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The Future of Learning Management

Learning Management Systems (LMSs) have been recognised by most commentators as one of the hot sectors of the rapidly growing e-learning market place. A combination of their key role in the e-learning infrastructure puzzle, and the aggressive stance of their lead vendors, has put LMS on the agenda of most large corporations.

This growth in activity and interest has been fuelled in part by some dot com-like investment from the early part of last year, in many of the lead vendors - Saba, Docent, THINQ etc. It is also based on a common realisation within large organisations that they need rationalise and refocus their fragmented approach to training and learning.

The net effect has been that many large companies have now an active project to review, select or implement a new learning management system. These projects are often at fairly early stages, but an increasing number have moved into implementation mode within the last six months. A few, but not that many, have gone live.

Lack of Expert Knowledge

One of the challenges in these LMS procurement and implementation projects is the lack of expert LMS knowledge within companies. As I discussed in a previous article 'Learning Management for the Enterprise', LMS and much of e-learning technology lives in a knowledge-gulf between Training and IT. The training functions have operated without much knowledge of IT systems and issues, and IT doesn't know much about the business and processes of training - other than IT training. When it comes to an LMS procurement project, there isn't any detailed domain knowledge. Companies are generally starting from scratch; gathering information, going to exhibitions and conferences, and attending presentations. Dragging themselves up the LMS learning curve.

The trouble is that LMS's are complex, and the LMS market place is moving very fast. We frequently find individuals who have spent six to twelve months developing an understanding of the LMS market and technology. That's before they start the project. The process of defining detailed requirements, getting top-level sign-off, going through the tender process, selecting a vendor, agreeing final details and plans can easily take the same amount of time again.

With the rate of change in the market and technology, this timescale is too long. By the time you've come out the other end, the products and vendors have changed. Companies need to collapse the LMS learning curve and the procurement process. The only way this can be done is with the use of expert help. Reading product literature and market research reports is not a substitute for real knowledge, experience and insight and projects progressed without will take a long time and are likely to go wrong.

Problematic Buying Cycle

Once you've got beyond the starting gate the next problem is getting executive buy-in and sign-off. Many projects come unstuck part way through procurement because when executive commitment is tested, it proves not to be there.

The political landscape around training and learning is problematic at the best of times and with a raft of other initiatives including big changes in Human Resources, large Enterprise Resource Planning (ERP) or HR IT systems roll-outs, and general organisational restructuring, create significant challenges in getting budgets approved and keeping them approved. There are many organisations that get to the eleventh hour of an LMS procurement to be hit with "Why do I need to buy this when I've just spent £X million rolling out SAP or PeopleSoft?"

Associated with this is the seeming desire on the part of LMS vendors to position their projects as 'Enterprise' projects. I'm not denying that they are enterprise projects, just wondering whether positioning them as your next ERP-like project is wise. By positioning them as such we're assuming the organisation has the stomach for another one. Certainly, many of the organisations are wary of embarking on this path again, so soon after the pain of their actual ERP project.

Experience shows these issues exist in most organisations and will frequently bite an LMS project quite hard at some point, often quite near the end of the buying process. This doesn't generally result in the death of the project, only difficulties and delays. The case for the LMS should generally be pretty strong and the focus is different and complementary to that offered by HR/ERP systems. The need for something to manage learning processes and all modes of learning (classroom, e-learning, self-paced etc.) is strong and not dealt with by training administration components of ERP or HR suites. But, it will cause significant problems and delays, and cause problems keeping the project on track and through to completion.

The Shifting Market

If you think this would frustrate you, put yourselves in the shoes of the LMS vendor! Their nice sales cycle to a prospect with defined requirements and executive sign-off will often turn out to be anything but that. An LMS sales cycle is typically very long, highly problematic and can easily slip six months with no way to control it. This problem seems to be more acute in the UK/Europe than the US. We work very closely with many of the lead LMS vendors who are mainly US-based companies, and in nearly all cases, life is harder in the UK than they thought it would be.

Beyond the politics and buying-cycle issues, the market itself presents some difficulties. It is still embryonic and evolving very rapidly. There are new vendors still entering a market which probably has at least 200 products already. Very few of the LMS technology companies are big - certainly when compared with their target customers of global multinationals and big corporations. There is also a shortage of capital in the market. Some of the companies raised a lot of cash in the first half of 2000 and have been rapidly burning it as they expanded research and development activities and aggressively marketed themselves. Whilst the market is growing quickly, it is not as fast as the typical burn rate. With the problems with raising new money coupled with the US slowdown, we are starting to see a consolidation within the vendor community. I expect this process to accelerate over the remainder of 2001/early 2002 with the emergence of the key players during this period. Whilst some favourites are emerging, it is still difficult to predict and I'm sure there are surprises awaiting us around the corner.

Rapid Product Change

The changing sands of the market are coupled with rapid change in the products themselves. Many of the lead products were originally designed for a client/server computing model and now this model has changed to web-based systems. Whilst the change to allow learners self-service web access isn't that big a challenge, re-architecting the system to allow full-based administration and management is a much bigger proposition. Many of the current generation products are effectively half-way houses with basic web-based administration with the need to resort to a client application to do the difficult stuff.

The vendors are also required by the market to dance to the tune of standards compliance - AICC, SCORM, IMS etc., while at the same time differentiating from each other in the quest for market share and long-term survival or dominance. A strong bias towards the enterprise solutions segment is also magnifying the competitive dynamic between the main competitors - effectively all the big names are fighting over the same space.

This competition is leading to different strategies for differentiation. THINQ acquired an enterprise LMS at the end of last year (TrainingServer, now known as the THINQ LMS) and is busy integrating it with their learning gateway technology. Docent's strategy has been rapidly evolve their already web-architected product with increasing depth and functionality and to work aggressively through partners. Saba is evolving into a 'Human Capital Management System'. This differentiates them more from the straight-LMS crowd but seemingly increases competition with the HR systems crew - particularly PeopleSoft and Oracle.

Other new areas for differentiation outside core LMS functionality are the increased interest in Learning Content Management and closer integration with Knowledge Management. Whether it's extending the scope of the products, increased functionality and flexibility in the core, or better compliance with emerging standards, the LMS products are evolving very fast. I see this process further accelerating over the coming months as the vendors jostle for one of those elusive 'premier' positions in the market place as it starts to mature and stabilise.

The challenge for corporate staff is keeping up with these changes in the market without a big investment of resources to track it. I am aware of more than one major company that recently went through a large and extensive LMS procurement process only to get frozen at the final moment. Now the procurement has re-emerged from cold storage, they are now having to re-look at the market place due to the significant amount of change that has taken place.

Outsource the problem

One response to dealing with this perceived complexity in the market is to try and avoid it by outsourcing the problem to someone else. Outsourcing has become a general and significant part of the IT landscape over the past ten years. It has become a way for organisations (with varying degrees of success) to deal with their IT legacy, and ready themselves for their future direction. This concept has recently been developing its' own momentum in the HR and Learning arena too, both at a macro level and at a micro one.

A number of large companies have outsourced their whole HR organisation, often to joint venture e-HR companies that they themselves have a significant slice of. At the learning management level, all of the main vendors will offer a hosted service option for their products. Responding to the evolving end-to-end solution requirement, a couple of the large content companies such as Smartforce and DigitalThink have also started to offer a complete service including provision of a hosted portal and management system, plus access to their own content as well as hosting of 3rd party or custom content.

The development of such services represents a useful step for some companies that are unable to properly engage with the market place on their own. This may more readily apply to medium-size enterprises than larger ones, or to those organisations where political expediency may be the best option. They are also a further indication of emergent signs of the maturing process within the market itself.

I do however have concerns about the longer-term role of outsourced LMSs in larger companies. I suppose it's because I view learning and learning management as core activity and that means implementation (learning and technology) need to be closely integrated into other core activity and systems. Unless they are outsourced too with the same organisation, then that's difficult to do. And that is a much bigger proposition.

So Where Next?

I have tried to describe some of the major shifts taking place with the learning management marketplace. On the supply side, the market is evolving rapidly and starting to mature. New companies are still entering the market, but structural changes are starting to happen to give greater advantage to an increasingly smaller subset. The leaders are starting to emerge - both in terms of brand and technology, although revenues are still dragging a way behind. The scope of offering, vertical integration and detailed functionality are all part of the cycle of differentiation and real compliance with the emergent standards is becoming a greater factor. On the demand side, life is harder than anticipated. The rapid changes in the market and lack of detailed domain expertise internally, significantly increase the need for expert advice and implementation support. Learning and knowledge are becoming viewed as core activities, but the reality in terms of tangible strategy and implementation lags behind. The politics of enterprise-level learning management together with changes in HR policy and systems are increasingly complex, and the buying cycle is long and prone to disruption.

In a SWOT analysis, we'd end up with lots of things in the weaknesses or threats boxes. But we also need to remember the opportunities box too. The rationale and value of enterprise learning management should be clear. As learning and knowledge increasingly becomes the major competitive advantage, finding good ways of managing it properly would seem to be a compelling proposition. Learning is changing too. The emergence of e-learning delivery and blended learning programmes create new options for delivery and offer us the opportunity to significantly increase the value and flexibility of learning. As organisations become bigger, more distributed and faster moving, this value shift seems fundamental. But whatever way you deliver learning, managing it properly and professionally across the organisation is now fundamental.