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"Going mainstream"

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The last couple of years have been a real roller coaster for the e-learning market. The year 2000 was something of a gold rush, with seemingly anyone connected with training and technology suddenly reinventing themselves as "e-learning providers". 2001 saw the hype-cycle take over. E-learning product companies became "solution" companies. All the main vendors seemed to strike alliances with all the others. Corporate budgets started to rapidly increase, and new vendors from everywhere. But 2001 also saw the death of dot.com economics, the start of a big decline in the stock market, and not least, September 11 and an accelerating corporate uncertainty on many new investments. Overall the e-learning market still grew significantly in 2001, but it still ended up very depressed.

In 2002, reality dawned – with a bump. The market continued to be depressed and so did the vendors. Corporates were still spending money, mainly on targeted business projects rather than grand ideas. Most of the larger vendors still saw revenues, but they were mainly flat and not enough to fuel their over-inflated venture capital driven business plans. Profitability and being cash positive again became important if not critical for survival. Uncertainty increased as did market consolidation.

2002 also saw the growth of the anti-hype cycle. Just as unhelpful as its optimistic cousin, the anti-hype said that mainly e-learning wasn't the way of the future. Projects often didn't deliver their expected benefits, vendors looked financially unstable and a risky investment, and the lack of a coherent corporate learning strategy made it hard to put the pieces of the e-learning investment jigsaw pieces together successfully. Blended learning emerged as the compelling story for many organisations on both the demand and supply-side.

So what is really going on, and what's ahead for e-learning? Well firstly, our analysis of corporate learning & development across UK/Europe shows increasing real e-learning activity and experience, and an underlying growth in tangible investment in e-learning and blended learning solutions. Government, driven by aggressive e-Government targets for 2005 has been spending like never before. The corporate world, whilst slightly tentative in 2002, is also increasing its underlying investment and activity.

Having talked to and surveyed many FTSE100 organisations as part of eLearnity's best practice research, it is clear that e-learning is still growing in importance, and that a blended model is likely to be dominant model going forward. Learning management systems, integrated into HR systems, competencies and performance management are very much part of the direction, although sometimes the short-term business case can be problematic.

I see two major factors driving activity and engagement with the market. Firstly, most e-learning initiatives are currently business project driven rather than strategy driven. E-learning is frequently used because of specific need (often the practical impossibility of a traditional classroom-based solution), rather than general belief in the benefits of 'e'.

Secondly, buying processes increasingly reflect mainstream market dynamics and business rules, rather than visionary or early adopter market dynamics. Buyers are looking for guaranteed solutions rather than innovation (and therefore risk). Tactical corporate e-learning investments, whilst justifiable on a discrete basis, also need to be viewed in a more strategic light. Adoption of e-learning has implications for corporate learning strategy and corporate technology infrastructure, and both require a strategic perspective and investment approach.

Previously, I have characterised this shift to mainstream as "crossing the e-learning chasm" (ala Geoffrey Moore, The Chasm Group). Whilst the demand-side has become mainstream, the supply-side still largely consists of "early adopter" suppliers, trying to make the move to mainstream. The shift across the chasm is leading to consolidation in the market, as vendors strive to reach critical mass size and profitability.

At the enterprise systems level, there is also now a clear recognition from the HR and ERP systems providers of the need for a competitive learning management solution. Over a year ago, I predicted an increasingly aggressive positioning from the main ERP/HR systems vendors in the e-learning and learning management space. Well, it has happened, and together with stronger capabilities from major consultancies and systems integrators, represents the tangible emergence of 'mainstream' suppliers into the e-learning market.

Mainstream training providers are also now in the game, but still slow to play. Driven by corporate interest in blended solutions, they are now starting to make more significant investments in 'e' components. But this is just the tipping point. Cutting a day off their classroom offering and inserting an e-learning module at the front is not blended learning. Ultimately, they will have to significantly reengineer their learning delivery processes, breaking apart their precious block classroom delivery events, and focusing face-to-face time in higher value ways. This will have major implications for resources, facilities and their business model.

So e-learning has gone mainstream. Despite their sometimes reservations and variable initial experiences, e-learning is proving a catalyst for major change in mainstream corporate learning. Organisations need to develop clearer strategies for learning, supported by appropriate infrastructure and best practice. Suppliers need to rapidly evolve to compete as "mainstream" needs-driven providers rather than solution-driven "visionary" vendors.