

# Net-Based Training Goes the Distance

Employers Find E-Learning Saves Costs, Time

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Tricia Francis, a program designer at Caliber Learning Network, has one day to teach four Xerox managers in Rochester, N.Y., and Leesburg, Va., how to roll out a new product.

But no phone conferences are planned, no plane tickets are bought and no classrooms are booked. Francis is doing it all from a studio in Baltimore, linked by the Internet with her pupils, who can actually watch her in action.

"George Scott says 'Hello,' " Francis says aloud as she looks at a screen next to her in a distance-learning facility run by Baltimore's Caliber. She then waves hello back. "Are you in Leesburg then, rather than Rochester?"

Xerox, like countless other businesses, is rushing to take the e-train. As with so many other aspects of our daily lives, the Internet is changing the way companies train their workers, with Internet-based lessons rapidly overshadowing traditional manuals, memos and face-to-face encounters in corporate classrooms, according to industry experts.

The impact could be enormous, saving companies time and money, and making it possible to keep masses of workers around the world constantly trained.

"E-learning is exploding," said Cushing Anderson, an industry analyst with International Data Corp. (IDC) who follows more than 200 e-learning companies.

The corporate e-learning market will nearly double year after year, predicted an IDC report by analysts Ellen H. Julian and Anderson, rising from \$550 million in 1998 to \$11.4 billion in 2003. Corporate training firms without an e-learning offering "will be left in the dust," they concluded.

## Evolving Education

Distance learning, of course, has been around for as long as there have been correspondence courses. But in recent years it has rapidly evolved through videos, CD-ROMs, teleconferencing, satellite broadcasts and Web-based educational materials. What's changed is the technology that lets companies deliver up-to-the-nanosecond training to a cadre of workers all over the globe live or on demand via the Internet. While enough bandwidth for live video streaming remains a problem in many places, companies are dealing with this by combining technologies for the time being.

Companies desperate for technology-savvy employees can arrange for virtually any number to get certification in information technology from their desks at work or at home. Sales personnel and technicians can learn the details about new products the same way. And those wanting to get up to speed in general business skills can find anything from basic new-manager training to all the course work for an MBA over the Net.

Chris Guidry, an engineering manager for Convergent Communications in Atlanta, took a Cisco Systems network associate certification course over the Internet from his desk at work to see whether it

would suit his company's training needs. He came away enthusiastic about the live, online course offered by KnowledgeNet of Scottsdale, Ariz., which in March became a Cisco-authorized learning partner.

"I can train the whole company with the same method at the same time but still [have employees] be in our 35 markets," Guidry said. "I don't have to send them away." The course itself, Guidry said, "was very, very dynamic."

One of the complaints about some of the early versions of Web-based training programs was that they were too stilted, with a self-paced script but little true interaction between an instructor and student. As technology has progressed, more live instruction and interactivity has become possible. The KnowledgeNet approach has students go to a Web site at a certain time to join a virtual classroom with a live instructor, listening to the course over the telephone. The student can type in questions and send them to the instructor to answer. After the course is over, the student has access to a KnowledgeNet mentor available around the clock.

"It's faster and more effective than classroom training," at less than half the cost, said Tom Graunke, founder and CEO of the privately held KnowledgeNet. This means a company would save more than \$1,500 on one Cisco certification training course, he added. Founded in October 1998 as an IT e-learning company, KnowledgeNet now boasts clients such as Boeing, Lockheed Martin, Texaco, Unisys and Crate and Barrel.

#### Cheaper, Better, Faster

The number of businesses jumping into the e-learning field has leapt in the past few years. It includes names like DigitalThink, SmartForce, LearnLinc and NETg. According to WR Hambrecht+Co., an investment bank, dozens of corporate e-learning companies will be "popping on the scene" in the next 18 months, as the sector is "poised to grow exponentially."

Caliber, which started as a joint venture of Sylvan Learning Systems and MCI WorldCom before going public in May 1998, uses several delivery methods and now claims about 40 corporate clients. They have classrooms around the country where employees can go to participate in live classes with an instructor presented to them on a large screen. A camera in the classroom picks up their questions live, or they can type in questions at their computers and have them answered by content managers who assist the instructor. The session is recorded and can be played back by employees who want to review the lessons.

The first such live event they did was for Compaq Computer in February 1998, where 1,700 employees took three hours to learn about a new product rollout, said Locher. "Normally, it would have taken four or five months" to train all those employees in the new product, he said, adding that capturing those first several months means a lot of money to companies in a fast-changing field.

The cost of Internet-based learning is about one-third to one-fifth that of the traditional classroom, because it cuts out travel time and cost and facility costs, said Caliber CEO Chris L. Nguyen. "You reach your entire audience, and it's a consistent message at a fraction of the cost. . . . It's cheaper, better, faster."

The market has lured some big-name companies. Just last week, IBM announced that it will offer e-learning to help other companies figure out e-business strategies, based on IBM's own experience over the last two years. It plans to offer customized packages to companies as diverse as large manufacturers,

financial services firms and petrochemical companies.

IBM saved itself about \$200 million last year by using technology-based distance learning for computer training, management development and new-product information for its sales force, said Ken Landau, director of technology-enabled learning for IBM.

"The cost of education is absolutely tremendous when you consider travel and expenses related to classroom education," said Landau. By offering training in chunks and making it available whenever and wherever it is needed--rather than in an overwhelming two-week course in a classroom--employees not only get it faster but get it better, he said.

"It's going to completely restructure corporate education," in part by necessity, Landau said. "We don't have the luxury of time to send people through long courses," particularly since many business skills these days have a shelf life of only two to three years. "We need a cultural change that says that learning is a continuous process."

### Going Mainstream

Right now global companies need to use a combination of technologies--print, CD-ROM, videos, teleconferencing and the Internet--in part because not every place on Earth has the bandwidth to accommodate live interactive learning over the Internet, Landau said.

But technological barriers are rapidly breaking down. Internet-delivered products will jump to about 11 percent of the corporate training market this year, and will overtake traditional classroom training in the not-too-distant future, with live e-learning leading the way, predicted IDC analyst Anderson. "It definitely will happen," he said.

Washington area executives at Electronic Data Systems, both a user and provider of Internet-based training, agree.

"The trend is irrevocable that the training is migrating toward Web-enabled access," said Gary Yenser, EDS's Herndon-based vice president for distance-learning solutions for federal business, predicting that this will constitute most training within five years. "There's a great trend now to video-streaming over the Internet."

Aside from cost savings to companies, e-learning will be a "huge factor" in retaining employees, Yenser said. "Putting the tools in the hands of the learner is an intensely empowering thing."

By way of example, EDS spokesman Bill Ritz said training in the company's new code of conduct went out over the Web to employees, who needed to spend about an hour studying it. Ritz decided to take his ethics training at home late one night rather than take the time at work. "It was more important to me to be home with my family for dinner," Ritz said.

Indeed, while the bulk of Internet-based learning now is in information technology, by 2003 that will have changed, and most of it will be in non-IT business skills, according to the IDC report.

Colleges and universities have entered the distance-learning field in fast-growing numbers, offering both individual courses and degrees via the Internet. Several top schools--including Columbia, Stanford and the London School of Economics and Political Science--signed on to create courses for UNext.com, a new online business university.

Several brick-and-mortar institutions that have long catered to working adults seeking a business education--such as the Apollo Group, DeVry Institutes and Strayer University--ventured early into e-learning, as well. Apollo's University of Phoenix Online, which offers BS degrees in business and information technology, "has the potential to dominate the e-learning market" in post-secondary education, a WR Hambrecht report said.

Meanwhile, companies such as IBM and Caliber say they are drawing from colleges and universities to offer a streamlined product tailored to specific business client needs. Ralph Senst, IBM's vice president of e-business, said the institutions themselves generally have not reacted quickly enough to technological change in the business world.

"I'm sad to say it, but the speed at which companies are changing, business models are changing, [universities] are not keeping up," Senst said.

Caliber lists among its partners the Wharton School, Georgetown University, Johns Hopkins and the University of Southern California.

A client "is just paying for very targeted learning rather than an MBA from a local university," said R. Brady Locher Jr., vice president of marketing. "They can bring the very best branded content to their associates in the organization."

E-learning has its downside. It's more susceptible to technological barriers and breakdowns. Some students may find communicating with instructors more awkward. And trainees working alone at their computers may miss the camaraderie and energy of a traditional classroom.

Bill Everline of Xerox Corp., a trainer for more than 20 years, was the Leesburg participant in Tricia Francis's training session from Caliber, the one who sent in a "hi" from his colleague. Right in the middle of the session, power went out in his building and he missed the core of it. He found typing in questions and waiting for answers a mild annoyance. Nonetheless, Everline sees a strong potential for Internet-based learning as a cost-effective training tool.

On Saturday, more than 200 Xerox employees will get live training in the new product, either at one of Caliber's classrooms around the country or in their own homes. Then they will be ready to launch the product. Before technology made this type of distance learning possible, employees were flown in to training sites in Leesburg and San Jose, Calif.

"In the past, we'd need three or four months' lead time training students before we could go to launch," said Everline. "The time out of the field really drove expense. This way we're able to reach a wide mass of people very quickly."

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