

Key strategic issues
facing Learning
Partners
2018

Channelcorp

Founded 1989 by Margaret and Bruce Stuart

Consulting, executive education, research, publishing

Specializes in business model transformations and increasing the profitability and value of partners and solution providers

Insights have helped many partner CEOs around the world increase the profitability and long term value of their organizations

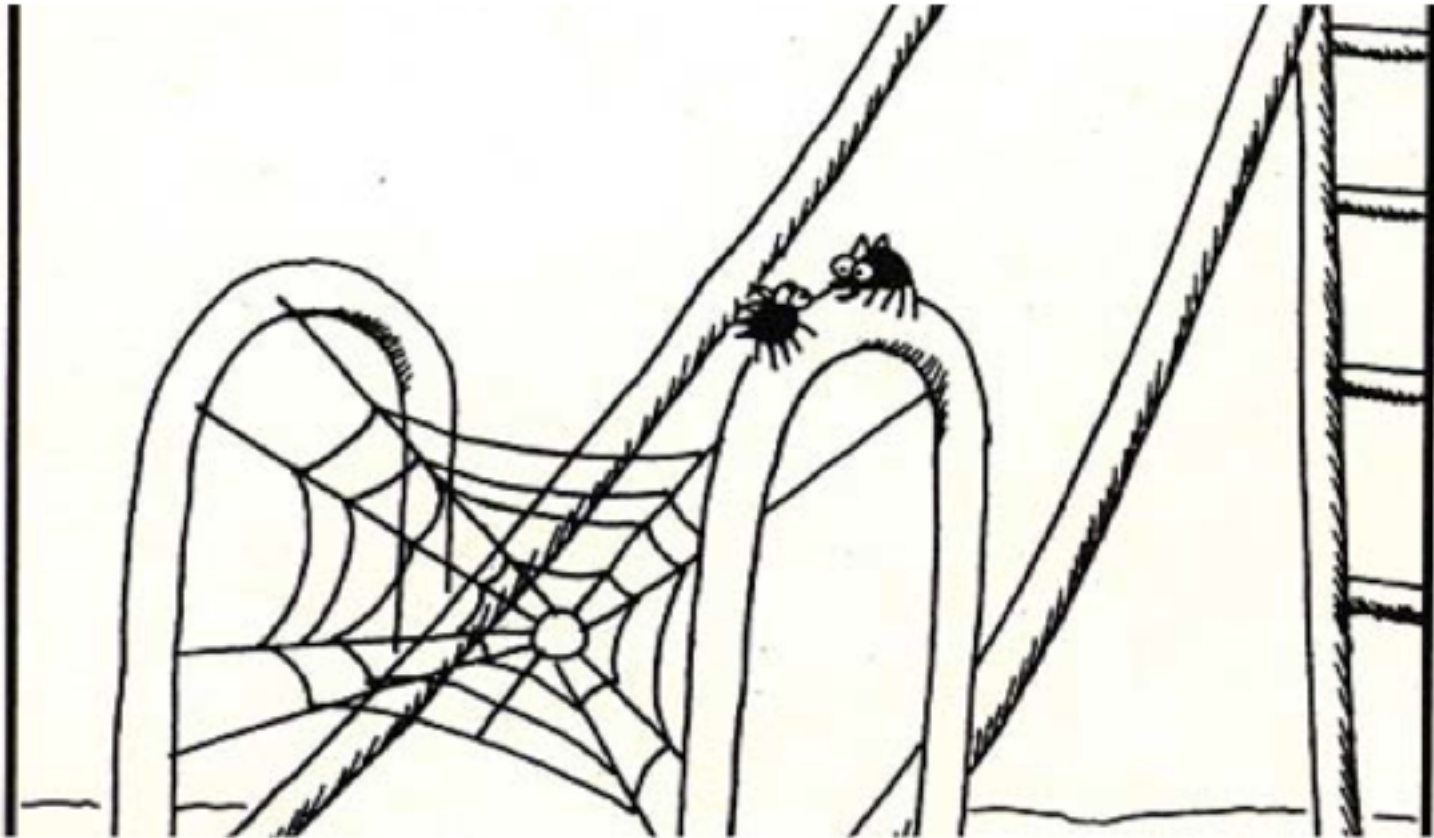
Assists IT vendors improve the quality of their channels

Past 5 years – focused on the role of partner CEOs in building the value of their businesses by transforming transaction driven businesses into recurring revenue driven businesses

Authors-Cloud Transition Handbook

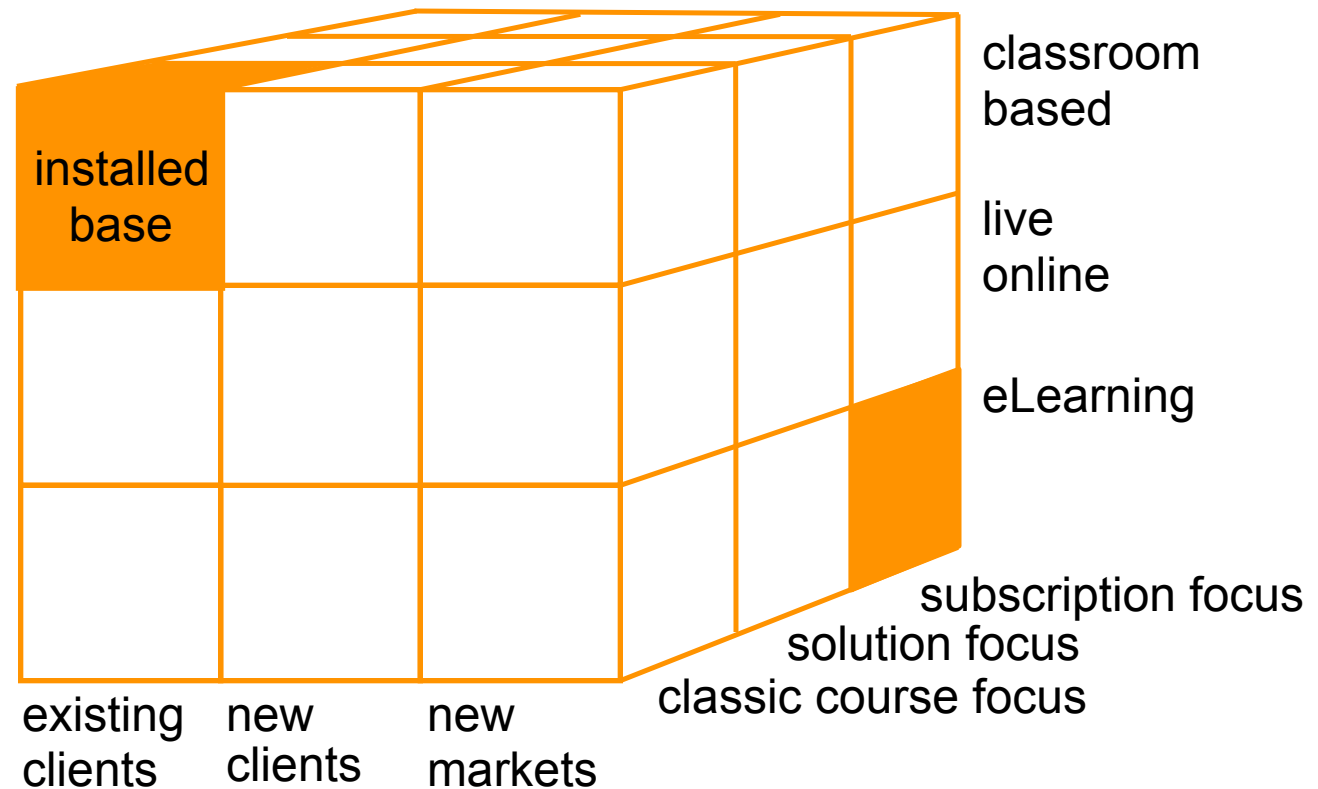
700+ articles/14 books/40 countries

If we pull this off...we will eat like kings!



What is really going on?

1.1 Transformations on three dimensions



What is really going on?

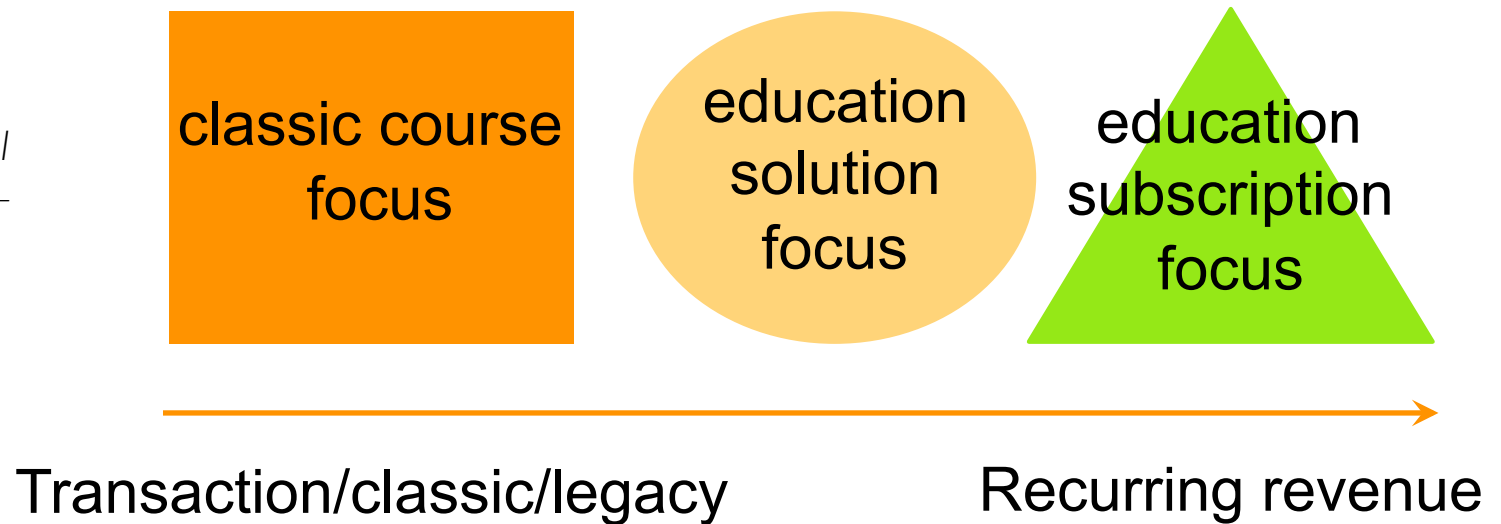
1.3 Cash flow/profit impact

	existing accounts	new accounts	new markets
existing classroom	+ profit + CF	+ profit ∅ CF	∅ profit - CF
new live online	+ profit ∅ CF	∅ profit - CF	- profit - CF
new eLearning	∅ profit - CF	- profit - CF	- profit - CF

What is really going on?

1.4 The third dimension

The third dimension is business model transformation- the pivot



What is your game plan?

2.1 Defensive strategy(passive)

Are you losing clients and deals because you don't have a legitimate live online or eLearning offering in a relevant solution cluster?

Incumbent solution providers are not being considered because their clients do not know or believe they have the capability. Is that you?

Systematic erosion of the base caused by lack of consideration is having a negative impact on business values

Do you need to make live online and/or eLearning model investments to continue to be considered by both existing and new clients?

Are live online and/or eLearning the new "table stakes" in your markets-how do you find out?

Transformation requires focus on a number of moving parts simultaneously

What is your game plan?

Good news, for those playing offense:

50% making it up

35% no plan

67% no one dedicated to marketing

50% technically insolvent

40% financially challenged

Early movers can win here

2.2 Offensive strategy (active)

Growth focused transformational educational partners are using offensive investments in live online and eLearning capabilities to generate new business from new clients, and new business from existing clients.

Consideration drives proposals which drives transactions

Clear movement to offensive business plan with appropriate investment in infrastructure and skills, properly executed

Game plan-defend and expand the installed base

For these organizations the move to a strategy featuring live online and/or eLearning is a growth story.

What is your game plan?

2.3 Playing offense requires infrastructure

Lost Sale Analysis-regular (30% YES)

Installed Base Audit-regular (40% YES)

Dedicated marketing resource and budget (70% YES)***

Training business as independent company, division, BU (20% YES)

Purpose built compensation plan (10% YES)

Senior level sponsor/champion (60% YES)

Separate investment plan (20% YES)

Fit for business admin & accounting system (20% YES)

What is your game plan?

2.4 Summary

Adaptation
precludes
adaptability

What do you want to do, or what are you doing?

How do potential infrastructure investments (live online/ eLearning organizational capabilities) fit in with your company's overall investment strategy?

Defensive strategy-maintains or slows the reduction in business value, but unlikely to drive growth

Offensive strategy-**presents a chance to build business value**

How do you optimize the use of ThinkEDU programs to fuel your change?

What are your strategic options

3.1 Your option drivers

It is really tough to change the spots on a leopard.

Our businesses are *purpose built*, just for another purpose.

Six options out there.

Corporate heritage

Business skills of senior management

Characteristics of service/support/training/consulting business

Sales and marketing talent base of the organization

Financial strength of the organization

Characteristics of installed base

Net new opportunities in the market

What are your strategic options

3.2 Born classic classroom-stay classic classroom

Slow liquidation strategy unless you are the best “classic classroom” provider in your markets

Can be successful if appropriate ecosystems or partner to partner alliances built for live online and eLearning

Must garner increased share of potentially diminishing market (non live online non eLearning market)

We worry about client retention and reductions in “consideration rate” for new opportunities if/when non-classroom capabilities become table stakes in your market

“non-classroom” may evolve into a “must have” option in 12-24 month

What are your strategic options

3.3 Born classic classroom-complement with online and/or eLearning

New client acquisition at 2-3X norm

Annuity revenue as % of total increases driving valuation at 3-4% per percent

This is not a risk free strategy!

The devil is in the compensation details

Inline with market trends-can produce a winning strategy based on a classic classroom business partner business model

Starts as a defensive client retention strategy that can provide the foundation for a strategic transformation to an offensive client acquisition strategy

Grow live online/eLearning business from your existing classroom business

Spin out your live online/eLearning business and grow it as a new business separate from the classic classroom business

Acquire or Partner with a company that is already in the live online/eLearning revenue business-imbed or fund separately

What are your strategic options

3.4 Born classic classroom-migrate to an online/eLearning centric business

Could be a good fit for owners with an “all in” personality and style of business

You may leave some people behind with this strategy

Dramatic business model transformation executed over 24-36 month period to replace “old school” classic classroom with new live online/eLearning focused, recurring revenue driven business

Plan to abandon historic classic classroom business over time to align all resources behind live online/eLearning future

Capital to build out/acquire new live online/eLearning businesses and capabilities could come from the sale or milking of historic business

This is a decision based on longer term ROIC (return on invested capital) and valuation considerations

What are your strategic options

3.5 Born online/eLearning-stay online/ eLearning

Pay once/fire and forget model

Subscription and/or pay per play and/or free-to-play with micro transactions

Education as a product (EaaP) versus Education as a service (EaaS)

Green fields startup has benefit of no incumbent cost structure, organization structure or “unsuitable” personnel. “hit em were they ain’t”(Wee Willie Keeler)

But pure startup has no customers

Two versions-free standing or corporate division

Excellent way to create something of value for next generation, or equity opportunity for long term employees without diluting ownership of the “mother ship”

Opportunity for “50 something” owners to create something in the next five years that will increase the value of the business on resale-part of a retirement exit strategy

What are your strategic options

3.6 Born online/eLearning-complement with classic classroom

Provides full coverage for clients regardless of what the client wishes to consume and how the client wishes to consume it

Likely realistic end game for all “Born live online/eLearning” businesses

Classic classroom offerings could come from partner to partner or third party independent alliances, intra company alliances or out of the “born online/eLearning” company’s own inventory

Problem of mixing business models is created again-problematic for the sales force compensation model especially

What are your strategic options

3.7 Do nothing

Build a financial plan to understand the likelihood of continued survival before you decide not to do anything

Always hungry never starving existence unlikely to improve going forward...no decision is a decision

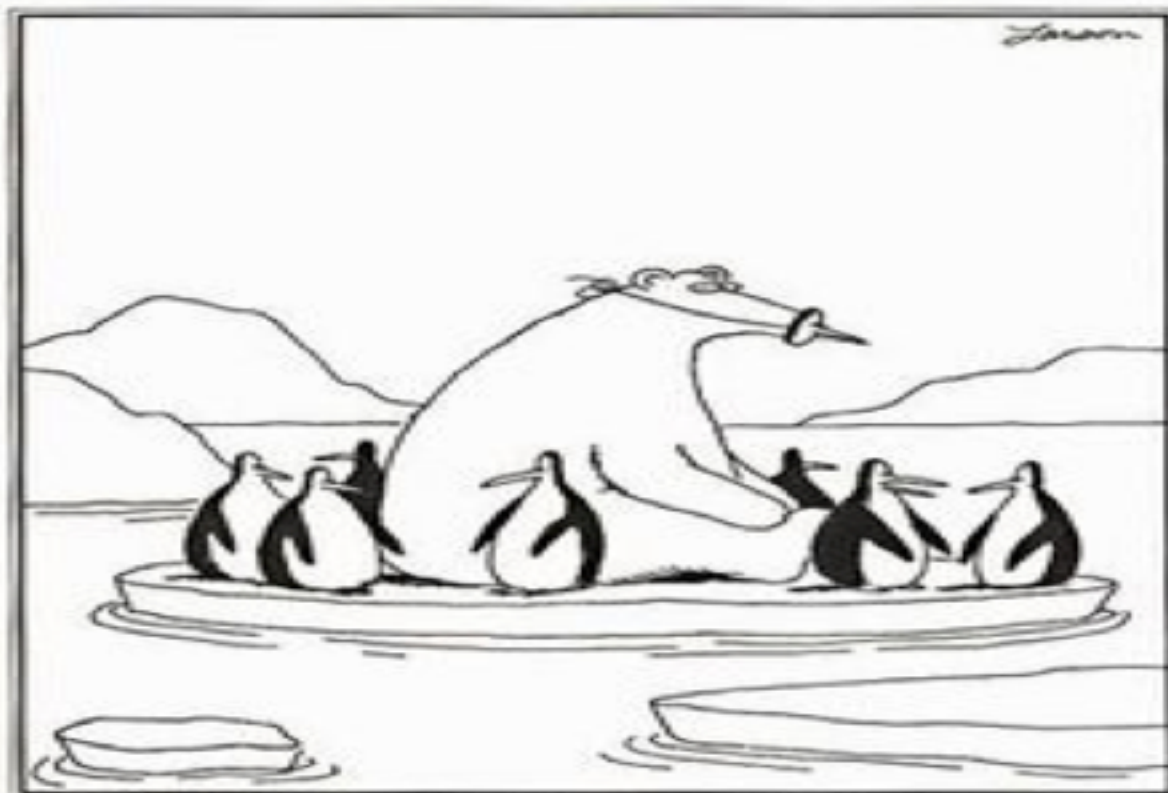
Slow, maybe fast, liquidation strategy depending on how fast your customers are lost to competitive, online/eLearning offerings of others in your market

Can you afford to do nothing?

Does it look like you may need to transition or transform your business model?

What are the key drivers of the transition and transformation decisions you need to make?

And now Edgars gone...something is going on around here



"And now Edgar's gone. Something's going on around here."

Thinking about strategy

decisions	your company	ThinkEDU	other partners
who needs to be involved?	project team membership		
roles	driver vs. doer		
what needs to happen?	game plan? strategy?		
when does it need to happen?	lost sale analysis to understand base defections?		
how will it be resourced-amount and source?	-debt -equity -cash flow)		