



## **“Human Capital?”**

Learning Management Systems (LMS) have emerged as one of the key segments of the e-learning market place and are commonly seen as the foundation stone of the corporate e-learning infrastructure. The result of this is that nearly every corporate organisation that is implementing e-learning is either implementing or looking at an LMS to manage, administer and track all forms of learning including classroom training and e-learning.

But associated with this growth in LMS interest and activity is an associated discussion of the overlap between LMS and the applications used to support Human Resources, particularly HR Management Systems (HRMS). This discussion is often being brought to a head by requests for budgets from Learning and Development to implement an LMS. Given the cost of large-scale LMS projects is fairly large – six or seven figures plus, the request for corporate budget involves senior-level or board-level sign-off . A question that is being asked again and again at this level is

### **“Why should we spend all this money on an LMS when we just spent £X million implementing and HR Management System that said it could manage training?”**

Effectively answering this question is becoming one of the more significant barriers for the LMS vendors - particularly those focused on the “enterprise” end of the market, such as Saba, Docent, THINQ and so on. Whilst an LMS project that focuses on managing e-learning only, may be able to stay remote from this debate, this changes as soon as it needs to manage classroom training as well.

Our experience at eLearnity is that this in order to address the question of LMS versus HRMS we need to deal with two distinct problems. One is functional, the other is political. From a functional perspective, the main HRMS products (such as SAP, PeopleSoft and Oracle HR) all provide varying degrees of training management functionality and all of the main vendors have recognised the need to extend their functionality in this area. But currently, they all have significant weaknesses in providing integrated learning management and tracking, particularly around e-learning. A common solution has been to purchase an LMS and integrate it with the HRMS.

The second issue of organisational politics is maybe more thorny. In most large companies the HRMS investment is already a done deal, even if the implementation isn't. These are very big projects and investments, typically in the millions of pounds or bigger. Any attempt to propose spending even more money on an LMS when the board thought it had already bought something that would manage training, is therefore likely to be a political minefield. Even LMS projects with tacit director-level approval get stuck up in this loop and this has significant implications for the timescales of the project.

Building a clear business case and associated functional comparison and recommendation is fundamental but insufficient. You also need directly to deal with the personalities and influencers involved in the HRMS-end of the equation. After all, it is unlikely that either the HRMS vendor or the HRMS project team will agree that the deficiencies are important and that a separate LMS is needed. All of the main HRMS vendors have plans to develop or extend their LMS capabilities and therefore this picture is going to get even more complex going forward. At the moment though, there is a clear functional gap – particularly around the e-learning area and therefore a need to provide an integrated HRMS and LMS approach. E-learning can deliver significant business benefits now. Waiting for the HRMS vendors to catch up and for then your project team to roll it out means forgoing those benefits for a considerable period and taking the risk that it will never happen.

Of course, the real reason this problem occurs at all is due to the lack of an integrated story and approach related to human resources, learning and development. Because historically training has been typically very fragmented, the HR agenda and the learning agendas have

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been different and although there is normally dialogue between them, they have different if albeit related objectives. (In fact this problem is one level worse because often we now have a separate "knowledge management" group or initiative to multiply the problem). Resolving this is not just a question of reporting lines. There is a need for a more coordinated approach and integrated objectives and strategy.

This kind of integrated HR and learning story is now starting to develop in the US under the label of "Human Capital Management". The HCM story is about integrated management of skills, learning, development, and performance. Saba was the first of the main LMS vendors to move to this positioning, really to try and differentiate itself from its' main LMS competitors. The HRMS vendors responded by claiming this as their space and battle has commenced.

I think the Human Capital story is an interesting development, and longer-term is probably the right way to go. Short term though, I think it will cause even more confusion in an already very confused market. There is a distinct danger of the acronyms getting in the way of basic understanding about the opportunity to do good and real stuff today. I am not alone in having that concern. I will leave you with a quote from Elliot Masie of the Masie Center in the US,

"The MASIE Center believes that the agenda for e-Learning must be driven by corporate strategies that are aligned with business needs and should be immune from the latest press releases or a new set of 3 or 4 letter terms heralding new software models for learning tracking or management."

- The MASIE Center Newsletter, 16 July 2001

**You have been warned. ;-)**