, Thomson, Element K, MindLeaders, while Canadian firms like Bell, Tecscult/Eduplus, LearnStream, Innovatia and others compete aggressively in the domestic marketplace. Learning management system providers must offer something better than Saba, Docent/Click2Learn, Intralearn, Pathlore and the like. In the K-12 academic space (in which few BC firms compete, however) Thomson, Pearson, WebCT, Blackboard and Desire2Learn present formidable competition. For now, small BC companies have been able to find customers, but as the industry consolidates, becomes less fragmented and develops stronger brands, they face a real risk of being left behind.
- **Large IT companies increasingly playing in the sector**—Microsoft and Macromedia are acquiring e-Learning companies and developing products that make e-Learning easier and faster to produce. Firms like PeopleSoft, Sun, and Oracle now sell their own learning management systems, as part of larger human resource management packages. The entry of these giants into the field means that BC companies may be forced to become true value-added suppliers and eschew creating “me, too” products at a lower cost.

Dependence on the lower labour rates of BC versus the US market and/or the exchange rate of the Canadian dollar to sustain businesses may have to end.

- **Competition is organizing, with government funding support**—As outlined in the chapter on International Competitors, BC firms must also be mindful of foreign companies. In countries with a similar population size, like Singapore, Finland, Scotland and Ireland, governments have recognized the long-term importance of a strong e-Learning sector and have put funding and support mechanisms in place to help private sector firms grow. In Canada, Quebec and New Brunswick have helped fund organizers and staff to help organize and coordinate marketing activities related to the e-Learning sector.

### Summary<sup>3/4</sup> Strong but Some Gaps to Overcome

Given the assessment above, how well equipped is the BC e-Learning sector to compete in national and international markets?

Based on interviews, focus groups and research into the fundamentals of cluster development, below is a table that outlines what we believe are the necessary elements for BC firms to successfully compete. It is admittedly subjective; its purpose is to spur discussion and self-assessment by companies and organizations.

### Competing in the E-Learning Marketplace<sup>3/4</sup> How BC Stacks Up

Key Success Factors to Play in the Market place	KSF's to win	Current BC Capabilities
Funding	Private and public (a combination of a directed investment fund or QSSP-type <sup>24</sup> public investment model coupled with directed buying)	Medium public, low private
Tech savvy	Cutting edge technology that leverages research and inter-company solutions – everyone grows from one deal	Mixed: a few only
Content	Compelling content aimed at a variety of uses, (e.g. “quick reminder”, “update me”, “learn for the first time”, “underpinnings for thinking”, etc.)	Mixed: some strong
Instructional design	Superior quality, linked to business solution	Strong, with good depth. Designers can build on successful instructor-led training projects.

<sup>24</sup> The Quebec Stock Savings Plan (QSSP) was created to encourage residents of Québec to invest in new issues by Québec companies while enjoying significant tax benefits.

Key Success Factors to Play in the Market place	KSF's to win	Current BC Capabilities
Project Management	Start to finish; multi players	Low: few large scale, end-to-end projects involving consortia have been completed
Business development skill	Cross-industry consortia that offers a total business solution. Company combinations proven in the market should be encouraged to come together to create real international players.	Low: some ad hoc marketing and trade missions

## International Competitors

By necessity, BC firms must compete in national and global marketplaces. This chapter provides e-Learning related information from four countries that can be viewed as competitors to the British Columbia e-Learning sector.<sup>25</sup>

We provide this information as a high level overview, highlighting initiatives and strategies of note to government and industry in BC. If certain strategies or countries are of particular interest, more detailed reports might be commissioned, which could include extensive telephone interviews or a fact-finding mission.

### European and Asian Competitors

The countries we reviewed include **Ireland, Scotland, Finland and Singapore**. We selected these countries based on their:

- Population—Ireland (4 million), Scotland (5 million), Finland (5.2 million) and Singapore (4.1 million) all have the same number or slightly more than British Columbia's 4.1 million people. So, strategies developed for their e-Learning sectors may be of a scale suitable for BC.
- E-Learning related activities—Irish and Singaporean government representatives have made presentations to e-Learning associations and companies in British Columbia. Academic representatives from BC have visited Finland; attendees at a British Education show became aware of Scottish e-Learning activities.
- Government/business alliances—In BC, government and business are working together to market and grow the e-Learning sector. Each of the four countries

<sup>25</sup> We gathered most of the information for this chapter through secondary research over the Net. For Singapore, however, we included information gleaned from a series of interviews and meetings held with government and company officials in February 2003.

profiled has various levels of public/private cooperation, which could serve as examples for BC to emulate or avoid.

## Ireland

### Opportunities in E-Learning, Games, Wireless Services, Digital Libraries

According to the Forfás report, *A Strategy for the Digital Content Industry in Ireland*<sup>26</sup>, digital content is emerging as a significant business opportunity in Ireland through the convergence of a number of industry areas such as traditional content, media and entertainment, software and multi-media, and hardware and telecommunications areas.

The report highlights that, despite growing strongly, the digital content industry is still some distance from maturity. Many developments driving digital content are now only beginning, such as the mass-market rollout of broadband networks and take-up of interactive on-line services. The report anticipates that the industry will not reach a high-growth phase globally until 2005/2006. This gives Ireland a critical “window of opportunity” during which it can carve out a place for itself in new digital content areas. Forfás advocates that by building on existing strengths and expertise, Ireland can establish a significant presence in a number of high-growth digital content sectors.

The report identifies five market sectors where Ireland has the potential to develop internationally recognized competitive advantage and that Enterprise Ireland and IDA Ireland (two government agencies) will jointly promote. These are:

- **e-Learning** - Ireland has 37 companies in this field. Ireland’s early entry into this market has meant that it has developed a strong international reputation and the report argues that this can continue to be exploited to ensure the future growth of the sector. Currently, companies are providing full end-to-end solutions, and as such, skills are in place across the entire value chain. In particular they are operating in the areas of content creation, web content management, and document management. In the future, market opportunities for Ireland are projected to emerge right across the value chain.
- **Games** - Ireland has the potential to build on its small but growing indigenous games enterprise and research base to exploit opportunities in technology development, games design and marketing/distribution;
- **Wireless Services** – The development of content, applications and associated enabling technologies for mobile devices for consumer and business markets is a significant new and fast growing market. Ireland can build on its existing strengths in technology and applications development and research;
- **Digital Libraries** - The conversion of public and private libraries, archives and files nationally and at the European Union (EU) level presents new

<sup>26</sup> Available at [http://www.forfas.ie/newsasp/show.asp?page\\_id=252](http://www.forfas.ie/newsasp/show.asp?page_id=252)

market opportunities for indigenous companies in the development of research, skills and expertise in digital content;

- **Non-Media Applications** – The growing use of digital technologies and applications in the research, design and development of new products and services in sectors such as medical training, industrial design and construction presents opportunities for Ireland to build its existing strengths in these areas.

## A Digital Enterprise Area in Dublin

**The Digital Hub** is an initiative of the Irish government to create an international digital enterprise area in Dublin city. The core development is approximately nine acres, located within the historic Liberties area in Dublin's city centre. The sponsoring partners are:

- The Government, through the Department of Communications, Marine and Natural Resources
- Dublin City Council
- Enterprise Ireland
- IDA Ireland

Over €130 million of public funds has already been committed for The Digital Hub and for **Media Lab Europe**, a third-level research and education centre already located in the Hub. Replicating the innovative and entrepreneurial operating model of the world-renowned MIT Media Lab, the European Research Partner will “invent the future”. It will adopt an interdisciplinary approach in researching the way new technologies can impact people's lives and environments. Media Lab Europe has the vision to enhance the quality of life through research and education focused on a sustainable, human-centric design in technology, science, and the arts.

## Scotland

### E-Learning Company/Consumer/Education Alliance <sup>27</sup>

**The eLearning Alliance** is a membership-based non-profit organization of over 125 companies, colleges, universities and consumers of e-Learning that seeks to promote eLearning in Scotland and beyond. Its aim is: “To promote, enhance, assist, facilitate and encourage by whatever means the highest quality support for skills development in Scotland through the use of eLearning products and services.”

Founded in the Spring of 2001, with seed funding from Scottish Enterprise (a government department), the Alliance has grown rapidly, and plans to be financially self-supporting by 2004. The Alliance's Directors are elected from the members by the members.

---

<sup>27</sup> Available at <http://www.elearningalliance.org/>

The eLearning Alliance offers information, advice, resources, and networking, including the opportunity for members to identify and develop relationships with new suppliers, advisers, partners and clients. Services include a website, eNewsletter, members' meetings, events and special interest groups.

### **Research on Gaming and E-Learning - play2win<sup>28</sup>**

"**play2win**" is an international research program focusing on the application of computer games methodologies to solving some of the fundamental learning challenges businesses and individuals encounter. BusinessLab and The University of Abertay have developed the project prospectus - with the support of Scottish Enterprise Tayside, Dundee City Council and Worldwide Learning.

The project will draw upon global perspectives of the potential for successful deployment of games, in particular computer games, in addressing challenging learning contexts - dealing with risk, learning in fast changing environments, learning amongst teams and learning through simulation.

### **Learndirect Scotland for Business<sup>3/4</sup>E-Learning for Small Businesses<sup>29</sup>**

The Scottish Executive established the **Scottish University for Industry (SUFI)** to support economic competitiveness and social inclusion through lifelong learning. Its public services, delivered under the Learndirect Scotland brand, attract more than 500,000 inquiries a year. It also helps develop and promote a network of more than 300 quality assured learning centres in community and business locations throughout Scotland.

SUFI offers a range of workforce development services for corporate organizations, in the private and public sectors. These include:

- Over 500 on-line learning programs and courseware
- Dedicated learning advice line, web site and database facilities
- Client support, tracking and re-training services for company restructuring and layoff response
- Skillnet Integrated Learning System (powered by Saba), providing fully hosted on-line learning environment, learner tracking and organizational learning management system.

According to their web site "What many employers want is "just-in-time" e-Learning, accessible from within the workplace and delivered in high quality, easy-to-digest, bite-sized chunks. Large corporate businesses have the resources to adopt e-Learning, but many smaller companies have missed out on the advantages of e-Learning. This has led to the introduction of Learndirect Scotland for business."

Learndirect is a free service for Scottish business, helping them conduct needs assessments, access online courses and implement e-Learning in their firms. As an example of their activities, in November 2003, Learndirect partnered with Scottish Enterprise Borders to begin a pilot with five tourist-related industries to use e-Learning for staff training.

---

<sup>28</sup> Available at <http://www.elearning.sitekit.net/enterprise.html>

<sup>29</sup> Available at <http://www.lids4b.com>

## Finland

In recent years Finland has done exceptionally well in numerous evaluations assessing Information Society development. According to the latest World Economic Forum's Global Competitiveness Report 2002–2003 Finland emerged as the number one nation in the world in networking as well as in IT use.

### **Promoting Public/Private Sector Cooperation** <sup>30</sup>

Finland has been developing its e-Learning capacity for some time. Beginning in 1998, the country created a national strategy for education, training and research in the information society, 2000-2004, which has since been updated for 2004-2006.

In 2001, Finland developed the Public Private Sector Cooperation Committee to promote the strengthening of public/private cooperation in the development of e-Learning by:

- increasing the strategic approach in e-Learning projects;
- getting various funding institutions to cooperate;
- broadening the cooperation in the field of research and product development;
- “producing learning materials, portals and in standardizing; and”
- encouraging lifelong learning and in-service training.

### **Domestic Pilots and Projects to Build an E-Learning Export Industry**

In May 2002, the Finnish Ministry of Education appointed a one-man commission to analyze and make recommendations for Finnish e-Learning policy. The Commissioner, Markus Markkula of the Helsinki University of Technology, released a report, *The Future of ICT Enhanced Learning in Finland*<sup>31</sup> in March 2003.

Markkula notes that a European panel of experts sees e-Learning becoming increasingly significant in two to three years. Blended learning (a combination of classroom and online training) will become common and play an important part in the development of a knowledge-based society in Finland. Markkula believes that by combining many small projects and pilots, Finland can form major scale undertakings with a permanent impact. As well, the country can commercialize e-Learning methods services and solutions for export. Key recommendations in the report related to this theme include:

#### **Creating and Understanding the Value-Chains and Value-Networks of Education**

- Enhancing interoperability by means of standardization
- Promoting multi-partnerships and consortium models for eLearning projects

#### **Accelerating Market Development**

- Supporting the development of competencies for advanced procurement of eLearning

---

<sup>30</sup> Available at [http://insight.eun.org/eun/en/Insight\\_Policy/sub\\_area.cfm?sa=2326](http://insight.eun.org/eun/en/Insight_Policy/sub_area.cfm?sa=2326)

<sup>31</sup> Available at <http://www.europace.org/Staten-Generaal/docs/Markkula-EuroPACE-final.ppt>

- Launching sizable projects within the public sector
- Systematic collection and continuous updating of statistical data and future forecasts within the field of education and training

### **Encouraging collaboration**

- Supporting the development of regional eLearning clusters
- Disseminating good practices from local and regional pilots
- Promoting the use of existing information and knowledge intensive services
- Supporting the continuous professional development of key-personnel within eLearning

### **World Class Performance in Selected Areas**

- Transforming the Finnish game and simulator industry onto the level of national excellence
- Developing the product training know-how of the Finnish export industries
- Promoting export of language learning

### **E-Learning as a New IT Export Item**

The **TIEKE Finnish Information Society Development Centre** was officially launched on May 1, 1998. TIEKE plays a key networking role in connecting various players in the development of the Finnish information society. Its main functions include:

- Initiation and coordination of selected development projects within the ICT industry.
- Generation of an IT cluster together with domestic and international partners, thus promoting networking at all levels of IT industry.
- Development of trade procedures in both domestic and international cooperation, as a major Finnish player.
- Promotion of the use of ICT between organizations and in public access services.
- Participation in the standardization of information and communications technologies at national, European and international levels.

In April 2003, TIEKE released its biannual report on the ICT Cluster in Finland.<sup>32</sup> In the section on education, it summarized the Markkula report mentioned above. The ICT Cluster report emphasizes the growth potential of e-Learning and its capacity to generate new commercial activity, through the development of digital content, technological tools and e-Learning systems and the services to support them.

The report also mentions the **Association of Finnish E-Learning Centre**, a new, independent association that promotes knowledge, best practices and quality in e-Learning. The Centre acts as a point of contact for finding partners, experts and service providers in Finland, for Finns and international organizations interested in working with Finnish partners. It also serves as a networking organization for Finnish e-Learning projects and regional clusters.<sup>33</sup>

<sup>32</sup> Available at <http://e.finland.fi/netcomm/news/showarticle.asp?intNWSAID=13510>

<sup>33</sup> Available at <http://www.eoppimiskeskus.net> (currently in Finnish only)

## Singapore

### Singapore Inc.<sup>34</sup> Government/Industry Partnership

Singapore's e-Learning strategy is part of a broader effort to make Singapore an educational hub for Southeast Asia.

The Singapore Economic Development Board (EDB) is the lead agency that plans and executes strategies to sustain Singapore as a compelling global hub for business and investment. EDB's vision for Singapore is to be a vibrant and robust knowledge-based economy. EDB's mission is to promote and develop knowledge-driven industries in Singapore.

### Goal: The Educational Hub for South East Asia

Since 1998, the basic strategy has been to attract ten world-class universities in ten years to Singapore (such as MIT, and Harvard), and then leverage their presence to develop local institutions and international students. (By 2003, Singapore had attracted ten universities.)

Specific to e-Learning, the strategy is to:

- Attract top global names to anchor in Singapore and tap on the regional markets
- Encourage foreign and local companies to collaborate
- Build a conducive 'greenhouse' to nurture and grow enterprises (IT parks, various grants schemes and training initiatives in place)

Many of Singapore's e-Learning businesses have enjoyed government support from their inception. During a visit to Singapore in February 2003, start-up and established e-Learning companies noted that generous governmental incentives were in place to assist them. As well, government facilitated linkages exist between companies and local universities. Funding exists for:

- Working and equity funding
- Engaging external expertise
- Developing new products and services
- Staff training

### Adopting E-Learning Standards and Promoting E-Learning

Singapore has established the **E-Learning Competency Centre**<sup>34</sup>; a not-for-profit organization set up to drive the adoption of e-Learning standards in Singapore. It plays an active role in fostering excellence with the development of Singapore Standards, and the various seminars and workshops to develop Singapore's technical expertise in e-Learning. Its mission is: "To foster excellence in e-Learning by driving the adoption of international standards, and developing the competencies of professionals in order to establish Singapore as a renowned e-Learning hub in the Asia-Pacific region."

---

<sup>34</sup> Site is <http://www.ecc.org.sg/cocoon/ecc/website/aboutecc/home.section>

The Centre seeks to:

- Define, refine and promote international e-Learning standards for Singapore's use.
- Establish the certification mechanism in order to ensure technical standards conformance and quality of e-Learning products and services.
- Develop the e-Learning competency framework in order to raise the competency level of e-Learning professionals in Singapore.

The Centre has established the **Singapore E-Learning House**<sup>35</sup>, a portal designed to promote e-Learning in education and corporate training and Singapore's e-Learning companies', products and services. The House also informs Singapore companies of the latest news and trends in e-Learning, government assistance programs and has discussion forums for users.

### **Government Support for Education Export Alliance**

Recognizing the immense potential of global education and training services market, International Enterprise Singapore (a government agency) spearheaded the formation of **Singapore Educational International** (SEI)<sup>36</sup>, an industry driven and government-supported platform to help Singapore industry players grow and venture abroad. Launched on the 16th October 2003, SEI will bring together Singapore's education service providers (ESP) in a single platform that enables the sharing of market leads, resources, business networks and experiences in going overseas. SEI is represented by the major industry leaders of Singapore and has a clear focus on internationalism.

The 12 founding members of SEI include education providers, education groups, corporate training providers and e-Learning providers. SEI membership registration is opened to Singapore-incorporated companies that are Singapore-owned or foreign-owned. Annual membership fee is S\$1,000 for Corporate membership and S\$800 for Associate.

---

<sup>35</sup> Site is <http://www.elearninghouse.com/clearinghouse/index.xsp>

<sup>36</sup> Available at <http://www.elearninghouse.com/clearinghouse/news/details.xsp?key=178>

# Appendices

## Industry Focus Groups: Summary Results

As part of the research for this study, in September 2003, we conducted two focus groups with companies and organizations in the BC commercial e-Learning sector. Below are the highlights from these sessions. Also included in the representative comments are quotes from the September 2003 email survey.

### Recommendations on Strengthening and Growing the BC E-Learning Sector

The following table outlines participant's observations about what can be done to help the BC e-Learning sector strengthen and grow.

Participants observed that...	Representative Comments
Policy development is necessary and requires government involvement, but should be industry led.	<p>There needs to be strong policy focus in Victoria. We need to provide them with the leadership. Also in Ottawa... It's crucial to develop our own set of policies and give them to the government.</p> <p>We need to animate government to put bedrock underneath this industry.</p> <p>Let's develop an industry-driven policy framework and not rely on Victoria to create the policies. Let's be proactive.</p>
Governments should be encouraged to buy locally	<p>We need to establish a policy with the provincial government to buy training locally.</p> <p>Government should encourage provincial ministry and crown corporations that, if they are doing any e-Learning, they should do it locally – partner with the private sector.</p> <p>The Ministry of Health looks to IBM; instead, we should request that ministries come to BC companies.</p> <p>At a minimum, they should at least direct RFP's to BC firms.</p>
Quality and credibility are necessary	<p>We need to impose quality standards, and work out in concentric circles from there.</p> <p>We need to raise tech standards.</p> <p>Credit has to be grown from in-house. There is a lot of scepticism out there...We have to convince them. It is really hard to win contracts and business in other regions where local companies are already strong. We have to have proof that we have done well.</p> <p>We need to have evidence to prove e-Learning is worthy.</p>

Participants observed that...	Representative Comments
Education about e-Learning is required	<p>There are misconceptions about e-Learning. We need a huge education process.</p> <p>Many people don't believe in e-Learning... We need to provide valid information and get people to believe.</p> <p>The investment community needs to be educated.</p> <p>We need to let people know what e-Learning is – HR knows, but the general populace does not...the market has to understand what you are selling to them – why do I care? I don't think this has been adequately promoted in BC. BC people don't know what it is to take an e-Learning course.</p>
Promotion of a culture of life-long learning would be beneficial to the industry	<p>Lack of funding is horrific. The under-funding of the college system and also the universities.</p> <p>We should push to implement Chuck Hamilton's (of IBM) idea regarding lifelong learning. Basic idea is that it should be easy for people to have a record of their learning...</p> <p>Stronger promotion of distance education as a means of keeping provincial workers properly trained in areas of privatization—this should not just be a measure to compensate for lost jobs; there are savings that could be realized by rationalizing training. This means that eLearning BC should be trying to get the Provincial government, unions, and industry associations together on deploying technology-assisted training.</p> <p>We need to promote the concept of life long learning... its not just a discrete event that your company sends you to every couple of years, but an integral part of your life and career.</p>

## Recommendations for developing a BC E-Learning Brand

The following table outlines participants' observations about what a brand for BC e-Learning might emphasize.

<b>Suggestions from participants...</b>	<b>Representative Comments</b>
A focus on quality	<p>High quality – but we have to be able to ensure that it truly is.</p> <p>Certified quality and competitiveness to a global standard; evidence-based branding beyond waving the Canadian flag and making unsubstantiated assertions about excellence.</p> <p>Capable, flexible, local.</p>
History and depth of service offerings	<p>I'm not sure how you put this into a catchy 25 word message, but I think it's important to emphasize that it's the synergy between the people who understand how and why people learn in different contexts and the people who understand how new technologies can best support that process that allows us to produce outstanding e-Learning products.... British Columbia has a history of being a leader in the research and development of educational applications of interactive technologies, and we have some world leaders in the field here in B.C. We should capitalize on that history and the expertise of these pioneers.</p> <p>Emphasize BC as a hub for leading companies in the industry; promote the notions of regional strength in different service areas, relative strength of Canadian economy, stability, security, etc.</p> <p>Do your one-stop eLearning shopping in BC - where we have first class research facilities, institutions, companies, tools and services that can provide end-to-end world class solutions through the use of highly interoperable technologies, content and services.</p>

## Key Industry Priorities in 2004

The following table outlines participants' observations about what the key priorities should be for the e-Learning industry in BC in 2004.

Suggestions from participants...	Representative Comments
<p>The industry needs to market itself aggressively and effectively</p>	<p>We need to find ways to promote the industry in British Columbia.</p> <p>We need to market ourselves better. ELBC is doing a tremendous job – but more marketing inside the industry is required.</p> <p>Government can help by high level marketing... One of the studies I've just read in the corporate sector says still only 8% is delivered by e-Learning. There is a huge opportunity. We have to convince people that more than 8% should be spent on the e-Learning solution.</p> <p>Education of the buyer is part of that – can go from a media campaign with billboards, etc. that promotes e-Learning. Or can go specific – go to specific companies and pitch to them on the whole idea. Or e-Learning conference – HR managers from all industries could come...</p>
<p>Collaboration and partnerships between companies and between companies and institutions should be encouraged</p>	<p>The industry should go across Canada to build on it with other practitioners in other provinces.... There is lots of business elsewhere in Canada – we need to build a strategic alliance.</p> <p>We should be working together to accentuate our strengths.</p> <p>The industry has a collection of small companies... we can get together formally or informally... We need other ways for companies to get together beyond ELBC so we can face the real competition.</p> <p>We need partnerships – we need to talk to each other to build stronger products – ELBC does this, but there is a large community who don't know how they can be matched up to be bigger than sum of parts.</p>
<p>Specific sectors should be targeted</p>	<p>Focus on one specific sector and dominate that sector – decide we are going to be everything we can be for the forest sector, or the health sector...</p> <p>Identify a sector or area where we have skill so that that can be marketed.</p> <p>Why not create a "showpiece" e-Learning program for a specific sector like health care... We should also look at proof of concept for other vertical markets. This is how the big companies leverage their wins in the networking industry.</p>

## Key Priorities for Governments in 2004

The following table outlines participants' observations about how governments could help the e-Learning sector.

<b>Respondents observed that</b>	<b>Representative comments</b>
Government can assist the e-Learning industry with policy initiatives	<p>Government could fund or provide a tax credit to small and medium size enterprises. These enterprises would work with local vendors to buy their services (content, infrastructure, tools, etc) at market value and then claim tax credit from the government at the end of the year, like movie companies typically do. This process would 1) encourage the SMEs to invest in e-Learning at a discount, 2) allow them to benefit economically from e-Learning, 3) keep the local e-Learning landscape alive and 4) give the e-Learning industry the required momentum and credibility to move outside of BC.</p> <p>Convince the provincial government to buy exclusively from BC suppliers.... If we don't support our own economy, who will?</p>
Research and information providing is important	<p>Could the provincial government sponsor a series of get-togethers to discuss marketing needs?</p> <p>Information such as from DFAIT (Department of Foreign Affairs and International Trade) about market studies is something government could provide. How pervasive is open-source? Who's using it? SCORM – how many other people other than US military have decided to work with it? That type of information would be of use to us.</p> <p>The government should put forth more initiatives to help us keep up to date with technological advances and access to funding to be re-trained specifically in the areas of elearning technology.</p>

# Industry Survey Results

## Introduction

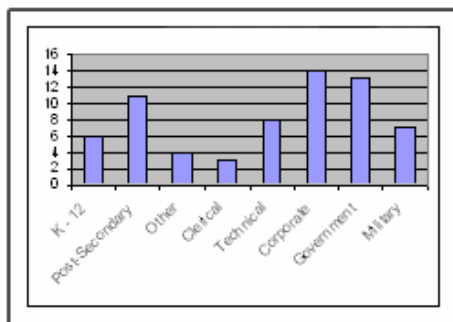
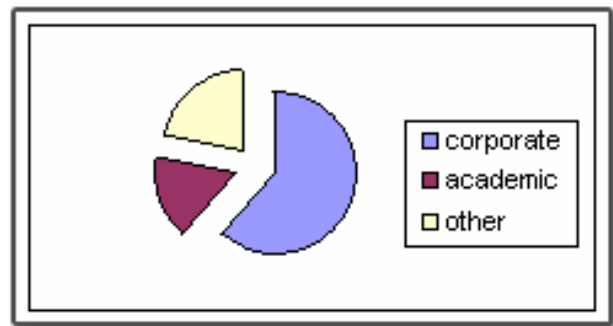
This section summarizes the information gathered from a September 2003 e-mail survey of British Columbia e-Learning companies and organizations. It identifies and highlights common themes in company marketing needs, as well as in the overall capabilities of the group. This survey largely replicates a similar effort undertaken in Nov 2002, to which we make some comparisons.

Because some respondents provided more than one answer to each question, the percentage total in some charts may exceed 100%. Percentages are given for ease of reading, but significance is low given the modest sample size.

## Demographics

### Who responded to our survey?

Of the 126 participants on the TeamBC general announcements e-mail list, 18 or 14% responded to the marketing survey. This compares with 28 in the 2002 survey, but in 2003 some organizations had already participated in individual interviews or focus groups in a similar time frame. Of those respondents 11 were private sector companies/ proprietorships and three were public post-secondary institutions. These ratios are similar to the 2002 study.



### Question 1

#### What market sectors do we target?

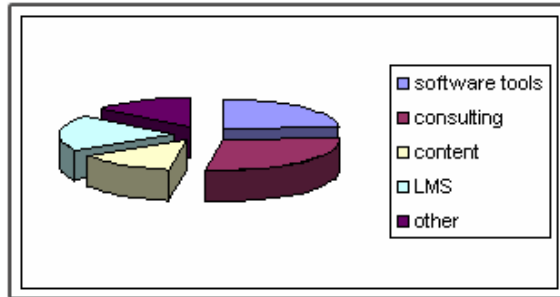
A total of 66 separate responses at an average of 3.5 sectors per responding company show a broad range of targets. The largest single market sector targeted was corporate e-Learning. This finding is not surprising given the potential for growth in this sector as well as the high percentage of private sector firms that responded to the survey. The response rates for corporate and academic are

similar to the 2002 survey; increases are seen for military and government targets.

## Question 2

### What are our primary products and services?

All respondents answered this question. Several respondents offered more than one product or service, but for classification purposes we used the lead answer. E-Learning consulting and eLearning software/tools are the most heavily represented areas.

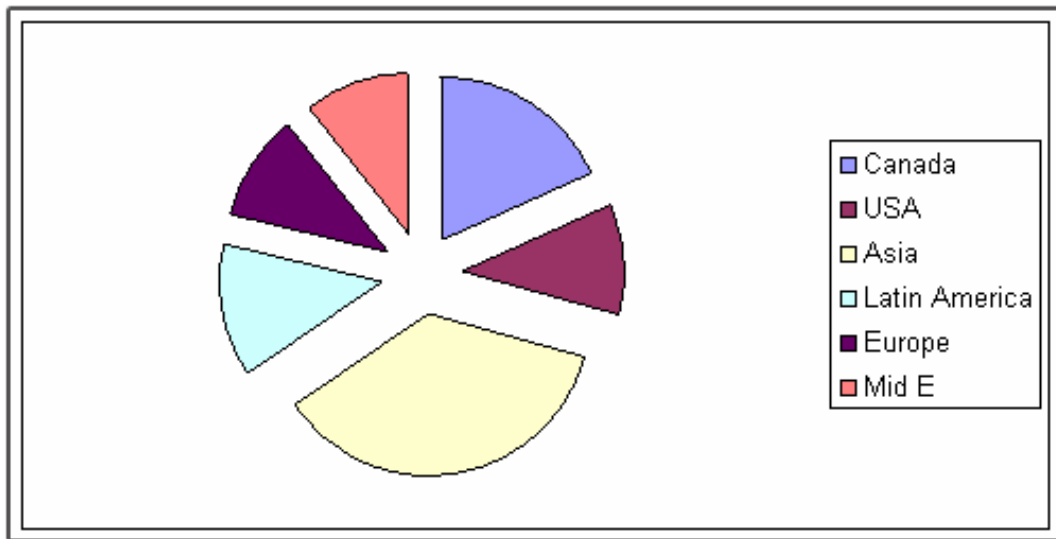


## Question 3

### Where do we want to do business?

From 18 respondents 168 separate answers were given on where companies were interested in doing business. This included 11 that said "anywhere." Given the small size of most of the responding companies this suggests an early stage of market analysis and targeting.

The chart shows first level preferences representing 75 of the responses. The major change from the 2002 survey is the growth in interest in Asia. The total represents multiple answers to different Asian countries with 10 different ones named, but no single country having more than three first level responses.



## Question 4

### What activities are of interest to your organization?

(2002 question was: How do we want to promote ourselves?)

As can be seen from the table below, there was an interest in all three types of activities, with no significant preference. The weighting towards trade activities is consistent with 2002 data, and reflects the qualitative comments showing a desire for activities that drive business deals.

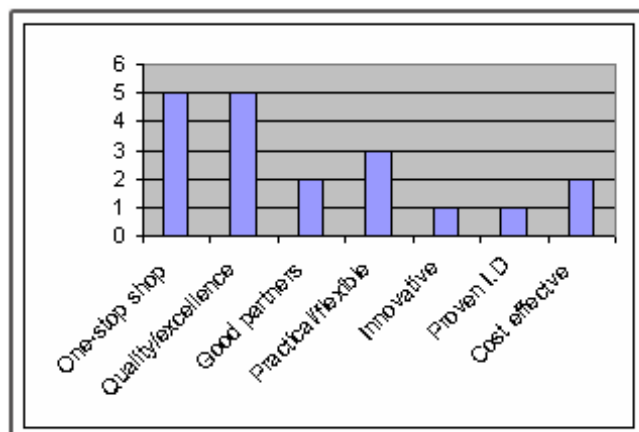
Several specific events and suggestions were identified in the raw data. Individuals had their own preferences; ability to demonstrate products/services was important, and concerns about costs versus immediate new business were issues for several respondents. Trade missions were seen to be important, but with recognition that to be successful these needed careful planning and appropriate partnering.

2003	1	2	3	4	5	No Res.
Trade Shows	4	2	3		4	5
Trade Missions	2	3	5	2	2	4
Conferences	1	2	5	6	3	1

## Question 5

### What messages, focus, or image should we focus on in building the eLearning BC brand?

Fifteen of 18 respondents answered this question. Answers were grouped into seven major themes. Quality/excellence and one-stop shop/full range offering were the two highest responses: this is consistent with the 2002 survey. Some of the answers did not fit this classification, but indicated a desire for more information (research) on customer perceptions and competitor positioning to help answer the question better.

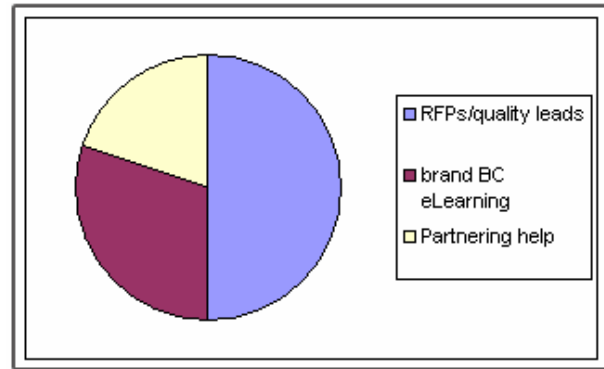


## Question 6

### What could be done to help you become more successful?

*(2002 question was: What are our desired marketing goals?)*

Only ten respondents (of 18) answered this question. The response rate was also low in 2002. Help in generating quality leads and RFPs garnered five responses, building the BC eLearning brand (three), and two respondents would like help to establish partnerships to move forward more effectively to tender on projects.



## Question 7

### Other comments or suggestions ...

Six survey respondents provided qualitative comments; the major theme was:

- The alliance should provide some level of “core services” for members, which could include access to, paid RFP/bid services (such as Onvia), or the central registration of all alliance members with US Federal GSA/state schedules.

This comment is a repeat from the 2002 survey and shows a consistent belief; two different respondents mentioned it.

## Conclusion

Response rates in 2003 were lower than 2002. Given the focus groups and individual interviews conducted as part of the same research program, however, some people may have felt that they had already given their views.

The macro themes and patterns are similar to the findings of the 2002 survey. An increased urgency exists to focus on activities that drive immediate business, but in a broad spread of geographical and sector targets, desired positioning for markets is still unclear.

## eLearning BC - Mission and Goals

The eLBC Marketing Alliance is an independent alliance of BC e-learning companies and organizations working together to promote quality BC e-learning products and services and provide access to quality anytime, anywhere learning. Alliance members share a commitment to promote the benefits of eLearning within BC and abroad.

### Mission

To strengthen the British Columbia eLearning sector through an ever improving deal-flow, shared development of markets, capabilities, and public advocacy.

### Goals

1. Generate qualified opportunities and results for private and public BC eLearning companies and organizations through an Industry driven Marketing Alliance that will:
  - a. Identify provincial, federal and international opportunities
  - b. Filter those opportunities to appropriate BC eLearning companies and organizations
  - c. Leverage the ability of individual companies and organizations to participate in larger market opportunities by working together
  - d. Create a one-stop-shop capability within the BC eLearning community in order to bid competitively on initiatives larger than any one company or organization can handle
  - e. Become the source entity for private and public sector organizations seeking eLearning products, solutions, consulting, services and infrastructure
2. Foster, support and develop a collective representation of e-learning companies in BC to:
  - a. Brand BC eLearning as a source for innovative e-learning
  - b. Serve as a central representation and source of BC e-learning services
  - c. Advocate for BC e-learning sector companies and organizations
  - d. Promote 'Buy BC' to government and industry
  - e. Cooperate to compete through a model of 'co-opetition' for member companies and organizations
3. Promote the development of business relationships between BC e-learning companies by:
  - a. Building a capabilities database of e-learning companies and organizations in
  - b. Establishing and recognizing links between BC e-learning companies
  - c. Supporting joint company applications to projects
  - d. Supporting joint government funding applications
  - e. Promoting public/private partnerships
4. Build the capacity of e-learning companies and organizations in BC by:
  - a. Sharing competencies
  - b. Sharing e-learning talent between companies

- c. Developing and supporting shared marketing strategies under the eLBC umbrella
  - d. Sharing market and government research
- 5. Foster the development of quality e-learning products and services through:
  - a. Creation of a set of BC e-learning technology and content quality standards consistent with industry standards, but unique to the BC eLearning Alliance
  - b. Promotion of e-learning quality standards within the eLearning Alliance

## eLearning BC Member Organizations

3waynet  
7th Floor Media  
ACT 360 Media Ltd.  
Advanced Interactive Canada  
BCIT - British Columbia Institute of Technology  
BearPaw Productions Ltd.  
BridgeLTi  
Capilano College Continuing Education  
CEDAR Learning  
C2T2 (Centre for Curriculum, Transfer and Technology)  
CEISS (Centre for Education Information)  
CDI Education  
Chalk Media  
COOL School Consortium  
Corporate Mentoring Solutions  
David Porter & Associates  
Donat Group  
Epsilon Learning Systems  
Fluid Perception Media  
FuturEd QualitE-Learning Assurance Inc.  
GeoMetrix Data Systems Inc.  
GL Preston Enterprises  
Globalinc (The)  
Ingenia Training  
Ingenuity Works  
Innovative Training Solutions Inc.  
Interactive Health Education Systems  
InternetESL  
J. LeCavalier & Associates  
Justice Institute of BC  
Knowplace.ca  
Lambda Solutions  
Learningwise.com  
Merit Learning Corporation  
NETg  
Nortia Technologies  
Now International Inc.  
Odyssey Learning Systems  
Open School  
Pacific Community Networks Association  
Polar Bear Corporate Education Solutions  
Pro Magik Consulting Services  
Recombo  
Serebra Learning Corporation  
SFU eLearning Innovation Centre (eLINC)  
SmartPixels Learning  
Stewart Group (The)  
TAP Ventures  
TELEStraining Inc.  
TM New Media (division of TM Communications Inc.)

Training Innovations Inc.  
Triad Communications Ltd.  
Trimeritus eLearning Solutions  
Tritone Corporation  
Webbed Feat  
YouAchieve Inc.

## **Allies - Affiliate members**

Government of British Columbia - B.C. Trade and Investment Office (BCTIO)  
Government of Canada - Industry Canada  
Western Economic Diversification  
Industry Associations - New Media BC  
New Media Innovation Centre  
VIATeC

## Participants and Thanks

### eLearning BC Would Like to Thank the Following for Their Help:

First and foremost, Ingenia Training, who prepared this report for eLearning BC. Ramona Materi and her crew have done a superlative job. In their consulting and research, they went well beyond the eLBC community, as was their mandate, and reached out to the broader BC e-learning community and well beyond – across Canada, and internationally.

### For their time and knowledge:

Reg Bird, Premier's Technology Advisory Council  
Justine Bizzocchi, Simon Fraser University, University Industry Liaison Office  
Chris Bywater, Industry Canada  
Scott Carroll, Bluestream Database Software Corp.  
Dr. Kathryn Chang Barker, FuturEd Consulting Education  
Blake Cowan, Ingenuity Works  
Carol Cram, Capilano College  
Joanne Curry, Simon Fraser University  
Bette Daoust, Vervial Group  
Victoria Darnbrough, Bridge LTI  
Irwin DeVries, Justice Institute  
Don Durand, nGrain  
Peter Fenrich, GAIT Lab, BCIT  
Steven Forth, Recombo Inc.  
Frank Fucile  
Alex Gault, Networkedge  
Jane Green, New Media BC  
Chris Golding, BCIT, Learning Resources Unit  
Michael Hinze, SmartPixels Learning Inc.  
George Hunter, BC TIA  
Shahid Hussain  
Daniela Ivascanu, Industry Canada  
Steve Kelly, Government of New Brunswick  
Morris Krymalowski, Industry Canada  
Randy Labonte, Odyssey Learning Systems  
Victor Landry, Industry Canada  
Judith Law  
Jacques LeCavalier, J. LeCavalier & Associates, Inc.  
Victor Leginsky, QualitE-Learning Assurance Inc.  
Sam Lim, Merit Learning  
Mary-Jo Lynch, Industry Canada  
Bob Macdonald, Bridge Learning Technologies Inc.  
Don McIntosh, Trimeritus eLearning Solutions Inc.  
Lisa McPhail, Industry Canada  
Oded Malky, NOW International  
Marilynne Miles Gray, CMSI Mentoring Solutions  
Hashim Mitha, Kieradan Investments Inc.  
Roger Mundell, Cedar Learning, Royal Roads University  
Jim Mutter, Premier's Technology Advisory Council  
Tanya Northcott, Odyssey Learning Systems  
Patrick O'Brien, CU Training Inc.

Lawrence Parisotto, BCIT, Learning Resources Unit  
Robin Poncia, E-Traffic Solutions  
David Porter, BC Campus  
Caroline Rechia, Chalk Media  
Lee Rogers, LeadOn Training Solutions Inc.  
Jamie Rossiter, CANARIE  
Rod Savoie, National Research Council  
Glen Scobie, Government of BC  
Paul Stacey, BC Campus  
Bruce Stewart, The Stewart Strategy Group  
Sharka Stuyt, Executive Coaching Group  
David Vogt  
Linda Waddell, TecKnowledg-E Learning, Inc.  
Daniel Wang, Chalk Media  
Len Weeks, Government of New Brunswick  
Roberta Westwood, Westwood Dynamics Learning & Development  
Simon Williams, Department of Foreign Affairs and International Trade  
Tim Winklemans, Open School BC  
Julie Zilber, 7<sup>th</sup> Floor Media

We would like to especially thank Oded Malky of NOW International and Jane Green of New Media BC for arranging rooms for focus group sessions. As well, thanks to David Vogt and Shahid Hussain, formerly of the New Media Innovation Centre, for their hosting of a special industry analysis session.

Finally, our special thanks to Don McIntosh, of Trimeritus, for his keen editing eye and to Shawn Mabey, of Fluid Perception, for creating the “look and feel” of this report.