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OMDE 622
Assignment 1

Overview of the E-learning Market

E-learning is big business and it is getting larger every day. According to the publication "Helping Investors Climb the e-Learning Curve, the e-learning market will be worth \$46 billion by 2005, not including variations of e-learning such as wireless e-learning systems, personal digital assistants, training delivered through cellular phones, and true knowledge management systems. Gross profit markets are running from 50 % to 85 %, and profit potential is high (Hartley, 2001, p. 15).

According to the publication "Corporate E-learning: Exploring a New Frontier," there are several business trends in e-learning:

1. Many companies are attempting to establish brand excellence
2. Traditional training companies are expanding to e-learning formats
3. Companies are responding to the desire for one-stop shopping.
4. E-learning partnerships are becoming common
5. Development timeframes are shrinking (4-6 month development vs. 2 hour)
6. The pace of technology advances is increasing while e-learning standards are emerging. (Bachman, 2000).

Consolidation in the E-learning Industry

The e-learning industry is constantly changing as companies emerge to become part of this highly competitive and crowded market; however the number of e-learning providers will decrease because of mergers, partnerships, or consolidations. For example, in 1999 Click2learn, an open e-learning in network, acquired 3 Dog Multimedia, Inc, a developer of custom e-learning content, to expand customized development operations. From the start of this quarter stock review, Click2Learn and Docent Inc, two pioneers in the business performance and learning technology industry, completed their merger to launch SumTotal Systems, Inc, the industry's single largest provider of learning and business performance technology and services (Press Release, 2004).

E-learning and the Stock Market

There are many publicly held e-learning companies, including the ones listed in this portfolio that have caught the attention of investment firms and analysts. According to WR Hambrecht & Co. the stock market will see "dozens of e-learning companies popping on the scene, giving investors a much broader choice of pure-play e-learning opportunities. Investors who do not pay attention

to this market will miss significant investment opportunities" (Bachman, 2000, p. 31).

Who Will Be The Winners?

- *First Movers that manage to build a brand name quickly will likely be among the market leader.* "To succeed, it will be key to combine a quality product with value-added services and national/international presence" (Bachman, 2000, p. 1). [i.e. [SkillSoft Inc.](#)]
- *To secure sizeable market share, competitors need to play on three fronts- Content, Technology, and Service-* "and to deliver an integrated, complete e-learning solution which implied entering strong partnerships or acquiring complementary content, technology, and know-how" (Bachman, 2000, p. 1). [i.e.- [merge of Docent and Click2learn](#)]
- *Bigger names in the software industry will swallow up smaller companies.* "The advance of larger companies deeper into the e-learning business will shake up the landscape of start up e-learning companies and buy out vendors" (Raths, 2994, para 31). [i.e. [Macromedia](#)]