

E-Learning Industry

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INTRODUCTION

E-learning is the process of teaching and learning using electronic media, generally distributed over a network. For a thorough coverage of e-learning, see Anderson and Elloumi (2004). The market for e-learning is the market for the provision, delivery and administration of learning services through the use of new media and network technologies.

Following the success of e-commerce, e-learning provides an effective pathway to bring education and training beyond national borders. With the deployment of technology, e-learning can make education and training accessible to even more people and more places around the world. E-learning also is a large information industry that has shown continuous growth over the past few years and is now a key e-commerce-based market.

The e-learning industry has gone through many of the development cycles as other high-tech industries, and suffered from the dot-com boom and bust of 2000. It has now entered a period of steady

growth, and the future bodes well for its development as a key element in the support and delivery of education and training.

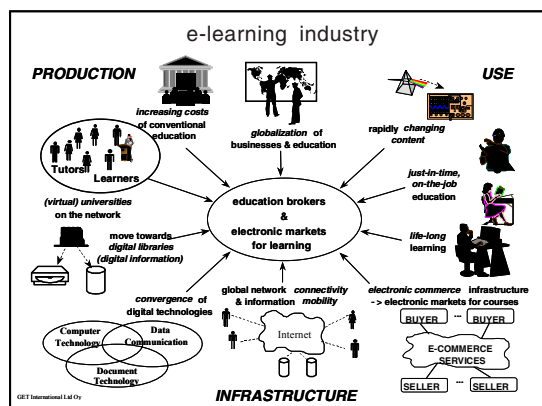
MARKET OVERVIEW

Learning normally takes place in a stakeholder-rich environment, with the learner interacting with the organization, the training/education provider, the payment agent, fellow learners and any awarding body. The end goal of a learner is acquisition and/or certification of a competence or knowledge and understanding of a subject. In order to achieve this goal, the learner engages in the consumption of services and educational content via infrastructural tools. These relationships are shown in Figure 1 (Hämäläinen, Whinston, & Vishik, 1996).

E-learning is one of the fastest-growing, knowledge-based industries on both sides of the Atlantic and is the single most important transforming influence on education and corporate training and development across the globe (Sloman, 2001). However, it has not grown as expected. In the United States (U.S.), for example, the market for e-learning content and services was expected to double in size every year, reaching approximately \$11.5 billion by 2003. The actual figure for 2003, according to Clark (2003), was only \$5.2 billion.

Some of the reasons for this lack of growth are the general downturn in the high-tech markets as well as a slow uptake of e-learning, and resistance to e-learning from end users (Sloman, 2002). Even industry experts have recognized that the expectations of e-learning have been “unrealistic” and “overhyped” (Straub, 2002). Today, however, the e-learning industry is consolidating and growing in a more coherent manner.

Figure 1. Attributes of the learning industry



SEGMENTATION OF THE E-LEARNING MARKET

The e-learning market can be segmented as follows:

Corporate

The corporate e-learning market is concerned with major corporations and other private sector companies. By year-end 2005, according to Gartner Research (Lundy, Arevalo, & El-Gabri, 2003), e-learning will be the fourth most-used Internet application behind Web infrastructure, e-mail and search (with 0.7 probability).

International Data Corporation (IDC) admits that the worldwide corporate e-learning market is not growing at the rate once predicted (IDC 2003). However, the group still is confident that it is growing. IDC now predicts that market growth will be affected by the global economic slowdown, but that "normal market growth" (IDC 2003) will resume in the near future.

IDC predicts that the worldwide IT education and training market will reach \$23.7 billion by 2006, and that worldwide corporate e-learning market to be \$6.6 billion for 2002. IDC predict a Compound Annual Growth Rate (CAGR) of 35% for e-learning through 2006 (IDC 2003).

Formal Education

The costs of formal education continue to rise. In the U.S., there has been a 50% increase in real terms in the cost of sending a teenager to college compared with 15 years ago, while new media universities have a much lower student cost base (for example, the annual cost of attendance at the United Kingdom's (U.K.) Open University is on the order of \$500-600, compared with \$10,000 at a traditional university (Clark, 2003)). There is less dependence on the campus and more learning at a distance and e-learning. This allows for the development of a new private sector provision. For example, Sylvan Learning Systems has purchased six schools with a total of 60,000 students in Latin America and Western Europe since 1999. Apollo International aims to have a 100,000-enrolment range in 10 years (Kuchment, 2003).

Traditional universities have responded by creating their own international, for-profit online learning ventures aimed mostly at adults. A good example of this is Interactive University (www.interactiveuniversity.net). There is a growing recognition that e-learning must play a central role in any future development of the offshore market. However, the failure of the UK eVersity (www.ukcu.ac.uk), a government financed e-learning project, amongst others, points to pitfalls in the rollout of formal e-education.

Nevertheless, traditional universities have been deploying e-learning technologies to support their own content and service provision. It is now accepted that one area of major growth of e-learning in university education is in the support of traditional delivery, not in solely delivery at a distance. Indeed, it is increasingly expected by both students and faculty that e-learning supports classroom delivery.

According to Gartner Research (Harris, Yanosky, & Zastrocky, 2003), "Supplemental use of e-learning for traditional instruction outpaces its use in purely remote instruction for faculty and students alike. E-learning will grow as a primary instructional resource in higher education through 2007, when more than 70% of students will use e-learning as a supplement to traditional instruction. Institutions must plan for geometric, rather than arithmetic, growth in e-learning system capacity."

Formal education is also driving the development of standards for e-learning, though participation in various organizations such as IMS (www.ims.org) or the IEEE Learning Technology Standards Committee (IEEE-LTSC, <http://ltsc.ieee.org/>). All major vendors in the e-learning market have representation in these e-learning-related organizations. Involvement can be seen as an attempt to ensure that they are not left behind in the development of new standards. Such strong industry backing is a measure of the strategic importance attached to e-learning standards.

The development of the use of e-learning can be exemplified by the success of traditional universities rolling out e-learning through traditional channels and even into the provision of high school credits. For example, Brigham Young University (www.byu.edu) has many thousands of enrollments and appears to be profitable. Similarly, the development of Interactive University was based on the

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