

## LearnShare Helps Companies Save On Training; 32 Firms, 2.5 Million Employees And Growing

**EXCLUSIVE:** LearnShare (Toledo, Ohio), a consortium of corporate training organizations created in 1996, is projecting it will add eight firms this year to a membership list that already includes 32 Fortune 1000 companies representing over 2.5 million employees.

Through the buying power represented by its sheer bulk, LearnShare is able to ask for and offer its members discounts of between 5% and 50% off the standard list price for online and classroom training products. Also, LearnShare asks vendors to offer content on a pay-per-use basis, a model that is anathema to most e-learning providers as is less profitable than bulk licensing.

Member companies buy training products from the consortium, not from individual vendors. A total of 39 providers are listed on the LearnShare site, including founding member Motorola. There are also 80 courses available from consortium members.

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## Four Months After Severing Franklin Covey Ties, Phillips Sees Growth In ROI Consulting Business

**EXCLUSIVE:** Jack Phillips, known worldwide for his methodology and processes for gauging the return on training investments, is seeing demand grow for his consulting services, four months after an early termination of his relationship with time management and productivity trainer Franklin Covey (Salt Lake City).

A primary driver of this ramped-up demand, Phillips said, was the fact that training departments are having to justify increasing budget lines to senior management, as they strive to run mandatory programs like new hire instruction, regulatory compliance courses and technology training as efficiently as possible.

"If you look at the growth in training budgets vs. growth in Gross

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### *The Pulse*

According to a survey of top executives by training and selection/retention firm **Development Dimensions International** (Bridgeville, Pa.), 39% said they didn't have a succession management plan in place for senior leadership positions. A disconnect: 73% said defining skills needed for future leaders is important, but only 22% said their company's system for doing so was highly effective.

Source: DDI

his intellectual property and methodology. In fact, he said, Covey may still refer business his way; the company also retained the right to the name.

“Strategically, we were going in different directions,” said Val Christiansen, vice president and general counsel of Franklin Covey, of his firm and Phillips. “When he joined, it made sense, but when we made changes, Jack and I sat down and talked about how he could continue his business outside of Franklin Covey. But we’ll still be connected if we need to provide his services on certain jobs.”

Phillips said the ROI Institute has 1,500 clients, 200 of which are government agencies or divisions. It holds 25 to 30 five-day workshops a year for training clients to become certified in its methodologies, with 2,000 having achieved this status.

In June, Phillips brought back Ron Stone, who had been director of the Jack Phillips Center at Franklin Covey and was with his organization before the acquisition, as senior vice president of the ROI Institute.

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ROI Institute: (205) 678-8101

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### *“LearnShare,” from pg. 1*

LearnShare offers its own proprietary learning management system, off-the-shelf courses from member firms, benchmarking services, best practices, peer-to-peer collaboration and consulting. The annual membership fee is \$60,000 per company, plus another \$21,000 if they choose LMS hosting for up to 50,000 users. If consulting work goes beyond the scope of what was originally agreed to, there are additional charges.

Thirteen companies have an ownership stake in LearnShare, including 3M, Motorola, General

Motors and Owens Corning. Another 19 are members, among them Cigna, Marathon Oil, Comcast and United Postal Service.

Participating vendors include NETg (Naperville, Ill.), Ninth House Network (San Francisco), AchieveGlobal (Tampa, Fla.), Development Dimensions International (Bridgeville, Pa.) and Novations (Boston). Some vendors are in the process of negotiating new agreements, while others are testing the waters to see if the business warrants continuing involvement.

Randy Consolo, vice president of business development for LearnShare, said it provides members with industry expertise, including vendor selection and aligning training purchases with competency plans; technology, including LMS installation and integration; collaboration, benchmarking and best practices; and purchasing power.

“We’re finding there is resistance from vendors [to pay-per-use], but folks are coming on board with us, and after a couple of years they’re happy because usage is being driven up,” Consolo said. “As a company starts to use PPU, we’ll monitor their usage, and if we find it’s up to a point where it makes more sense to do a licensing arrangement, we’ll bring in the vendor.”

Lina Hardenburg, a learning and development manager for UPS, said she found it valuable to use LearnShare as a low-risk vehicle for testing the viability of particular e-learning products on specific training initiatives, as opposed to signing six-figure contracts that have no guarantee of success. UPS has been a member since early 2001.

“When you’re in an environment where the majority of employees prefer to learn in class and have doubts about the effectiveness of e-learning, it’s a very risky

proposition to spend \$500,000 hoping they'll learn," Hardenburg said.

Hardenburg said the benchmarking and best practice sharing was also a big plus. "It's given us the ability to tap into a critical mass of people who have used e-learning in a particular situation and found it valuable," she said. "It gives us a feel for how many people we could expect to use e-learning and what kind of courses they're willing to attempt in that media."

Pete Visser, manager of performance support for Spartan Stores (Grand Rapids, Mich.), which operates 82 supermarkets in Michigan and Ohio, said it was cost-prohibitive for a mid-sized company like his to source its own content and purchase a major-label LMS.

"With the emphasis today on individual development plans, instead of putting 300 people [in an employee category] through a class, maybe only 50 need it," Visser said. "That's why PPU is so relevant. We're a very small department, only three people, so there's no way I have time to go out and find these resources, negotiate with this provider and sign this contract. It doesn't make sense for a company this size."

Joseph Dougherty, president of NETg, said revenue from its LearnShare partnership is small but growing. He said NETg was grandfathered in when one of its clients became a consortium member.

Dougherty made a distinction between what he called "pure pay-per-use" – where there is no investment and thus no incentive to drive e-learning adoption – and LearnShare's model, where members have a financial stake and work with the consortium to increase usage.

"We've had a couple companies convert to a library contract because it was more cost effective for them," Dougherty said. "It takes time and effort to drive usage. We don't want to do pure PPU where it's just 'give us your courses.' There's no commitment involved."

Nancy Friend, a senior learning specialist with Ninth House, said her firm is testing the compatibility of new courseware with LearnShare's LMS as it renegotiates its agreement. She also said the relationship hasn't been a bonanza, but the consortium was too big to ignore. Ninth House doesn't have standard pricing for LearnShare members, but works on a referral basis and negotiates each deal.

"The members are large and certainly respected companies, and that's why Ninth House originally worked with them," Friend said. "But we're evaluating it in terms of the energy it takes vs. what it brings in."

AchieveGlobal: (800) 456-9390; [www.achievetglobal.com](http://www.achievetglobal.com)

DDI: (800) 933-4463; [www.ddiworld.com](http://www.ddiworld.com)

LearnShare: (419) 327-4165; [www.learnshare.com](http://www.learnshare.com)

NETg: (630) 369-3000; [www.netg.com](http://www.netg.com)

Ninth House Network: (800) 824-1767; [www.ninthhouse.com](http://www.ninthhouse.com)

Novations: (888) 652-9975; [www.novations.com](http://www.novations.com)

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## Sim Firm RealVue Targets Growth, Client Penetration With New Funds

RealVue Simulation Technologies (Austin, Texas), creator of a simulation platform for technology training, plans to use \$7.5 million raised in a second funding round in June to generate new business while increasing its penetration into marquee accounts like Motorola, Apple, Dell and EDS.

The funding round, led by Austin Ventures (Austin, Texas), also included contributions from original investors Walden VC (San Francisco) and SI Ventures (Fort Myers, Fla.), the venture wing of research firm Gartner

Group (Stamford, Conn.). This brings RealVue's investment total to \$12.5 million.

Board members include Steve Ezkenazi, managing partner of Walden VC – which sold its stake in custom e-learning firm DigitalThink (San Francisco) when it was acquired by HR outsourcing provider Convergys (Cincinnati) in March – and Manny Fernandez, founder of SI Ventures and former chairman, president and CEO of Gartner.

RealVue, a two-year-old firm which employs 40, plans to ramp up its marketing, including Webcasts run by Gartner and participation in expert roundtables on simulation technology.

Phil Ellett, president and CEO of RealVue, said the company targets the high technology, computer, medical equipment, diversified manufacturing and energy services industries. The three primary applications of its SimKernal development platform are training, product presentation and certification. Originally, RealVue licensed sim technology from Lockheed Martin (Bethesda, Md.), which spent \$16 million over seven years developing it for military clients; the defense contractor is still a partner. It developed its own platform in late 2003, which refined and enhanced elements of the Lockheed software.

"Our simulations focus on complex equipment, displacing the need for actual equipment or software," Ellett said. "We can produce totally immersive scenarios, allowing users to do things they would do in real life."

The value of SimKernal, Ellett said, is that companies can use it in place of training and testing equipment that can cost tens of millions of dollars to maintain and upgrade, producing a simulated environment that replicates complex equipment in 60 to 90 days. Also, he said, the simulations it builds are reusable. He added all

16 clients are now using SimKernal for multiple training projects.

"Customers tell us the ability to train and certify becomes increasingly difficult as products become more complex," said Wayne Adams, senior vice president of worldwide sales for RealVue, who formerly ran sales for Gartner. "A couple of them are in the [information] storage business, and their need to ship systems around world to train or launch in remote locations is very problematic."

RealVue's products comply with the SCORM specifications for e-learning content and platform interoperability, and the company has integrated with customers' existing LMS systems. Ellett said RealVue recently struck a reseller agreement with an undisclosed Japanese firm that will market and sell its products in the Asia-Pacific region.

"It's not every day that you get to invest in a company that has an already completed product that took \$15 million to \$20 million to develop, and you don't have to pay that," Ezkenazi said. "That's the uniqueness of this situation. Another thing that really interested us is their ability to take the learning platform and market it to a number of different industries."

Austin Ventures: (512) 485-1900; [www.austinventures.com](http://www.austinventures.com)

RealVue: (512) 263-0705; [www.realvue.com](http://www.realvue.com)

SI Ventures: (239) 561-4760; [www.siventures.com](http://www.siventures.com)

WaldenVC: (415) 391-7225; [www.waldenvc.com](http://www.waldenvc.com)

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## Element K Lays Off 5% Of Workers As Large Custom Project Wraps Up

IT and business skills courseware firm Element K (Rochester, N.Y.) laid off 5% of its workforce in early June, or 38 of its 750 employees worldwide, after a major, 12-month custom content project wrapped up. The company employs about 550 at its Rochester headquarters.