

Corporates re-think generic e-learning

Elearnity research shows a corporate reappraisal of the value proposition for generic e-learning content which is resulting in changing commitment and adoption, and will lead to significant challenges for the business model of generic e-learning vendors.

Research Sources: David Wilson, background research, Elearnity Forum roundtable (April 2005)

Analysis

Elearnity research with large corporate adopters of generic e-learning content is showing a significant change in the perceived value and role of generic e-learning, resulting in new patterns of adoption and contractual commitment with vendors. Whilst over the last few years, vendors have largely focused on growing the breadth of their curriculum through acquisition and expansion of catalogue, big catalogues are seemingly not the primary drivers of usage and value for corporates.

Whilst nearly all corporates use generic e-learning as part of their corporate learning offer, the basis of usage of this content is moving away from the catalogue-wide approach towards more targeted and embedded usage of content, supplemented by non-traditional forms of e-learning content to support ad-hoc needs.

Key elements of these changes include:

- Greater focus on driving high recurrent usage around a narrow set of generic titles; often linked to specific major business projects or changes, which may be cycled over time
- Rapid growth in adoption of non-traditional forms of e-learning content, particularly on-line reference material, driven by significant increases in perceived relevance and value from an often e-learning sceptical audience
- More focus on industry-specific (vertical) or job-role-specific (horizontal) content, often from niche providers with a proven understanding and brand in their niche
- Increased desire for flexible adoption of e-learning content, embedded within mainstream learning programmes (the so-called trend to blend)

These changes are linked to increasing maturity of experience of generic e-learning within corporate learning and e-learning managers, as well as increased innovation and competition from the vendors.

Many organisations are still struggling to achieve expected usage levels from their generic e-learning, forcing a re-appraisal of the overall value proposition for generic e-learning, and more targeted adoption strategies. Significant factors negatively affecting broader acceptance and usage of generic e-learning within organisations include:

- An often negative perception of e-learning for discretionary learning and development based on poor experiences linked to compliance and regulatory (must do) e-learning
- A lack of flexibility of historic e-learning products in addressing learner-specific needs and questions
- A cultural resistance and resulting limited engagement from the broader learning and development community

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A significant outcome from the above is a continued challenge to the commercial basis for purchasing content, linked to a more targeted value proposition.

Corporates are trying, in general, to move away from the multi-year catalogue-wide contracts for generic e-learning that dominated in the past. Their preference is now towards shorter-term, more targeted contracts linked more directly to actual needs and usage. And although vendors may be resistant to this trend, we believe the reality of market competition is forcing their increasing compliance, as well as an overall reduction in the cost to corporates of their generic e-learning contracts of between 50-60% of what it was a few years ago.

We therefore expect to see a continued trend towards:

- Single year contracts, or multi-year contracts with clear annual break-points
- User licensing assumptions linked to partial user-penetration rather than whole company adoption
- Increasing acceptance of discounted usage-based pricing (rather than discounted catalogue-based, and premium-cost usage-based pricing)
- Further downward pressure on actual prices paid by corporates overall

The above changes together with increased market competition may prove quite challenging for the generic e-learning vendors. We still expect overall usage of generic e-learning to grow into non-adopting organisations, but the commercial and competitive pressures will increase, as well as the costs of maintaining and innovating a large content base.

For more information on the above research contact Elaine Wilson at elainew@elearnity.com.

About Elearnity

Formed in 1996, Elearnity is Europe's leading independent corporate learning analyst with a track record of providing strategic advice, best practice research and expert consultancy to major corporations in the UK and Europe. Key topic areas include: learning and e-learning strategy, impact of learning and ROI, blended learning, enterprise learning management, leadership development, collaborative learning and other key areas of corporate learning. Customers include: BAA, B&Q, BP, BT, Cable & Wireless, Coca-Cola Enterprises Europe, HSBC, Marks & Spencer, Marsh, PricewaterhouseCoopers, Royal Bank of Scotland, Unilever and Vodafone.

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