

Ideas & Insights from

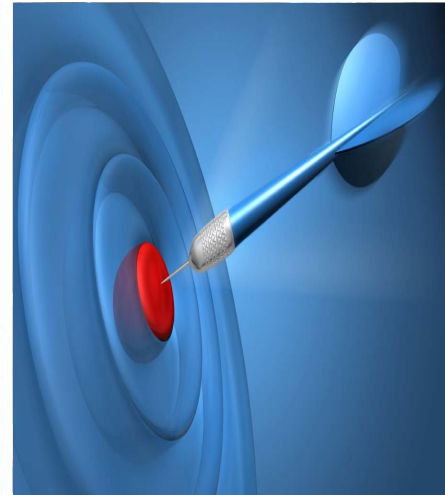
expertus[®]

TrainingIndustry, Inc.

2008 Training Efficiency Masters Series

Survey Results

Optimizing Customer Training: Growth, Impact & Tools



trainingefficiency.com

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SURVEY OVERVIEW

In July and August 2008, Expertus partnered with Training Industry, Inc. to conduct the third of four thought leadership studies for the 2008 Training Efficiency Master Series. We asked corporate training professionals who lead or are involved in customer training to let us know where they think customer training is headed in 2009. We also asked about the benefits they realize from customer training and how they market and deliver it. The results of this survey can be used by readers to compare their own customer training programs to that of the respondents.

The survey was completed by 34 respondents from companies in industries as diverse as technology, finance/banking, business services/consulting, telecommunications, and utilities. Company sizes were broadly distributed from under 100 to over 5,000 employees. Most of the respondents were in leadership roles in customer and/or employee training.

KEY FINDINGS

Finding #1: Growth Expectations

Despite the vast majority believing that customer training budgets would go down in a difficult economy, 48% of survey respondents believed their own customer training budgets would go up in 2009. Only 32% believed their employee training budgets would go up in 2009. 19% believed customer training budgets would go up by more than 20%, compared to only 8% who believed that employee training budgets would increase by over 20%.

Finding #2: Main Benefits

Customer satisfaction was the most strongly expected and realized benefit from customer training. Reducing support calls and increasing training revenue – particularly for those operating

as profit centers – were also highly expected and realized benefits.

Finding #3: Payment Structure

About half of the companies charged separate fees for their customer training, while less than one-third offered customer training at no cost.

Finding #4: Marketing

The vast majority of companies used website and email marketing to market their customer training, which many also considered to be the most effective way to market customer training.

Finding #5: Web Registration

Respondents were evenly distributed among those who gave their customers access to their LMS through the web real-time, gave them access to a manually-updated website, or provided no web access.

Finding #6: Delivery & Support Technologies

By far, webinar technology is used most frequently to deliver customer training.

Finding #7: Most Significant Challenges

The two top challenges both had to do with a lack of resources – in staffing and in marketing expertise or budget.

“The vast majority of companies used website and email marketing to market their customer training.”

SURVEY ANALYSIS

“89% believed that being in a difficult economy would negatively affect their company’s level of investment in customer training.”

1. Is Customer Training Growing?

To understand how customer training will grow in relation to employee training from 2008 to 2009, respondents were asked two questions:

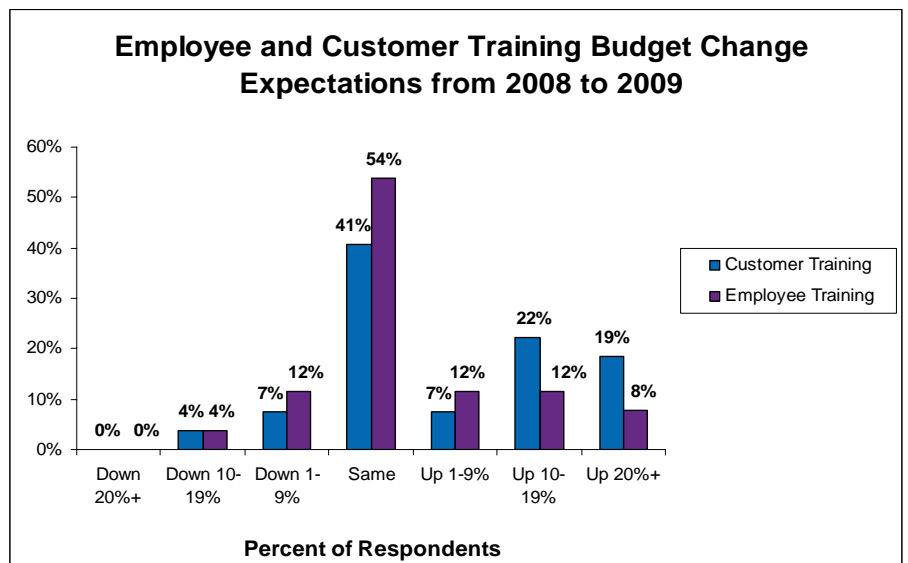
- In general, how do you think being in a difficult economy affects your company’s level of investment (e.g., budget) in customer training?
- By what percentage increase or decrease do you expect your company’s level of investment (e.g., budget) for customer training and employee training to change from 2008 to 2009?

Among the respondents who were not “unsure,” 89% believed that being in a difficult economy would negatively affect their company’s level of investment in customer training, for three reasons:

- There's a general need to be budget-conscious and limit spending
- Non-core activities such as training are vulnerable during difficult economic times
- Customer training has not clearly proven its business value

A minority (11%) of respondents believed customer training budgets would go up in a difficult economy. One explanation was that customers are less willing to travel due to cost, which requires companies to invest in more web-delivered training.

Despite respondents' beliefs that a difficult economy would decrease customer training budgets, the vast majority predicted that their budget would stay the same or go up in 2009. 48% believe that customer training budgets will increase in 2009, compared to 32% who believe employee training budgets will go up. A higher percentage of respondents believed employee budgets would stay the same (54%) compared with customer training budgets staying the same (32%). Less than one in five respondents thought customer or employee training budgets would decrease.



Why did respondents believe their customer training budgets would go up? They provided the following insights:

Customer Training Budget Up

- Importance of customer training in achieving company financial goals
- Need to extend the product-reach to more customers
- Introduction of new products

About half of the respondents had the same predictions for budget changes in both customer and employee training. Of

those who differed in their predictions, the vast majority believed that customer training budgets would go up more or down less than employee training budgets.

Respondents provided these explanations for why both their training budgets would both go up or down:

Both Budgets Up

- Overall company growth in the number of employees and customers
- Need to outsource to meet aggressive training development goals

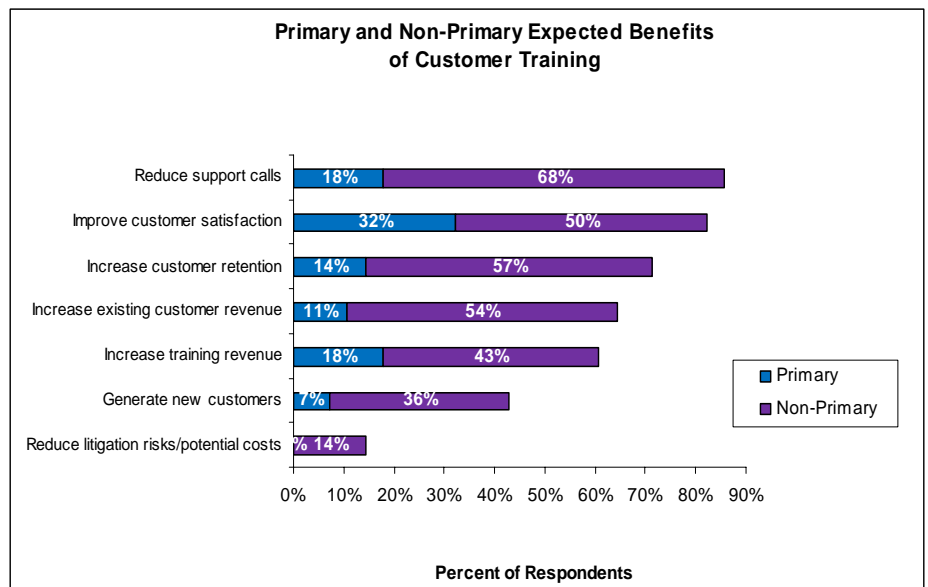
Both Budgets Down

- Cost containment and company budget cut backs
- Economic pressures

2. What are the Benefits of Customer Training?

Survey respondents were asked two questions related to both the expected and realized benefits from customer training:

- Which of the following benefits did your company expect to realize from customer training? (And which was the one primary expected benefit?)
- What level of benefit has your company actually realized from its customer training programs? (And which was the greatest actual benefit?)



The two most commonly-expected benefits (combined percentage of primary and non-primary benefits) were reducing

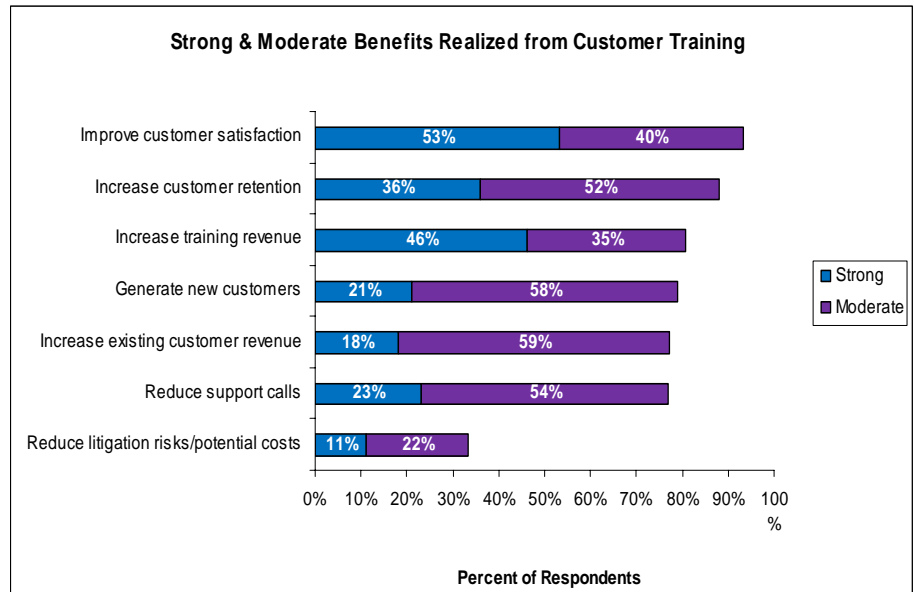
support calls (86%) and improving customer satisfaction (82%), followed closely by increasing customer retention (71%).

Note that a much higher percentage of respondents expected that improving customer satisfaction would be the primary benefit (32%), compared with reducing support calls (18%) – making it the top goal for customer training.

Note also that increasing training revenue tied for second in the highest primary benefits (also at 18%), although it was fifth in the overall expectations of customer training benefits.

Only a very small percentage of respondents reported the benefit of generating new customers and reducing litigation risks/potential costs.

Customer satisfaction was the strongest benefit realized from customer training. This is not surprising since it was also by far the primary expected benefit or goal of customer training.



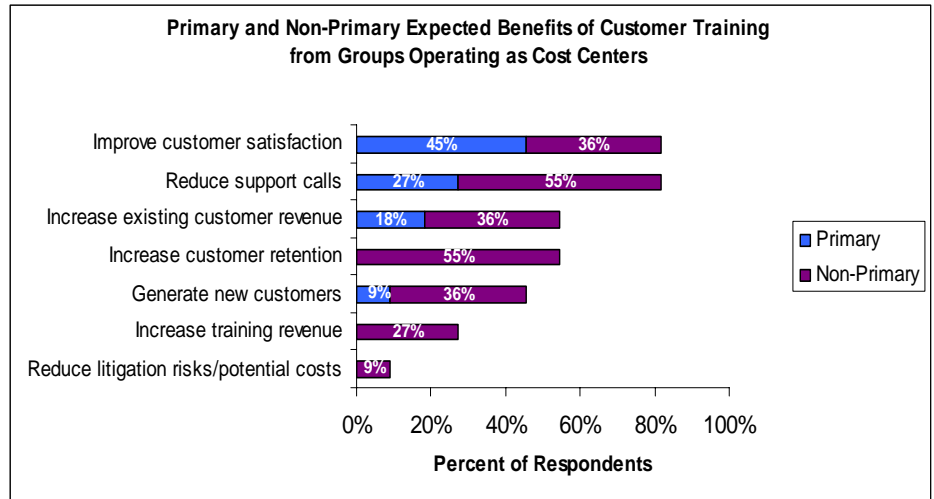
There is general alignment between the top four primary benefits and the top four strongest realized benefits. The biggest difference between expected and realized benefits is in the area of reducing support calls.

Differences in Benefits by Profit or Cost Center Models

Customer training groups that are run as cost centers have different benefits from those that are managed as profit centers. Among survey respondents, 42% operated their customer training as a cost center, and 58% ran their customer training as a profit center, including those that managed to a profit of zero (break-even model).

Cost Center Model Benefits

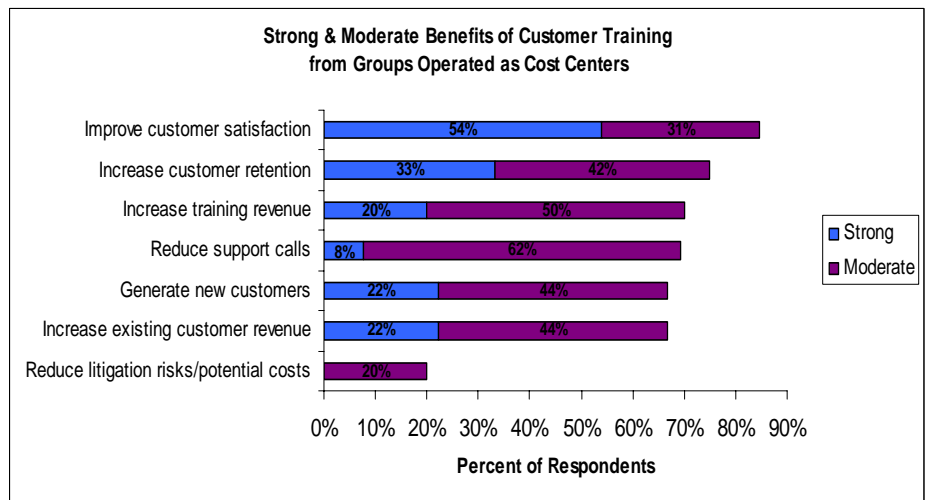
By far, the top goal of customer training units that are managed as cost centers is customer satisfaction, followed by reducing support calls.



N=11

Note that increasing training revenue is not a primary goal of any of the cost center respondents.

As expected, the strongest benefit realized by customer training units run as cost centers is customer satisfaction.

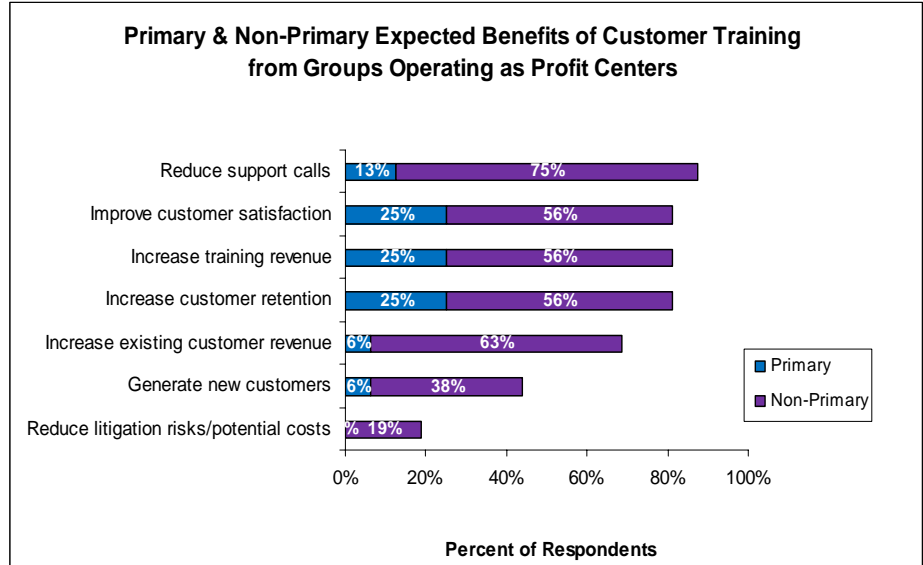


N=13

Although no one reported customer retention as a primary expected benefit from customer training, it was nevertheless a significant benefit that customer training groups run as cost centers realized. By contrast, reducing support calls – one of the top primary benefits -- was reported as a moderate benefit much more often than it was reported as a strong benefit.

Profit Center Benefits

For those in profit centers, the goal of customer satisfaction was on par with increasing training revenue and increasing customer retention.

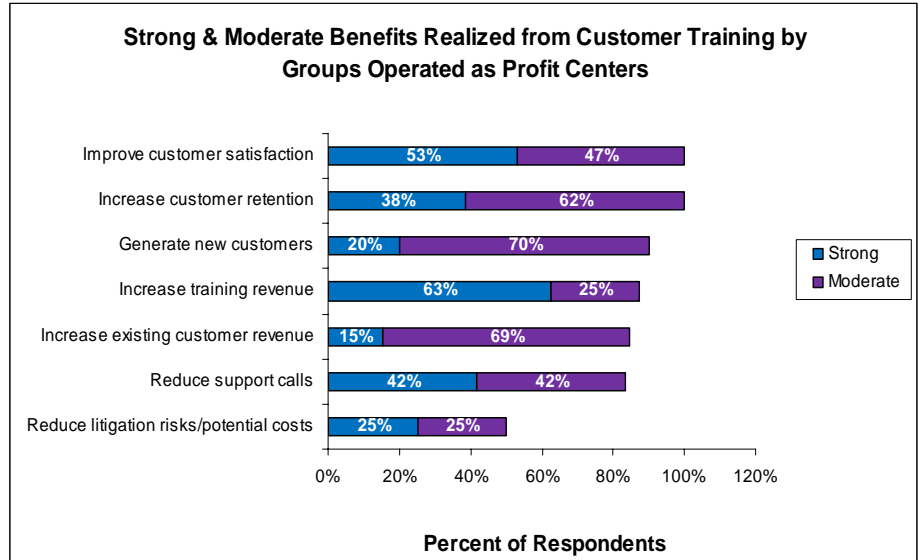


N=16

The relative importance of increasing training revenue was much higher for those who operate under a profit center model than for those managed as a cost center.

Among those operating as profit centers, 88% charged customers either in credits or dollars for their training. By contrast, only 42% of those managed as cost centers required customers to expend credits or dollars for customer training. This difference in priorities and charging methods undoubtedly impacts outcomes realized from customer training, particularly increasing training revenue.

As expected, the benefit of increasing training revenue was one of the strongest benefits realized by those using a profit center model. In fact, more respondents said they had a strong impact on increasing training revenue than on increasing customer satisfaction or from any other benefit. Note that the percentages reporting strong benefits in improving customer satisfaction were virtually the same for respondents from both groups.

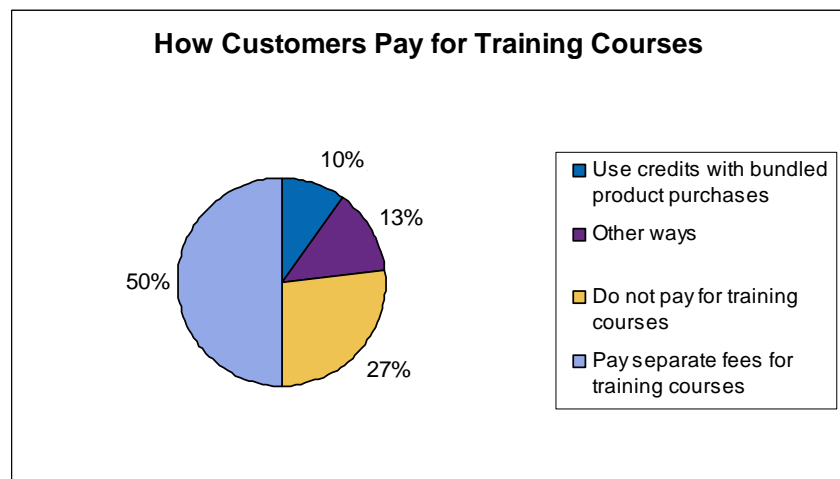


N=17

42% of the respondents who operated their customer training as profit centers reported strong benefits in reducing supports calls - compared with only 8% who were managed as cost centers.

3. How is Customer Training Offered?

About half of the respondents required their customers to pay separate fees for training courses, while less than one-third did not require payment.



Among the other ways that respondents took payment were using a combination of methods – requiring customers to pay separately for some courses and not requiring payment for other courses, or a combination of purchased subscription and stand-alone fees. Those that did not require payment for training said that training was part of a contract, statement of work, company settlement account, or was part of the price of the product itself.

Regardless of payment structure, customer training was predominantly marketed by website and email marketing. Webinars and brochures were also used by the majority of respondents.



N=29

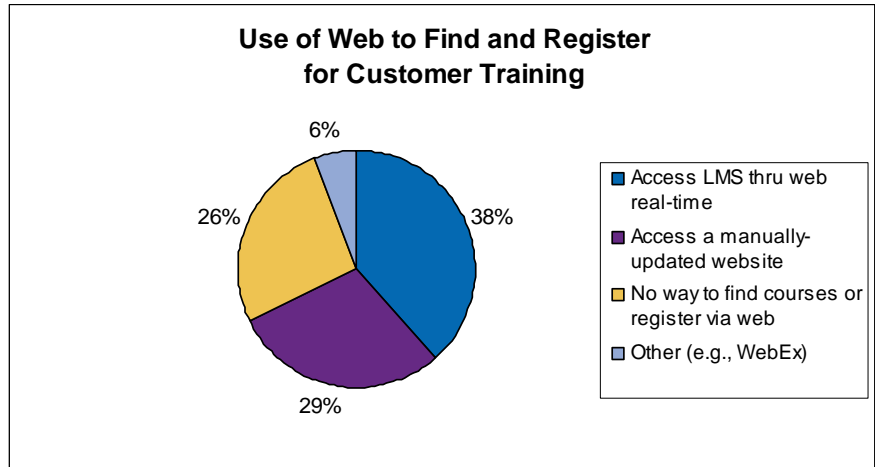
Participants also stated that website and email marketing were the two most effective types of marketing.

“Profit centers had about 20% more use of the web for finding and registering for courses when compared with those who operate in a cost center environment.”

Use of the Web for Finding and Registering for Courses

Respondents were evenly-distributed among those who:

- Gave their customers access to their LMS real-time through the web or a portal
- Gave them access to a manually updated website
- Offered no way to find or register for courses on the web at all.

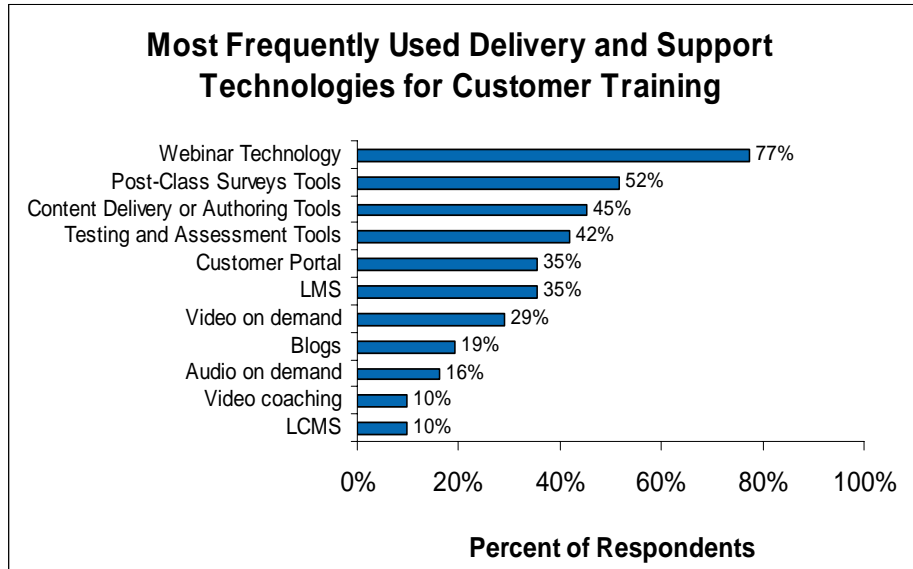


N=34

Those respondents who managed learning as profit centers had about 20% more use of the web for finding and registering for courses, when compared with those who operated in a cost center environment.

Use of Support and Delivery Technologies

By far, webinar technology was used most frequently to deliver customer training. Survey tools were used about half of the time.



N=31

A higher percentage of profit centers used these technologies than cost centers.

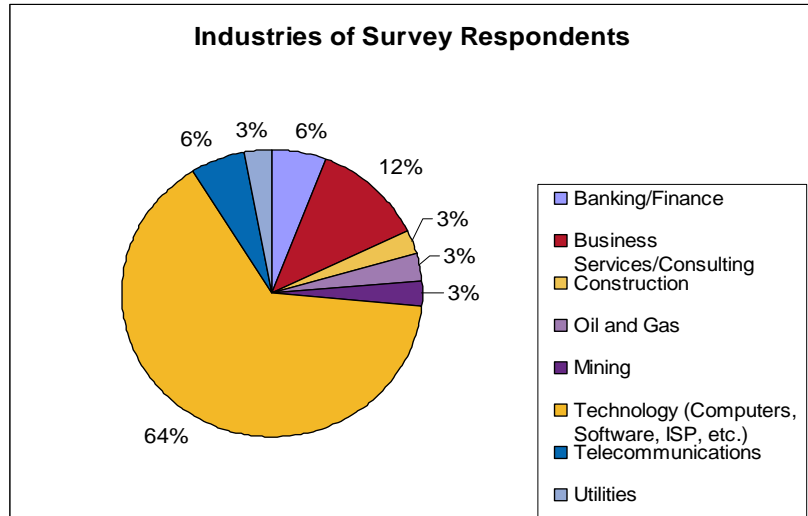
Respondents were asked what their one biggest challenge was among a list of about 16 challenges. The two top challenges both had to do with a lack of resources – in staffing (24%) and in marketing expertise or budget (12%).

ABOUT THE SURVEY RESPONDENTS

The following charts describe several characteristics of the survey respondents.

A. Industries of Respondents

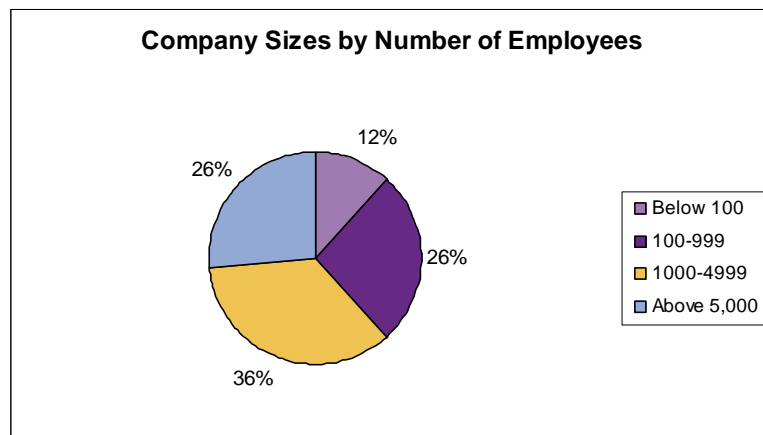
About two-thirds of the respondents were in the Technology industry, followed by business service and consulting. The remainder were scattered in several other industries.



N=34

B. Company Sizes of Respondents

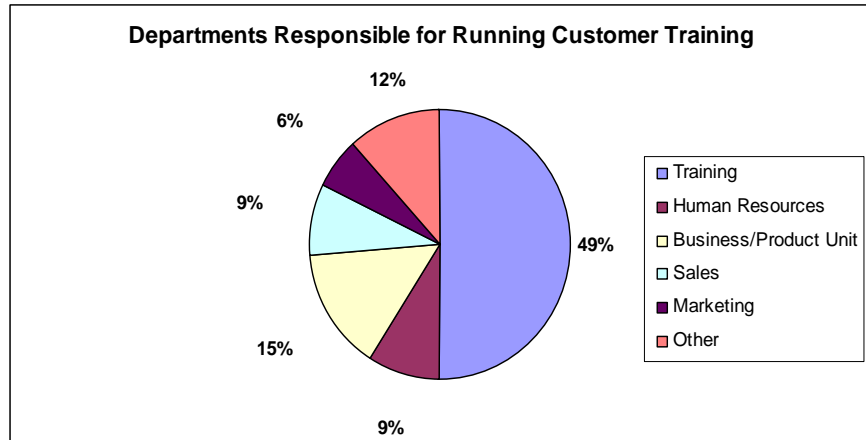
Respondents were widely distributed across companies of different sizes.



N=34

C. Departments Doing Customer Training

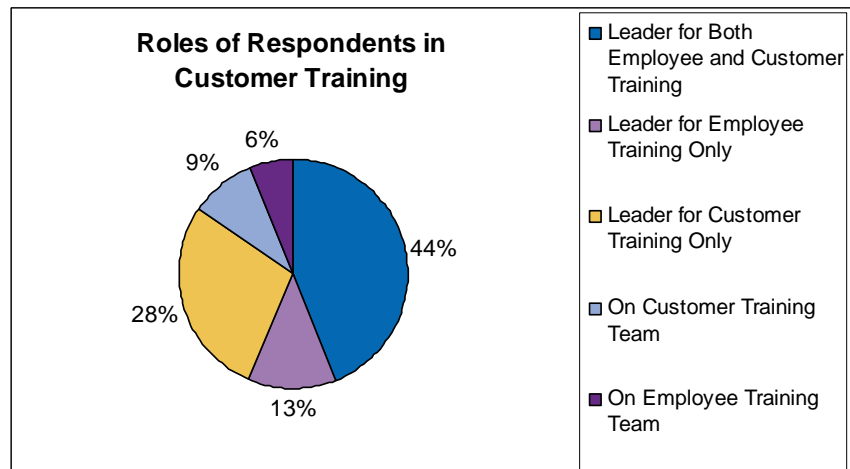
Customer training is conducted by different departments in different companies. About half of the survey respondents indicated that it was run by the training department, while the remainder were in other groups, including human resources, the business/product group, sales, and marketing groups.



N=34

Respondents' Roles in Customer Training

Nearly half of all respondents were in leadership roles for both employee and customer training. Most of the other respondents were leaders of either customer training or employee training.



N=32

ABOUT EXPERTUS

Expertus provides a variety of training outsourcing services for technology, administration, program management, and strategic initiatives. From implementing and managing LMS and learning-related technologies, to supporting major customer training initiatives, to seamlessly handling all aspects of training administration, Expertus has helped major companies such as NetApp, Cisco, ADP, EMC, Schlumberger, and Hyperion achieve efficiencies in corporate learning and development.

Expertus is headquartered in Mountain View, California and has offices in London, Newark, and Chennai, India. Its staff of highly trained business and technical consultants, content developers, and process specialists delivers to clients the experience, skills, and knowledge that have an immediate impact on learning initiatives.

For more information, go to www.expertus.com or contact **Mike Murrell** at 803-802-9971 or michaelm@expertus.com

ABOUT TRAINING INDUSTRY, INC.

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