

WHY ARE THERE SO MANY LMS VENDORS?

What is causing the spike in the number of LMS solutions?

John Leh shares the latest research on the explosive growth of learning management.

If you've had your head down managing your current learning environment, have not shopped for an LMS in a few years, or thought you couldn't afford an LMS – it would have been easy to miss the quiet explosion of specialist, economical solutions entering the market place.

In the last ten years, approximately 650 new LMS vendors have entered the global market. These new vendors, born in the cloud, have forever changed the definition of LMS solutions. In 2006, LMS vendors had very similar functional capabilities, license models, implementation timelines and

marketing. Today, the range of vendor diversity in messaging, capabilities and cost is expansive and intimidating.

In the last 30 months, I have reviewed 113 of the almost 700 viable LMS solutions that are available in the world. Each review is inclusive of executive interviews and in-depth demonstrations. My mission is to map the global LMS market place in terms of business use, functional capabilities, technical approach and breadth of professional services – to make it easier for buyers to find the right LMS for them.

WHY SO MANY?

The good news is: there is now an LMS for every use, industry, budget and organisational size. The bad news is: there is an LMS for every use, industry, budget and organisational size. If LMS buyers were troubled by the puzzle of choosing from 50 potential LMS vendors in 2006, they are flummoxed in 2016. With hundreds of vendors providing countless combinations of capabilities for business use, functional, technical, implementation service and licensing options, qualifying potential vendors and selecting an LMS is arduous



and risky. It is common for an LMS buyer to qualify six or a dozen vendors and still choose poorly – and not know it. Who are all these vendors?

Some examples of specialised LMSs entering the market in the last few years include Totara, Thought Industries, Grovo, SkyPrep, Administrate, LearnUpon, TalentLMS, Lesson.ly, Mindtickle, Skilljar, Knoitall, SchoolKeep, SurePeople, Classe365, RomyLMS, ActiveMind, LucidLMS, Unleesh, LifterLMS, LearningCart and Classroom 24-7

What is causing the spike in the number of LMS solutions available? In our recent 2015-2016 Talented Learning LMS Vendor Survey, we asked 72 LMS vendors detailed questions about their functionality, business focus, technical infrastructure, license approach and much more to find the answers to that question. Here are the top three reasons based on our research.

No. 1: THE MULTI-TENANT CLOUD LMS

Vendor hosted LMS solutions have been around for 20 years. With the traditional model of hosting, vendors deploy a unique instance of the LMS environment for every client. The vendor leverages a shared data centre and infrastructure but there is no common LMS software between clients – in other words they provide a *single-tenant* or *private cloud* LMS. In this model, vendors need to maintain and support multiple versions of their LMS over time because customers decide if they want customisations and when they want to upgrade (see 'Deployment Models' image).

Conversely, a *multi-tenant* or *public cloud* LMS implies that the vendor puts its LMS online and all of their customers access the same LMS via a web browser on mobile or traditional devices. Every customer has their own unique, secure area with its own content, users and business rules, and is unaware of any fellow clients on the common platform. The vendor supports

only one version of the LMS and is responsible not only for the hosting environment, servers, databases, back-up, security and bandwidth, but also LMS updates, upgrades and fine tuning of the application. Customers typically have no say when upgrades happen but usually have the ability to 'turn on' features if they want them. Customer specific customisations are typically not allowed. Because customers are always on the latest version they can grow with the vendor at pre-determined costs without fear of being left behind.

This multi-tenant cloud approach eliminates many technical considerations

and implementation tasks/fees, but is more restrictive than a private cloud LMS. Instead of trying to be all things to all LMS buyers, multi-tenant LMS vendors specialise, develop narrower and deeper functionality and look for customers that fit their mould. Since there are endless areas of specialisation, an endless array of vendors is entering different segments of the same space.

No. 2: PAY AS YOU GO – SaaS

For many decades, the only way to buy an LMS was to purchase a costly licence upfront and then own it forever – the perpetual licence. The customer was required to endure a lengthy and involved implementation and then opt for the mandatory ongoing annual maintenance to receive updates and upgrades. The lion's share of investment was made long before the first learner ever entered the new LMS.

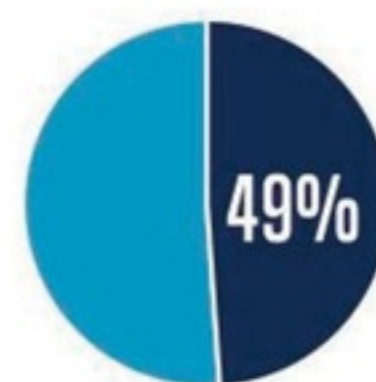
Significant vendor implementation services were needed regardless of the size of the user population so piloting solutions was rare and still expensive. The vendor 'recognised' the licensing revenue at the time of sale driving an all-consuming need for new customers but not customer service. Rarely did buyers see a return on their investment in the first three or even five years and as a result were seldom satisfied (see 'Preferred LMS License Model' image, left).

DEPLOYMENT MODELS

% of Responding Vendors that Support



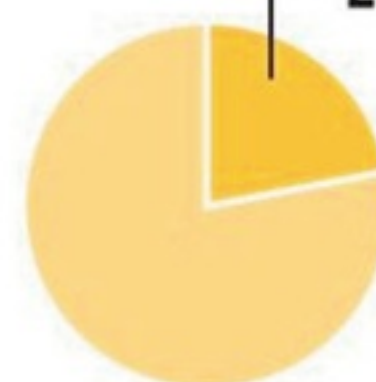
Multi-tenant
Public Cloud



Single-Tenant
Private Cloud



On-Premise



3rd Party Hosted

Source: Talented Learning 2015-2016 LMS Vendor Survey

PREFERRED LMS LICENSE MODEL

% of Vendors Responding



Source: Talented Learning 2015-2016 LMS Vendor Survey

The evolution of the multi-tenant (public cloud) LMS over the last ten years has introduced a new, customer-and-vendor friendly licence model called Software as a Service (SaaS). Buyers pay an ongoing monthly or annual fee to use the software. The fee is inclusive of hosting, maintenance and license 'lease.' Licenses are based on actual LMS use and there is no upfront licence investment. The multi-tenant nature of the LMS drives down the need for technical implementation services making set-up more affordable and quick. Keeping current customers happy is a profitable priority. Buyers can begin small and achieve a return on their investment from the beginning.

No. 3 TRAINING AS A BUSINESS

The multi-tenant LMS and SaaS business model were the required ingredients to transform the LMS into a strategic tool for business. Corporations have the need to train both internal employees and their extended enterprise audiences – channel partners, customers and prospects.

The responsibility to train these distinct learner audiences many times falls to unrelated business units. Each business unit

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can have its own budgets and buying cycles. The purchase point for employee LMS initiatives is typically in human resources, while the purchase point for extended enterprise initiatives can be in sales, marketing, channel management or customer service departments. Unless these groups explicitly decide to work together, they won't do so.

This leads to multiple LMSs in the same corporation and lots of opportunity for specialist LMS vendors. With a unique audience and purchase points, these vendors leave employee learning behind and compete freely anywhere in the global extended enterprise marketplace. There is no dominating vendor in expansive extended enterprise market encouraging even more vendors to enter the market.

The 2016 LMS market is frothing with fresh

competition, new buyers and innovation galore. Due to the cloud, multi-tenancy, a fair licence model and the shift to training as a business, new buyers and sellers are entering the market every day. The volume and diversity of the vendors provides great opportunities to find an LMS partner that is marching lock step in the same direction as you. However, finding the right match with 700 choices is easier said than done. It's a good problem to have. Fun times ahead!

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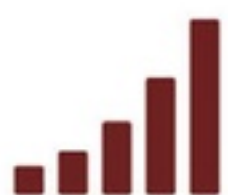
Management Development

Enable managers to develop their own skills and those of their teams.



Learning Transfer

Support effective transfer of new skills and knowledge into the workplace.



Employee Induction

Onboard new starters quickly and effectively with a 70:20:10 approach.



Performance Support

Provide the information your people need to do their jobs, right when they need it.



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