

Running Head: ALLANTRA LEARNING TECHNOLOGY CORP.

A Critical Analysis of the Venture:
Allantra Learning Technology Corp.

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Abstract

This paper takes a critical look from an investor's perspective at the company Allantra Learning Technologies Corp. Allantra is a new company that has created a product that is an online training program for varying companies. There are four people working for the company and they create custom programs for each client. The Allantra website itself was used in conjunction with information from Industry Canada's profile on Allantra to provide information about the company itself. An article by Rebecce De Coster and Clive Butler (Assessment of proposals for new technology ventures in the UK: characteristics of university spinoff companies) was used to provide a critical analysis of whether the company is likely to succeed in its market, and continue to grow, in order to determine if it is a good choice for potential investors.

There are many learning technology companies today that provide an array of services in various fields. The development of technologies has made it clear to many teachers and employers that their students and employees (respectively) need to be taught how to use technology effectively to reach their potential, and this has sparked the development of learning technologies to fill the gap.

There are several online learning environments that have been developed for the academic scene – WebCT, Web Vista, ANGEL – but these are not always able to meet the needs of corporate clients, though ANGEL serves corporations as well as universities. One company that has developed to meet those needs (of corporate clients) is Allantra.

Allantra is a company that is based in Edmonton, Alberta (Allantra, 2008a). They began as AEROSTUDIES Inc, a company who saw a need in the market and developed their services in order to fill that need. Their goal was to create a solution “to enable the aviation companies to deliver their training online - affordably and effectively.”

Allantra originally developed their learning system then to serve aviation companies with training their employees (called Ascent). After it was developed, they realized that the technology they had developed was a good solution for many different companies, able to meet their training solutions as well. As a result Allantra developed their online training solution (a ‘non-aviation version of Ascent’) called AVANTI E-training System. With their current product, Allantra is serving many different companies in varying sectors of the economy.

Allantra's market focus is on the training needs of various clients, mostly corporations. They design custom online environments to suit their customer's training needs. This can include trades training (Allantra originally developed to serve aviation, and also have a trucking company client), as well as corporate/e-commerce training (they serve several credit unions) and even security firms (including a college, and Service Management Securities).

Allantra has developed beyond their original aviation training service to meet the expanding needs of their clients. Their main offering is their infrastructure, AVANTI E-training System, which is being used by various companies for their training needs. In addition to offering the training system, Allantra also offers services to help ensure that their system is able to not only meet their clients' needs, but to completely satisfy their clients' wants as well.

Allantra's goal is of course selling its online training program, AVANTI E-training System. This is an online system that allows companies to design their own training and learning environment for their employees. In addition to this, Allantra also offers help developing the training and learning courses as well as 'Course Appearance Polishing' (adding graphics, multimedia, changing the layout) and 'bulk importing', which Allantra describes as, "Sometimes clients say something like "Here's our stack of nine binders of training materials. Allantra, you dump it all into the system, then we'll log in and fine tune it"" (Allantra, 2008a). Allantra also offers help with website development, and will also create custom graphics, video, animations, etc. for their clients.

Allantra's buyers for their learning systems include small companies through to large corporations. In most cases the Learning is purchased for the Learner, but it is also possible that in the smaller companies (they serve companies with as few as 3 personnel, according to the

website) the Learning may be purchased by the Learner (Porter & Vogt, 2008). They list several of their clients on their website, and go into detail about a few of them. The website mentions a benefit of the Avanti training system is that the “hosted AVANTI subscription requires no support, maintenance, or other resources from their IT department” (Allantra, 2008a). Allantra’s clients include: The Security Officer Career College, Lakeland Credit Union, Parmasters, Caradan Chemicals, Grimshaw Trucking, and more. The industry markets that they currently pursue include (Allantra, 2008b):

- Agriculture
- Construction
- Consumer Products
- Environment
- Fishery
- Forestry
- Information Technology and Telecommunications
- Manufacturing
- Medical/Biotechnology/Chemical
- Mining/Petroleum/Gas
- Service Industry
- Tourism
- Transportation
- Wholesale/Retail
- Automotive
- Food and Beverage Manufacturing

- Furniture and Wood Product
- Electrical Equipment

Allantra is currently servicing the Wired Anglophone Countries (Porter & Vogt, 2008). This includes mostly Canadian companies based in Alberta or British Columbia, however they do have clients in both the United Kingdom and the United States.

Allantra is also pursuing potential markets in: Australia, Bahamas, Barbados, Bermuda, Brazil, Brunei Darussalam, Cayman Islands, Cook Islands, Costa Rica, and Cuba (Allantra, 2008b).

For the most part, the markets that Allantra pursues are “Market Supports Export Oriented Learning Technologies and Substitution of Imports” (Porter & Vogt, 2008). These would be the markets in Canada, the U.S., Australia, and more. However some of the markets that Allantra pursues could be classified as “Market Supports Import of Content & Infrastructure” as in the Bahamas, Barbados, or Brazil. Allantra’s markets could also be classified as “Market Only Supports Custom Work or Indigenous Suppliers” in the case of Cuba.

Allantra’s markets then are for the most part accepting ones where Allantra would meet with no obstacles, aside from competition with similar companies. In some of the markets they are pursuing they would run into various obstacles, such as national policy and language barriers that Allantra will have to take into consideration as they begin to move towards those markets.

The clients that Allantra has and pursues buy Allantra’s AVANTI E-training System to replace outdated form of training, such as stacks of training manuals (Allantra, 2008a). Allantra’s AVANTIE system provides a cost effective alternative to existing training programs. As stated

on Allantra's website, "Allantra is focused on the typical workplace. Our goal is to enable all types of companies to effectively manage most aspects of their training requirements via the web regardless of their size, resources, or budget." New employees may never truly read through the piles of binders full of training manuals, but Allantra takes the training manuals and forms them into an online learning experience that enables the company to be sure that their employees are fully and properly trained. This would fall under the heading "Learning Technology Substitutes for Other Forms of Learning" (Porter & Vogt, 2008).

Allantra is a small company (only four employees), but the size of the workforce in a company whose product is an online learning technology does not matter (Allantra, 2008b). The company has developed its local base and has attracted more customers locally as it does so. It has expanded its market to include other provinces, and then other English-speaking countries. After success there, Allantra is now trying to expand further to gain new markets in more countries around the world. Allantra is following a good rate of growth and production and seems to be creating valuable training solutions for the companies it has served so far.

All in all, Allantra appears to be a good, solid company to invest in. However, investors want to know more than would easily be found on the company website. Rebecca De Coster and Clive Butler have a way of analyzing ventures to find out whether or not a company is worth a significant investment from potential business angels or venture capitalists (De Coster & Butler, 2003). What follows is a critical analysis of Allantra, based on the work of De Coster and Butler.

According to De Coster and Butler, one of the biggest questions facing investors would be: What is the technological and commercial risk involved with a company like Allantra, and a product like AVANTI? The company is recently launched but early reports from clients that

have bought into the AVANTI E-training System are good. The risk for the technology involved in the AVANTI E-training System is relatively low, as the initial research and development has been completed and the company has a product ready to go. As well, the company already has an initial set of customers based in the same location as the Allantra. The initial risk for Allantra, and for their product, was relatively low compared to many emerging Learning Technology ventures. Allantra developed their product for a specialized sector of the market and as a result had little competition. Since that initial stage the company has expanded to related sectors that required minimal extra development. Overall on the risk scale, this company earns a 7/10.

De Coster and Butler also analyse the level of product innovation. Is the product better than existing alternatives? Are there any existing alternatives? Is there a unique selling proposition? The AVANTI E-training System is a particularly innovative product for companies that need training solutions that will be useful to their employees. There are clear advantages to consumers of this product in having an online system so that employees can learn no matter their geographical location, and can all learn at their own pace, instead of waiting for other employees to finish with the training manual before they can begin. On the level of product innovation, Allantra earns 7/10.

Another key factor for the potential success of a company is the market that they have chosen to pursue. The criteria are if the product is able to satisfy the sector of the market chosen, and if the time is right for their product. The company could have a great product, but if they enter before the market is ready, or after the market has been flooded with products, the company could still fail. According to the criteria provided by De Coster and Butler, the market sector that Allantra has chosen “can be defined in general terms. There is limited feedback from customers,

which is encouraging” (2003). On this criterion Allantra scores 5/10. Allantra has also chosen a good time to enter into their chosen market. There is definite growth in the particular area that Allantra has chosen (online learning), and it will support the establishment of a new product like the AVANTI E-training System. More specifically, there are many online learning systems that have been established (named earlier in this document – ANGEL, WebCT, Web Vista) but many of those learning systems are aimed specifically for education. Allantra’s product is specifically designed to meet the needs of companies and corporations. On this criterion, Allantra scores 7/10.

Another area that needs to be analysed when considering investing in a new company and product is what are the product extensions? Specifically, does the product promote longevity, or is it simply a one-time purchase with no on-going support needed? Or is it a product with the possibility of repeat orders? For the AVANTI E-training System, the market for longevity does exist. However, it is not necessarily a firm market. The product may see varying demand, depending on market flow. The AVANTI E-training System is sold as a subscription, so if the company creates satisfied customers there will be a sustained level of revenue. However, for companies that are not satisfied, or are not sold on the online training program at all, there are other training techniques available that make it possible to not use AVANTI in the first place, or to stop using it completely after an initial experience. These other techniques include in-person training, training manuals, or computer training (from a CD program for example), or training through watching a VHS or DVD. For this section of the analysis, Allantra earns a score of 5/10.

Also included in the Product Extension section of analysis is the ability of the product to fit into a “future family of products” (De Coster & Butler, 2008). This looks specifically at how

easily a single product can be expanded to create different products, and produce growth for the company. Allantra originally developed a single product, Ascent, and has already developed that product and expanded their market by creating the AVANTI E-training System. If Allantra wishes to expand the AVANTI E-training System further then they could easily do so, creating future growth for the company. For this criterion, Allantra earns 10/10.

A fifth area for analysis when looking at new ventures according to De Coster and Butler is the entrepreneurial background of the company and its employees. Does the company, or do the employees, have any experience with new ventures, or with technical innovation? Geoff Falconar is the founder and president of Allantra, and he has a history in the field as a consultant, and running an industry association (Allantra, 2008a). Allantra is Falconar's first venture, but the company states he "has had a diverse career centered primarily around marketing and business development of information technology companies." Allantra itself is a new company and the employees, such as Falconar, do not have any real experience with a venture company. However they do have expertise in their fields. Overall Allantra earns 5/10 for this section.

The last area to analyse according to De Coster and Butler is how the company is able to protect their "competitive advantage" (2003). This area specifically looks at any patents or licenses the company might hold for its products that would enable it to keep an advantage over its competitors. Allantra's product, the AVANTI E-training System, is custom designed for each of Allantra's clients by Allantra's employees. Currently, Allantra does not hold any patents, but their techniques for developing their training system may be patentable. While according to the De Coster and Butler article Allantra only scores 2/10 for this section, it is possible that because each online training program is custom designed by the company's employees (only four) the

company will be able to maintain its advantage. However the advantage that Allantra holds because of this could quickly dissolve if the employees decide to leave and take their expertise to other companies, or begin their own company.

The sum of the scores that Allantra has scored through the De Coster and Butler analysis (which is arrived at by multiplying the scores by a weight that is applied to each question) is 61.5. A score above 50 makes the company an alright investment, though not particularly great. Further to this, the scaled product value is 85.75, giving an investor a more solid understanding of the De Coster and Butler analysis. Again, a score above 50 is good, so a score 85.75 would make Allantra a reasonable company to invest in.

Overall, Allantra seems to be a company with a good, solid product, and is aiming at a section of the market that is somewhat underdeveloped. Their product is solid and they already have a list of customers that have bought into the AVANTI E-training System and, more importantly, are satisfied with what Allantra was able to deliver. Through the De Coster and Butler analysis, Allantra and its product, the AVANTI E-training System, seem to be on a fairly stable path to success. They have the potential to expand their product, and to expand into nearby markets, which make Allantra a good company for business angels and venture capitalists to choose for an investment.

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