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360° REPORTSM

March 2007

LEARNING MANAGEMENT SYSTEMS

**The good, the bad, the ugly,
... and the truth.**

*Online Analytics Tools
provided by ...*



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But let us be very clear that this data represents one thing and one thing only: the preferences, opinions, loves, loathings, trials, and triumphs of eLearning Guild members. Does the information represent the e-Learning industry as a whole? Probably, but we cannot – and will not – make that claim.

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1. **Live, interactive, always-up-to-date.** In addition to providing members with truly useful visual analytics tools, the underlying data is *always* up to date and displayed in real time.
2. **Number of respondents.** Our research reflects the opinions of *thousands* of e-Learning professionals. The Guild has more, and better, data than is available any place else. *Indeed, we will never publish results from a survey unless we have received at least 750 fully-vetted responses.*
3. **No reliance on outside sources that will bias our reports.** With thousands of members updating their profiles and completing surveys, the Guild does not need to rely on outside sources for contacts to complete surveys.
4. **Funding.** The eLearning Guild funds its own research. We do not accept any form of sponsorship from vendors and/or suppliers for public research activities.
5. **Guaranteed Fresh.** Every 90 days we remind members to update their profiles and survey information. If a member goes a year without updating information, that information is filtered out of our live reports.

For the Guild's 360° Reports we carefully review respondents' data for accuracy and consistency. If we detect an anomaly, we contact that respondent and ask that he/she clarify his/her responses. If any issue cannot be resolved, the data from this respondent is discarded and is not included in our report.

The Guild is truly an amazing organization and I feel privileged to be a part of it. It is my goal to leverage the depth, breadth, and spirit of the Guild's members to produce the gold standard in e-Learning research.

Sincerely,



Steven S. Wexler
Director of Research and Emerging Technologies



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Report Overview

By Steve Wexler
The eLearning Guild

So Many, Many Questions

- What is a Learning Management System (LMS)?
- What can these systems do for my organization? What can't they do?
- With over 135 purveyors of Learning Management Systems listed in the Guild's online supplier guide, how do I decide which is best for my organization?
- What's the difference between an LMS and a Course Management System (CMS)?
- What's an Integrated Talent Management System (ITMS)? Should we be using that?
- What is an LCMS?¹
- What will the initial costs to my organization be, and how can I calculate an accurate cost per learner?
- What will the ongoing costs be?
- Is open source a viable option?

If you think these are easily answered elementary questions, then I wish you had been one of my co-authors working on this report, as achieving consensus among the authors, various industry experts, and the tool vendors themselves was a daunting undertaking.

So, the bad news is that this is a complex topic. The good news is that we have teamed up with some exceptionally insightful authors, interviewed scores of e-Learning professionals (from front-line practitioners to CEOs of public companies,) and, most importantly, have culled priceless information from the com-

¹ Learning *Content* Management System. Often bundled with an LMS, an LCMS aids in the creation and reuse of learning content.



bined expertise and experiences of thousands of eLearning Guild members to help you understand the market, the players, the offerings, the benchmarks, and best practices. Most importantly, we provide you with tools and resources to help you make the best decisions for you and your organization.

Let's begin with what may seem an easy question "What is a Learning Management System?"

From CMS, to LMS, to ITMS

Consider Figure 1 shown below.

The Expanding Capabilities and Increasing Importance of Learning Management Systems

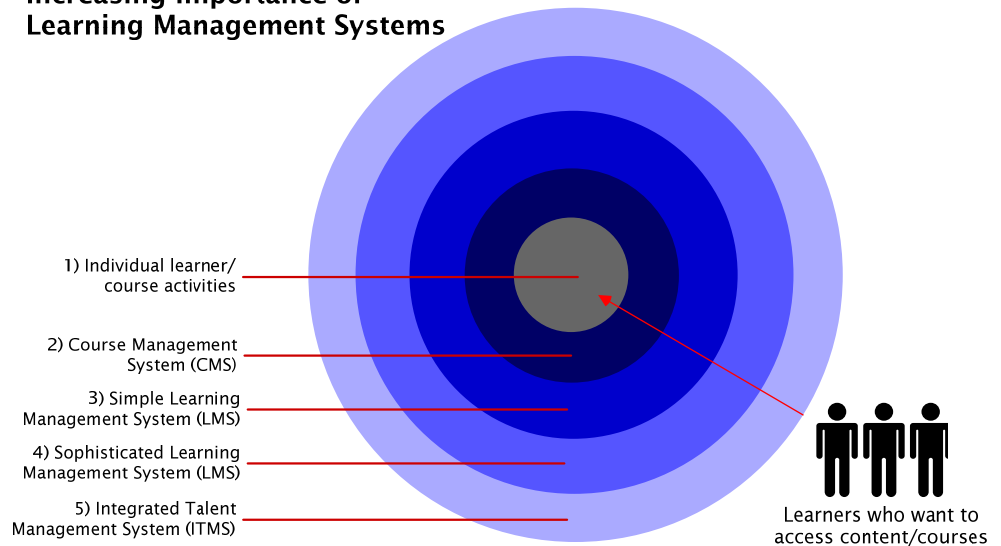


Figure 1 – The Increasing functionality and complexity of systems that support learning and performance.

It is not our goal to establish precisely which capabilities belong in which circles, but to convey the increasing sophistication of systems as they move from course management to talent management.

Level 1 – At the core we have the content/courses/information that a learner wants (or needs) to access.

Level 2 – A **Course Management System (CMS)** provides publishing of asynchronous e-Learning content, access to asynchronous e-Learning courses; simple assessment and testing; and simple tracking, reporting, and measurement.

Level 3 – A **simple Learning Management System (LMS)** expands on what is in a course management system and offers additional functionality, often in-



cluding managing scheduling of instructor-led-training and classroom resources; registration; automating reporting and tracking; providing a training history; providing more sophisticated assessment and testing; and supporting industry standards, such as SCORM and AICC.

Level 4 — A **sophisticated Learning Management System** expands on what is in a simple LMS and offers additional capabilities including certification and regulatory compliance training and tracking; support for aligning learning with strategic business initiatives; ability to support complex business processes; skill-gap analysis; support for synchronous and blended learning; and integration with Human Resources/Enterprise Resource Planning systems (HR/ERP).

Level 5 — An **Integrated Talent Management System (ITMS)**² should really be represented as a much larger circle than is shown in Figure 1 as it includes everything that is in a sophisticated LMS, plus adds recruiting management, performance management, compensation management, succession planning, and retention management. Indeed, in many ways it's more like a sophisticated human resources system than a learning management system.

So, how did the once humble LMS become so big?

Look what they've done to my LMS

What is it that's driving some of the popular LMS vendors to reinvent themselves as “preeminent purveyors of integrated talent management systems,” or “experts in human capital management?” Kevin Oakes, in his essay “LMS Survival Guide – Evolve or Die” on page 117 will look into this question in greater depth, but there are certainly two obvious drivers:

1. Companies have traditionally structured their “human capital” functions in silos. Major departments that are traditionally under the HR department like recruiting, training, benefits administration and compliance among others not only haven't worked very cohesively – they're often annually fighting over scarce budget dollars. Today that's changing. Several progressive organizations are actively working toward greater unification of these functions, and technology is fueling this movement toward integrated talent management.

² Also called an Enterprise Talent Management System or a Human Capital Management System.



- The LMS vendors may in fact be ideally suited for anchoring an ITM system. As Kevin Oakes points out, in many organizations the LMS is ubiquitous and is often a primary conduit for spreading organization-critical information and knowledge. Given its solid beachhead, why not build out the ITM atop the LMS?

Vying for the ITM Prize

Given the potential size of the ITM market, and the business efficiencies that derive from a well-implemented ITM, it is not surprising that at least three different types of vendors are vying for the ITM prize, as shown in Figure 2.

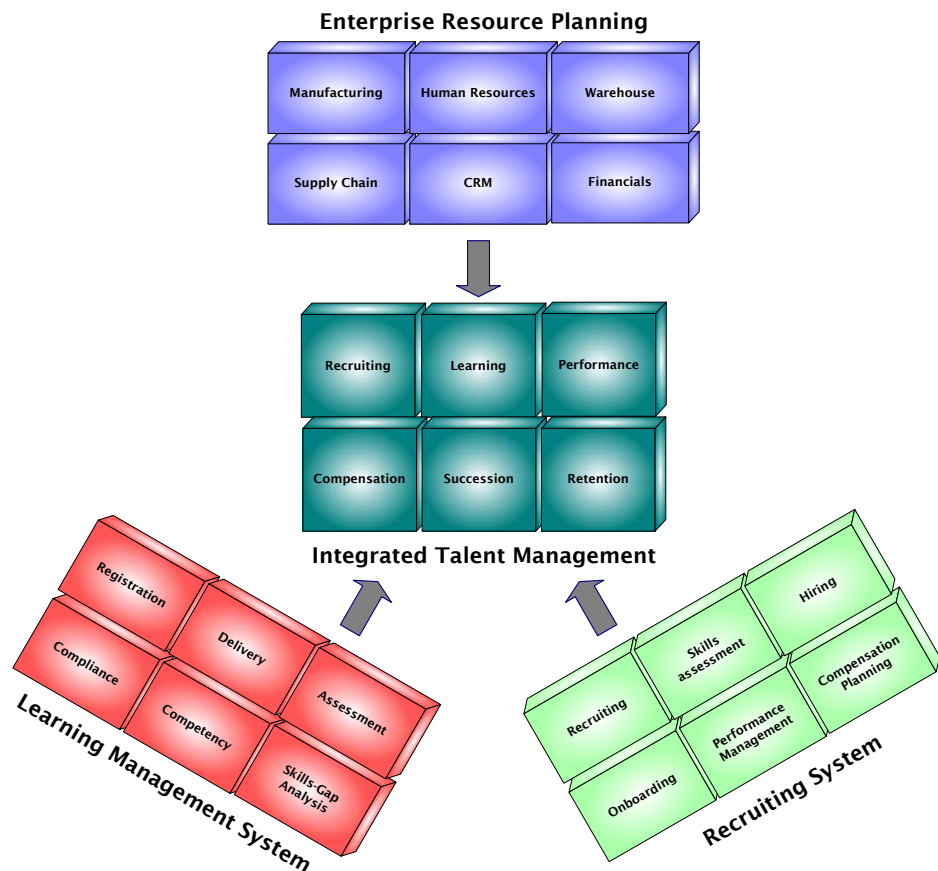


Figure 2 – Different types of vendors will view for the ITM market.

At the top of the diagram we find the major ERP vendors such as Oracle and SAP. These vendors have a long history of offering fully integrated enterprise



software, and most of the players in this space offer a competitive learning management solution.

Underneath and to the left we find the LMS vendors with their ubiquitous presence on virtually every employee's desktop.

Underneath and to the right we find major recruiting system vendors such as Kenexa, Taleo, Vurv, Authoria, and others, all of whom are expanding their offering into talent management.⁵

While we will not offer a prediction as who will win this market, we will show a simple example of why integrating – or at least coordinating – the functions under the ITM umbrella make sense.

Let's start with recruiting. Many corporate recruiters spend a long time interviewing and formally assessing what are now new employees. There's a lot of information about these candidates-cum-employee in the recruiting system, such as acquired skills as well as skills gaps. Shouldn't that information pass seamlessly to the on-boarding system so that that the new employee's skills gaps are addressed with developmental programs? As a new employee I would certainly resent being re-tested or having to take courses in areas that I had already mastered, but I would appreciate the opportunity to immediately begin expanding my skill set.

Similarly, let's consider succession planning and internal recruitment. The LMS probably contains a wealth of information regarding skills mastered, retention, proclivity towards different types of work, and in many cases, performance. Shouldn't this system work seamlessly with the succession planning system?

But what if I just want to buy an LMS?

We are not going to tackle the emerging ITM market in this report; our focus will be on simple course management systems and sophisticated learning management systems, and everything in-between. But you may be wondering, with so much emphasis by some vendors on ITM, if you just want or need an LMS, can you buy one?

⁵ This list does not include Kronos, the workforce management firm that is determined to be the first billion dollar company to focus exclusively on human capital management. See <http://www.wallst.net/editorials/article.asp?id=648>.



With no exception, every commercial vendor will be happy to sell you their LMS and tell you that it will integrate seamlessly with whatever systems you have in place. Likewise, most of the commercial vendors will state that if and when you need to purchase an integrated talent management system, they will have a solution available (although some will offer an integrated suite and others will encourage you to combine elements from different vendors). We strongly encourage you to read the interviews with executives from eight different LMS vendors to hear their strategies in this regard (see page 209).



Categorizing the vendors

As of this writing, there are 135 LMS tools listed in the eLearning Guild's supplier database:

The vendors themselves maintain the list of products and services listed in The eLearning Guild supplier's database. When a member contacts the Guild to tell us that a certain product or service is not in our system, the Guild in turn contacts the vendor and encourages that vendor to add said product/service to our system.

Product and service providers can access the supplier web site at <http://supplier.elearningguild.com>.

Active Learner	InSite Learning Management System, LMS	ResultsOnDemand
Akuter Management System	Interact LMS	Saba Enterprise
ANGEL ePortfolio	IntraLearn 5.0	Saba Learning Suite
ANGEL Learning Management Suite	IntraLearn LearningServer for Share-Point	SAP Learning Solution
Articulate Online	IntraLearn LSP	SimCast
Blackboard Academic Suite	iPerform Learning Management System	SkillSoft SkillPort
CampusCruiser Enterprise Portal	Isotrain	SyberWorks Training Center Learning Management System
Certification Management	KIRA	TEDS Job Vision
ChannelSmart	Knowledge and Performance	TEDS Learning Composer T 5.0
ClickCourse Learning Management System (LMS)	Knowledge Direct Web	TEDS Learning On Demand™ (LMS)
Competentum.Instructor	KnowledgeNet Platform LCMS	TEDS Performance Impact™
Competentum.Magister	KnowledgeNet Platform LMS	TEDS RTC Power™
Competentum.ShareKnowledge	KnowledgePlanet Learning	TEDS SimCorder
Compliance LMS	KnowledgePlanet On-Demand Learning Suite	TEDS Succession Manager
Content Point	KnowledgePresenter	TEDS Tuition Aid™
Cornerstone OnDemand Enterprise Suite	LearnCenter	The Learning Manager (TLM)
CourseMill Learning Management System	LearnerWeb LMS	The Seminar Learning System
Desire2Learn Learning Environment	LearnFlex™	TM SIGAL®
DEVELOPED IN-HOUSE	Learning Design system - LAMS	TopClass e-Learning Suite
dyskans	Learning Management Technology u560	TotalLMS
ECDL/ICDL	LearningSpan	Tracker.Net
eCollege Course Management Solution	Learningworks LMS/LCMS	Traincaster LMS
EduJini Aksh	LearnITy Enterprise Suite v5.0	Training Manager
Elicitus	LearnPoint	Training Partner™ Learning Management System
eMentoring in Healthcare Management System	Lectora (OpenOffice-Impress/ToolBook) Integrator	TrainingCampus.com
Enterprise Knowledge Assembler	Meridian KSI Knowledge Centre™ 5.2	TutorPro
Enterprise Knowledge Manager	Meridian Player 5.0	UpsideLMS
Enterprise-Wide Talent Management	MicroPower Learning Suite	ViewCentral
ePath Learning ASAP+	Mindflash On-Demand Training System	Virtual Coach
Epilearn LMS	Mobile Learning Suite	Virtual Learning System
Extention LMS	Moodle	Virtual Training Assistant LMS
Extend Learning™	NetDimensions Enterprise Knowledge Platform (EKP)	Virtual University Systems
Fronter	OLAT	Vuepoint LMS
GeoConnect	OnPoint Course Manager	WBT Manager
GeoExpress LMS	OnPoint Learning & Performance Suite (OPLS)	WebMentor LMS
GeoLearning Analytics	OnPoint Performance Manager	WildPresenter Pro 5
GeoLearning Talent Management Suite	Oracle iLearning	XMS-Suite
GeoMaestro	Oracle Learning Management	XStream RapidShare™ LMS (Web-based Learning Management System)
GeoPortal	Other	
Gradepoint Learning Suite	OutStart Evolution LMS	
HealthStream Express	PCS LabMentors labs	
HealthStream Learning Center	PeopleSoft Enterprise Learning Management	
How To Master	Pinnacle Learning Management System	
IBM Lotus Learning Management System	Plateau Learning Management System	
IBM Workplace Collaborative Learning	Project Management eLibrary	
IBT® Learning Management	Prosperity	
ILIAS	Quiz Creator	
InformaStream	Rapid LMS	
	ReadyGo Server Side Testing	



Note: our research shows that the top ten vendors enjoy a 70% marketshare and the top 20 vendors an 85% marketshare.

A preview of some of the market share leaders

Consider this partial list of LMS vendors:

Blackboard	Plateau
KnowledgePlanet	Saba
Learn.com	SAP
Moodle	SkillSoft
Oracle	SumTotal
Thompson NETg	

According to the close to 2,500 Guild members who have told us which Learning Management Systems they use, these tools enjoy the greatest marketshare for corporations with 5,000 or more employees and 5,000 or more learners impacted (see “Market Share, Satisfaction Results, and Guild Members Choice Awards” on page 29.)

Yes, *corporations*. We’ve filtered out results from members who work in educational and government institutions and, to many industry veterans’ surprise, we see Blackboard and Moodle.

Do these products belong with the others? Are customers using all these products for the same thing?

And, what about small and medium sized companies? Education? Government?

Comparing apples to apples – should everyone that’s on the list be on the list?

As part of this report we interviewed CEOs and C-Level executives from eight of the most popular and successful LMS companies. With one exception, every executive emphatically stated that they belonged on this list, but they weren’t sure it was accurate to include some of the other vendors. Typical comments were:



Blackboard? I'm surprised to see them there as they have traditionally focused on academia, and we've not run into them when we're selling our products.

SkillSoft? They provide a great product and a very effective front end to their own content, but I don't see them as being the primary LMS in an organization.

Moodle? It doesn't surprise me to see Moodle in small to medium organizations, but I would be surprised to see large corporations use it on an enterprise level.

These executives have a fair point as members often use Blackboard, Moodle, and SkillSoft (and other products) for different purposes than offerings from Saba, SumTotal, Plateau, and Learn.com.

How we (and you) determine which vendors go into which categories

Which of these tools are course management systems? Simple learning management systems? Sophisticated learning management systems? How do members use and rate these tools? Which tools do members use to support divisional or departmental needs? Which tools are used throughout the enterprise?

We cannot provide detailed responses for all 155 tools in this printed report, but you can find out each product's market share and satisfaction ratings by using the Guild's online interactive analytics and survey data (see www.elearningguild.com/360).

Also, you can find a discussion of the corporate and education market share and satisfaction leaders in "Market Share, Satisfaction Results, and Guild Members Choice Awards" on page 29.

One system vs. many

As of this writing, of the 2,269 members who have told us which Learning Management Systems they use, approximately 21% use more than one, as shown below.

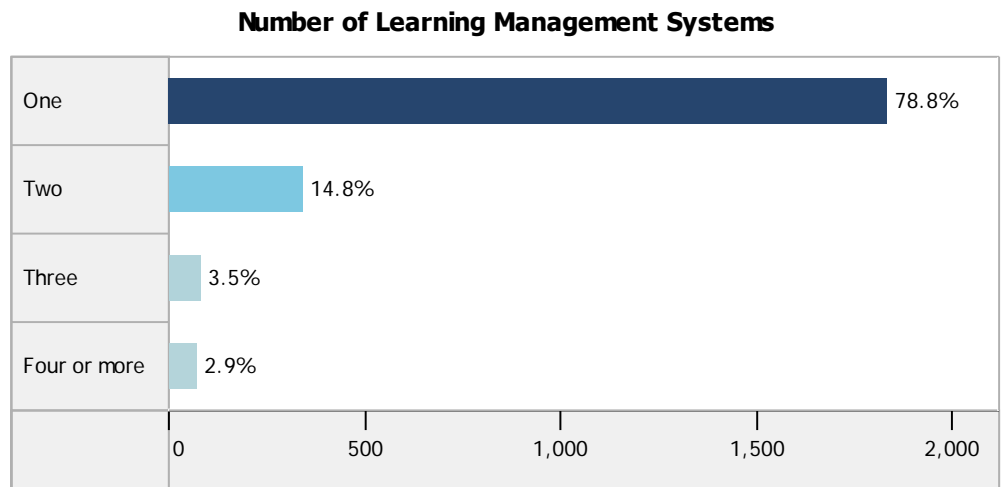


Figure 3 – Number of LMSs in use in Guild member organizations.

Primary vs. Secondary

Among the members that use more than one LMS, which one is the primary LMS? There are several tools that, although they enjoy a large market share, are rarely selected when we ask Guild members to identify their primary LMS (contrast Figure 4, below, with marketshare numbers later in this report).

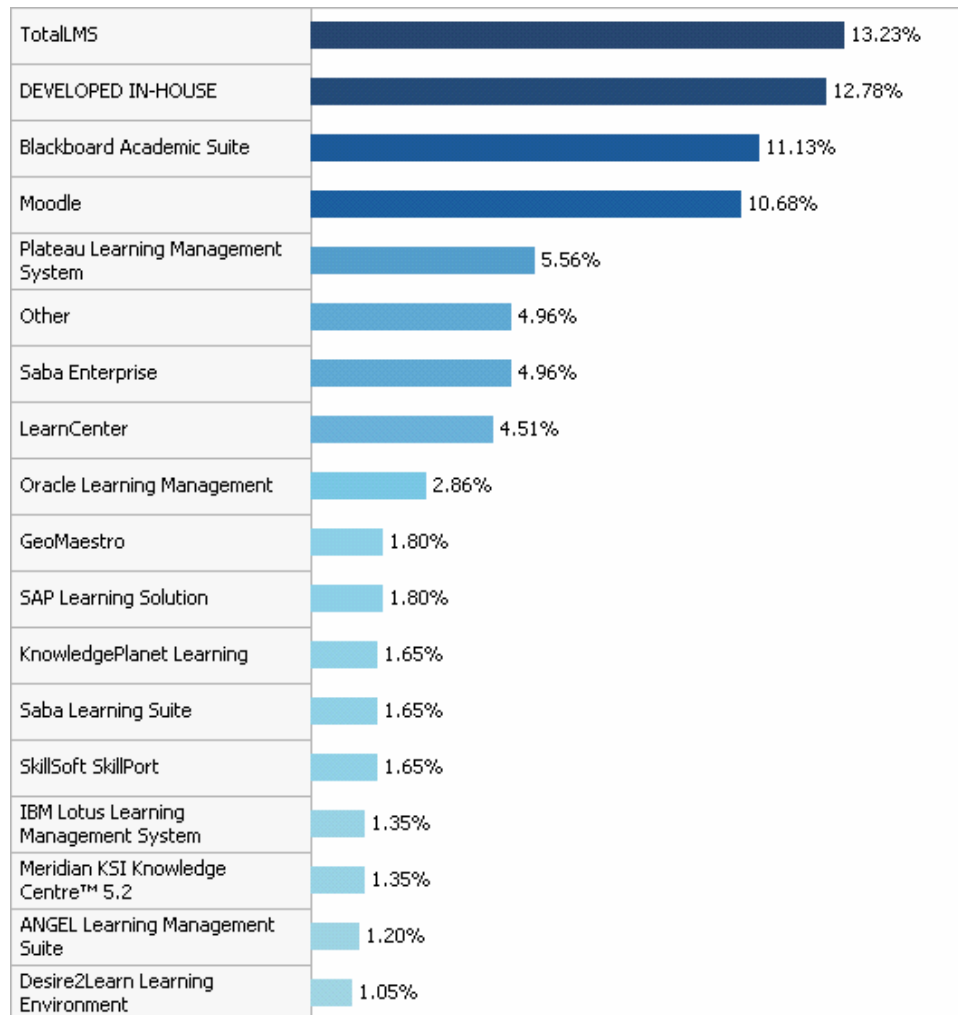


Figure 4 – Primary LMS for all industries and all company size (From question One of the Guild’s survey on learning management systems. See “1) What is your primary LMS?” on page 43 for more details.

Enterprise vs. Departmental

In our comprehensive survey we also ask Guild members to specify whether their primary LMS supports enterprise or departmental/divisional use, as shown below.

Using the online interactive analytics and survey data you can (and should) focus on the products you are considering to see how Guild members use them.

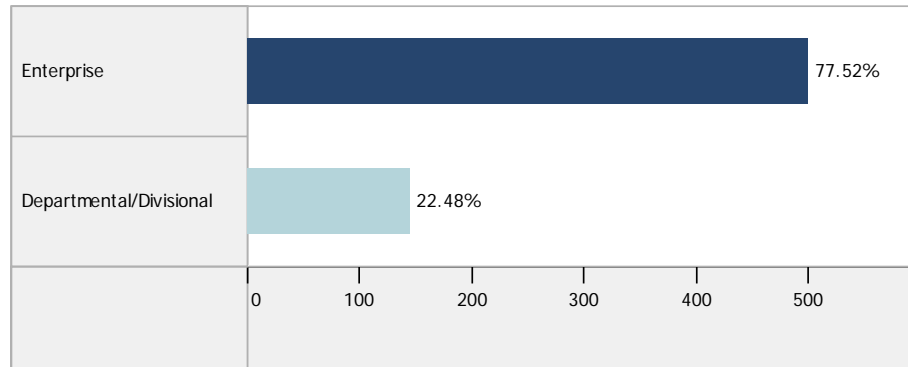


Figure 5 –Enterprise vs. Departmental/Divisional breakdown for all LMSs, across all industries and company sizes.

Why did/does your organization want an LMS?

In question Four of the Guild LMS survey, we ask members to tell us why their organizations want an LMS (see Figure 6). By looking at the results for a single product (and by combining this with question 17, where we ask members to tell us what is important to them) we get an excellent idea of just how a particular LMS is being used, or will be used, by Guild members.

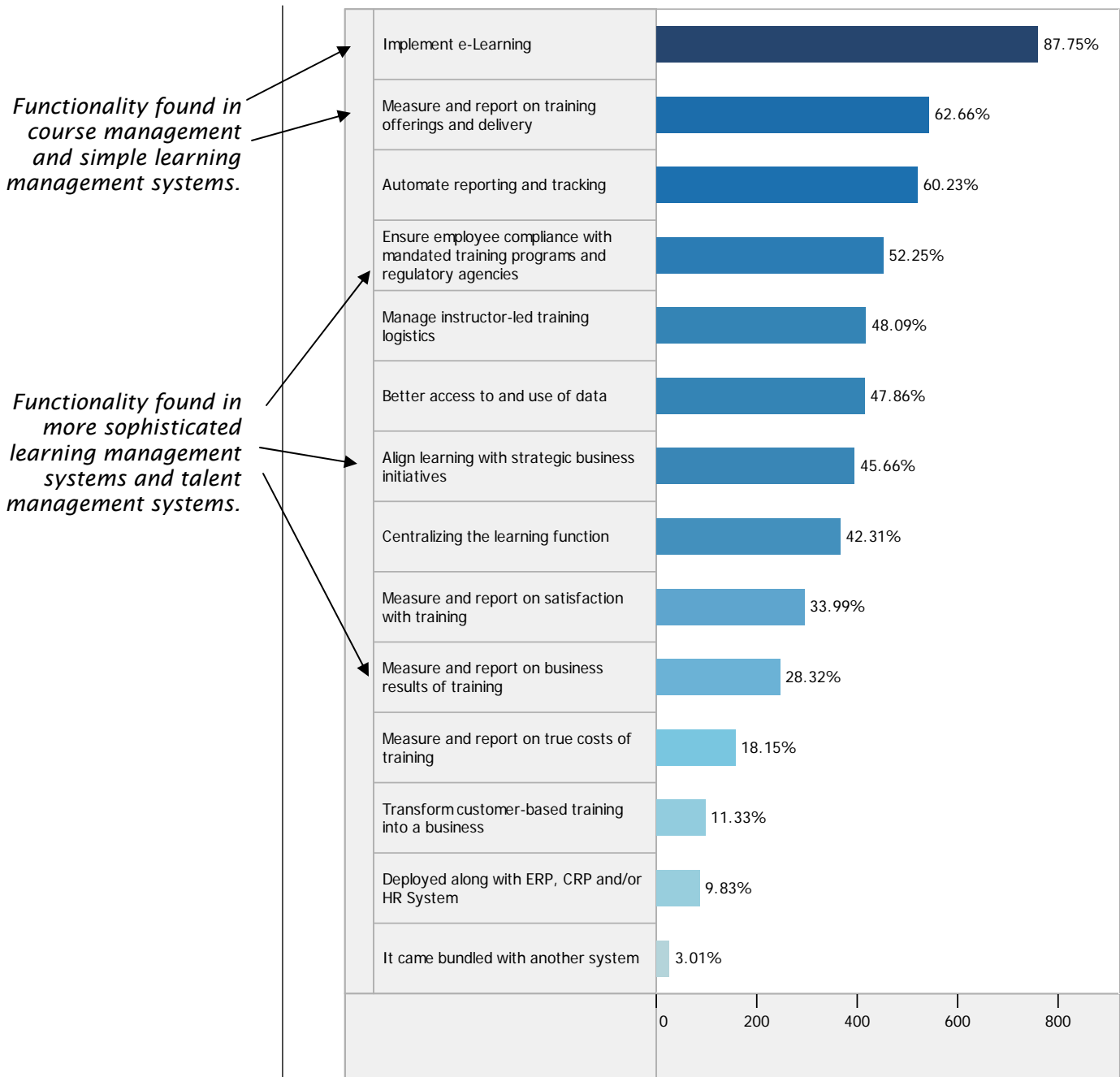


Figure 6 – Some of the reasons why organizations use an LMS.

Determining how Guild members use vendors’ tools

I can foresee a number of vendors that may question with how we’ve categorized their LMS offering. Indeed, these vendors may have thousands of cus-

tomers that use their products for purposes other than those specified below, but it's not for me, as a research director, to say which product belongs in which "bucket."

It's up to the 2,372 members who have told us which learning management system they use, the 1,221 who have rated these tools, and the 920 members who have completed the survey.⁴

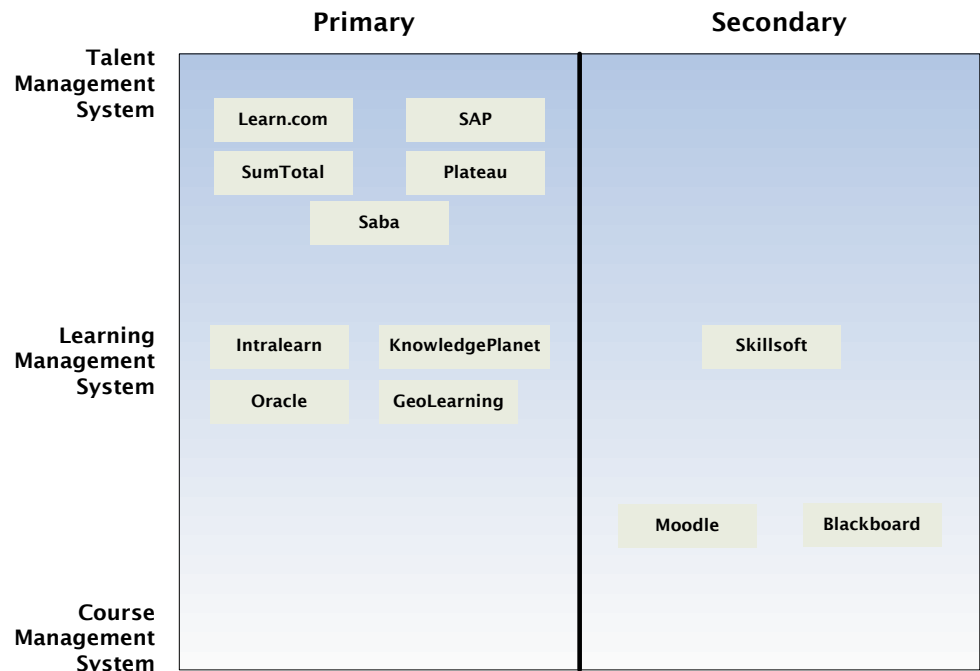


Figure 7 – How Guild members use their LMSs.

So, now that we've explored the differences among the different types of management systems (course, learning, and talent), seen how members may use them (primary vs. secondary and enterprise vs. departmental) and have positioned the top vendors based on the ways members use their tools, we're ready to dive into the report.

⁴ As of March 26, 2007. Using the online interactive analytics and survey data we can see the reasons why members purchased a particular LMS, what functions are important to them, and so on.



How this Report Is Structured

We divided this report into the following sections.

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Survey Results

In this section we review and analyze the responses we received to the Guild’s learning management systems survey.

Here are some of the key findings:

An LMS is essential

The vast majority of members who have a learning management system in their organizations consider it essential to their organizations.

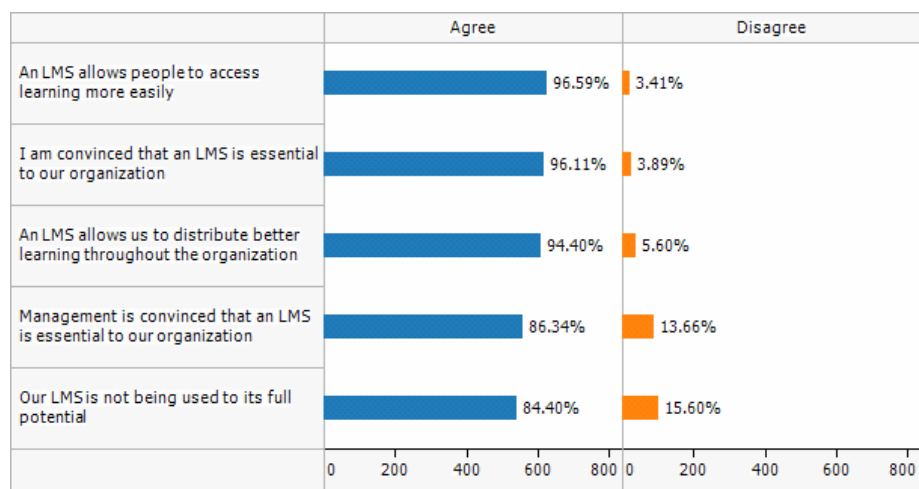


Figure 8 – Perceived importance of LMSs within Guild member organizations (all industries and all company sizes).



Plans for the next 12 months

Members plan to purchase, upgrade, or expand the role of the learning management systems.

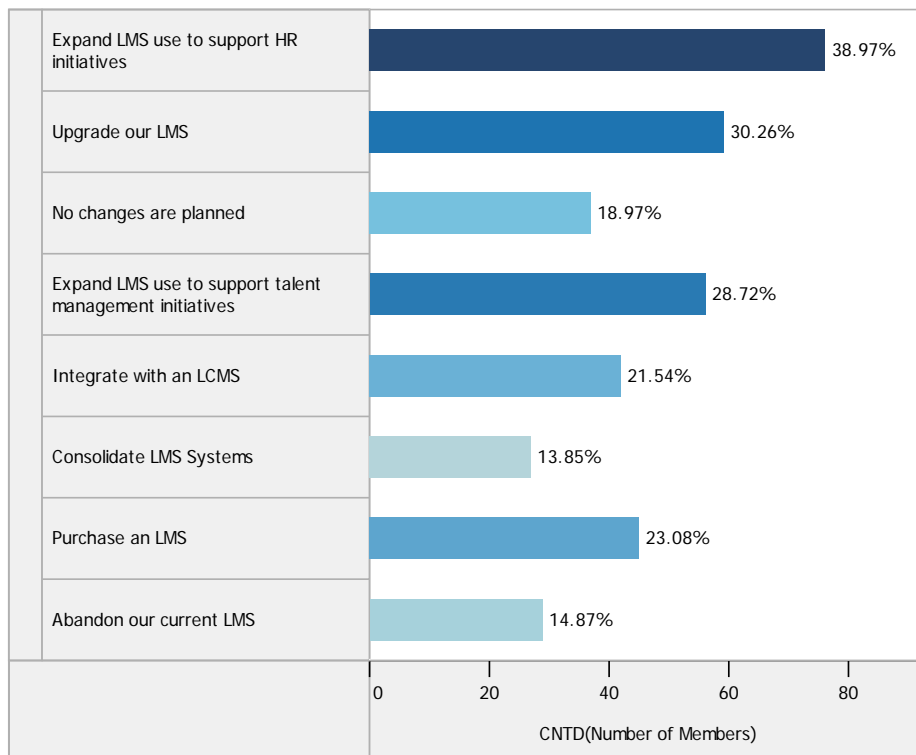


Figure 9 – Plans among members in corporations with 5,000 or more employees and learners.

Moodle within Corporations

While the Guild’s marketshare findings show some penetration by Moodle within large corporations, our initial findings of Moodle’s use within small and medium corporations suggest that Moodle *may* be the dominant player, as shown below.

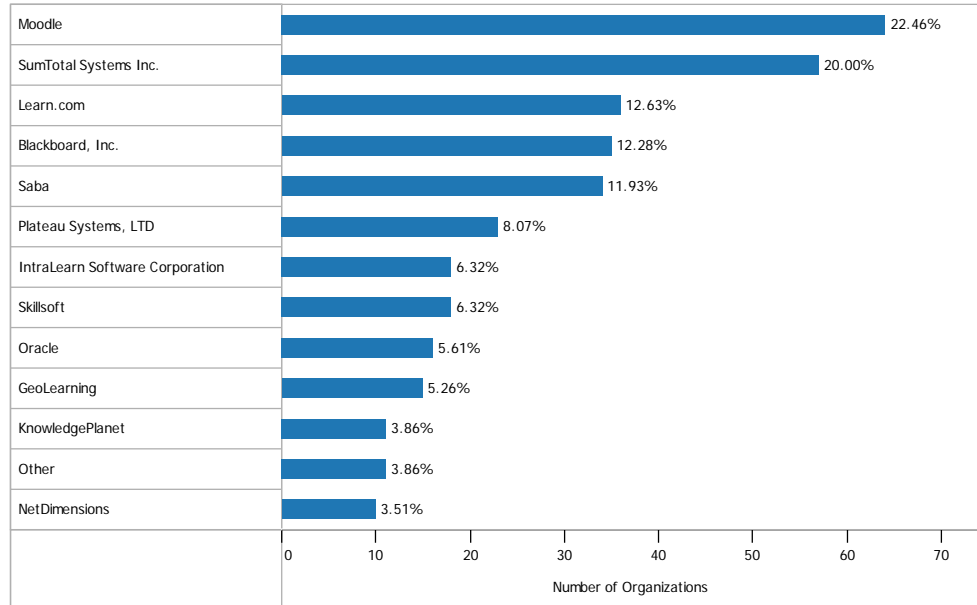


Figure 10 – LMS Marketshare for organizations with fewer than 5,000 employees and fewer than 5,000 learners.

If we change our filter settings to show only those organizations with between 101 and 5,000 learners, and change the number of learners impacted to only show 1,000 to 4,999, Moodle’s marketshare decreases significantly, as shown below.



Filter: Total Company Size

- a) 1-20
- b) 21-50
- c) 51-100
- d) 101-500
- e) 501-1,000
- f) 1,001-2,000
- g) 2,001-5000
- h) 5,001-10,000
- i) 10,001-49,999
- j) 50,000+

Filter: Learners Impacted

- a) 0 - 999
- b) 1,000 - 4,999
- c) 5,000 - 9,999
- d) 10,000 - 24,999
- e) 25,000 - 49,999
- f) 50,000 - 99,999
- g) 100,000+

Use Guild Research's interactive online analytics to filter just the information you want.

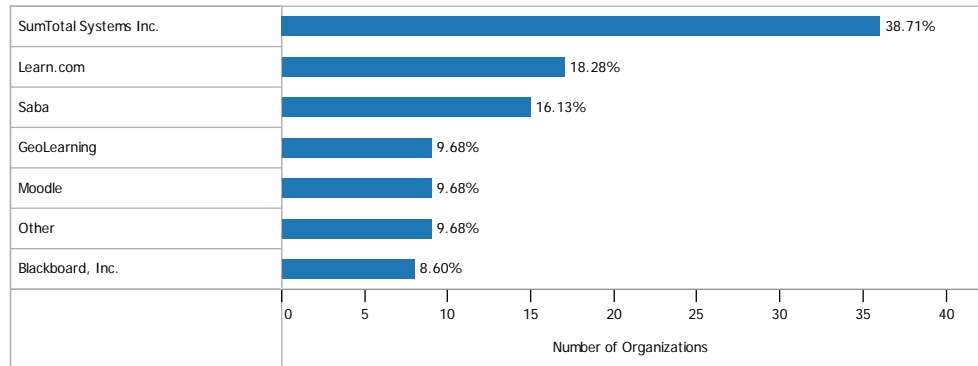


Figure 11 – Moodle marketshare in slightly larger organizations with more learners impacted.

Finally, in the Guild’s Survey on Learning Management Systems we ask Guild members (many of whom use more than one LMS) to tell us what their primary LMS is. While 7.66% responded “Moodle,” in corporations with more than 100 employees and more than 5,000 learners impacted, only 1.05% of members indicate that Moodle is their primary LMS.

Our conclusion is that while many members are experimenting with or using Moodle, Moodle is not yet doing much “heavy lifting” in corporations. For more information, see “Moodle: Open Source Software’s Quick – and Successful March – Into the LMS Market” on page 169.

Most members report a good return on investment

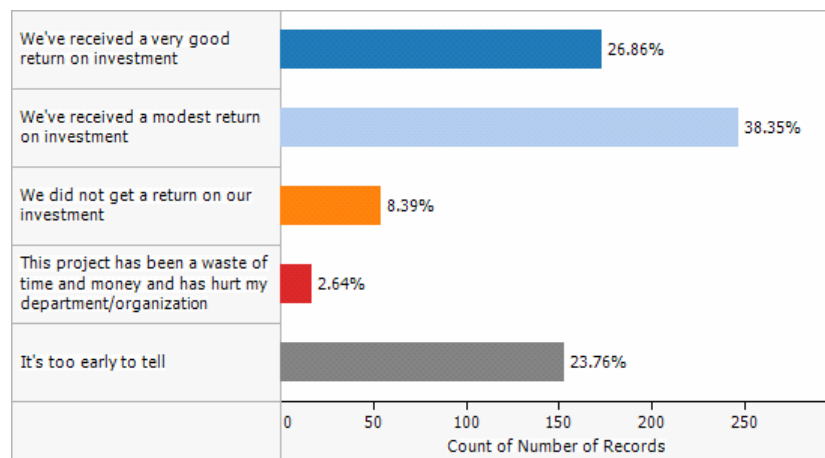


Figure 12 – Reported ROI (all industries and organization sizes).



Cost per Learner

The Guild is particularly excited about its ability to calculate the cost per learner and filter these findings based on which product is used, the size of the company, the number of learners impacted, the industry, and so on.

Figure 13 shows cost per learner in large corporations.

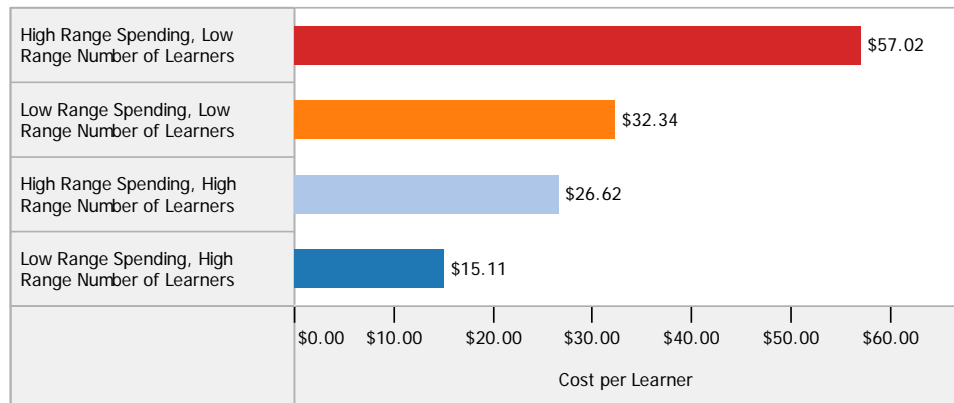


Figure 13 – Cost per learner in corporations with 5,000 or more employees and learners.



Correlating cost per learner by who hosts

We can further break down our survey information to determine the cost per learner based on whether the LMS is hosted internally, by the vendor, or by a third party, as shown in Figure 14.

The thick bars indicate more members host their systems internally than the thin bars, which indicate fewer members use a third party to host

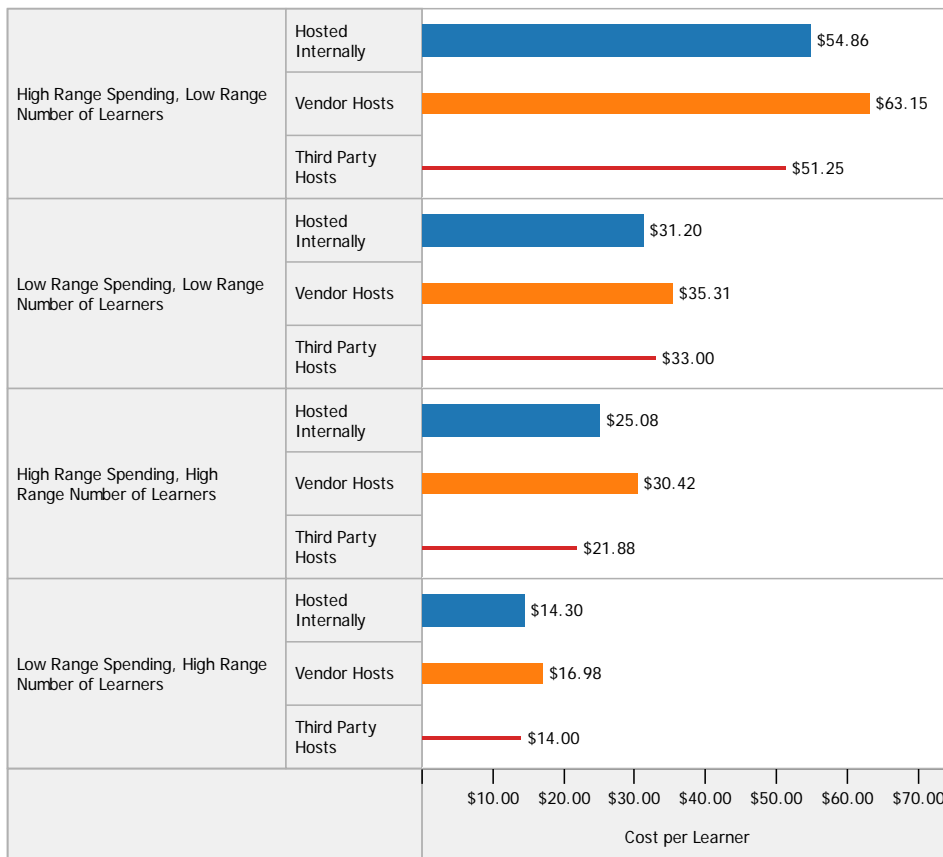


Figure 14 – Cost per learner broken down by host for corporations with 5,000 or more employees and learners.

Correlating ROI with who hosts

In the Survey Results section we further correlate reported return on investment with who hosts the LMS, as shown in Figure 15.

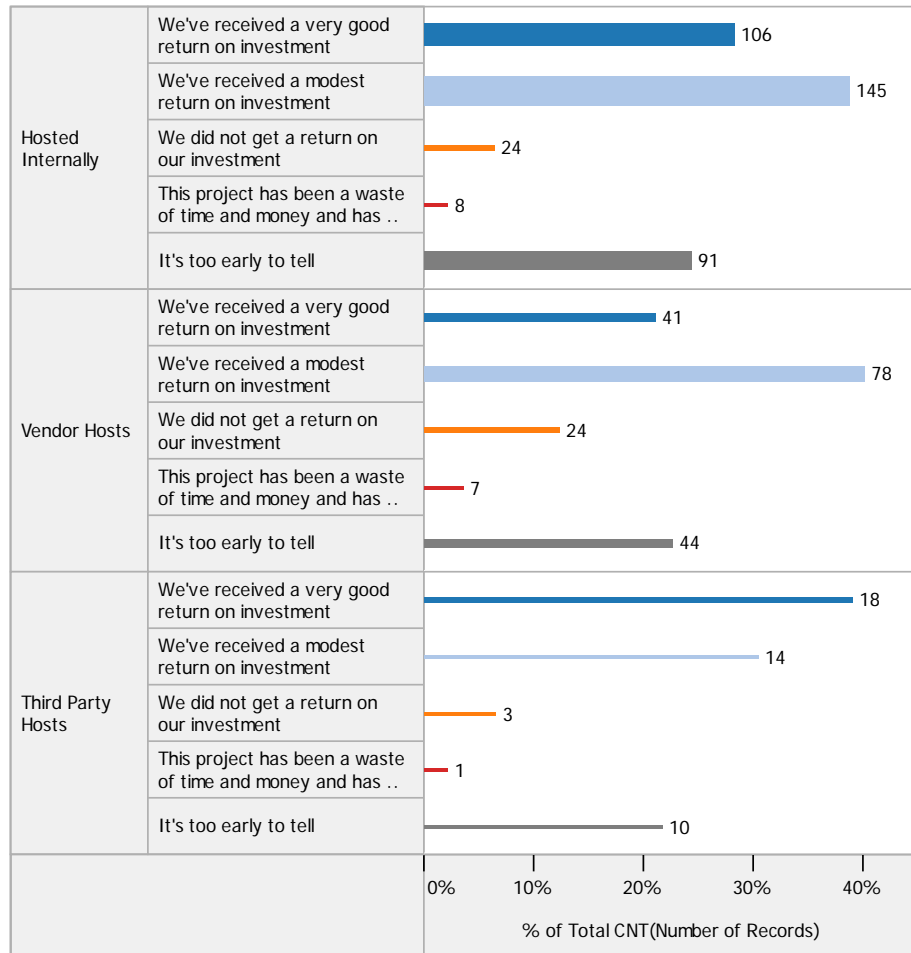


Figure 15 – ROI based on who hosts for all types of organizations.

Correlating ROI with specific tools

We will also explore members' collective experiences and reported ROI among various LMSs. Figure 16 shows reported ROI for specific tools in corporations, and Figure 17 shows reported ROI for specific tools in education and government organizations.

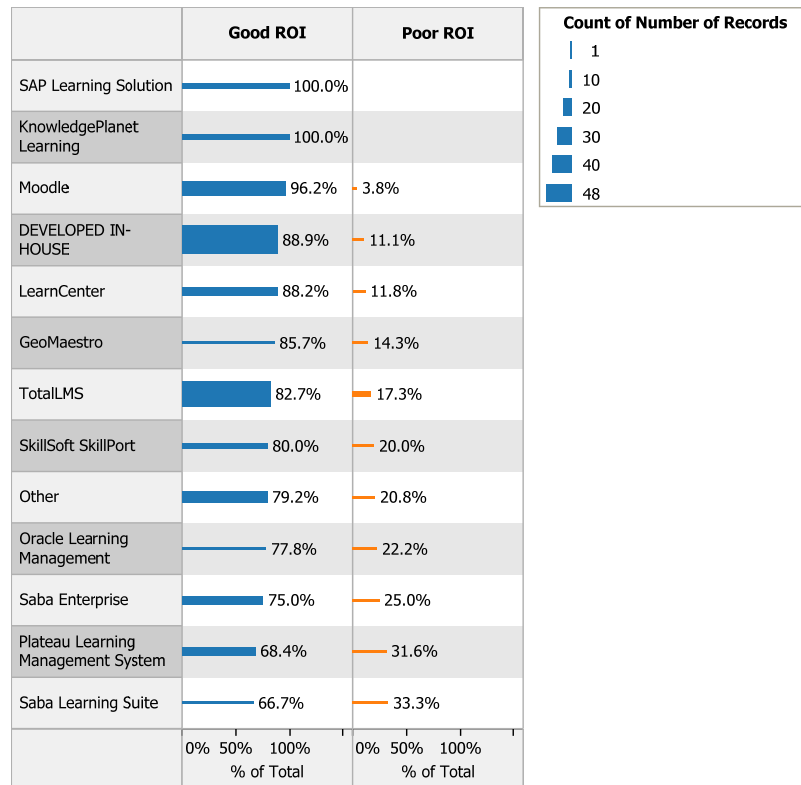


Figure 16 – ROI rankings for corporate learning management system incorporating two measures. We only show tools that have received a reported ROI from at least ten member organizations.

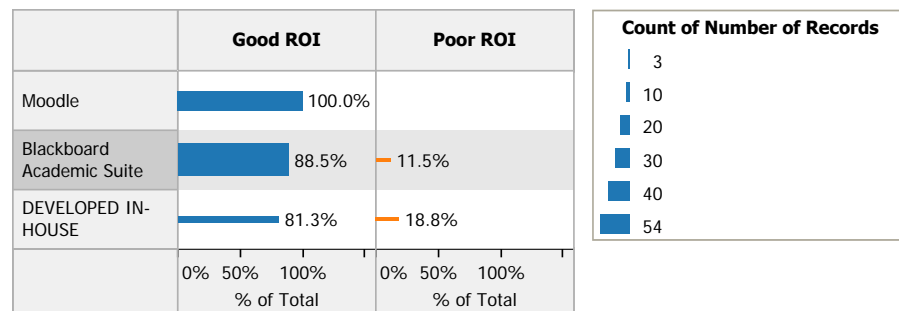


Figure 17 – ROI rankings for education and government learning management system incorporating two measures. We only show tools that have received a reported ROI from at least ten member organizations.



Market Share, Satisfaction Results, and Guild Members Choice Awards

If you want to know which learning management systems enjoy the largest market share, or which tools are highly rated by Guild members, and which tools they panned, you can review this snapshot from our live, interactive research system.

While this printed report is ideal when you don't have Internet access, we strongly encourage you to explore the corresponding Web-based interactive component. Not only does the Web-based interactive component have up-to-the-minute information, but it also allows you to filter results based on company size, industry, number of learners affected, and so on.

The interactive marketshare and satisfaction reports are available from the Guild's 360° research page at <http://www.elearningguild.com/360>.

Essays from Industry Experts

The Guild has tapped several industry experts that share their valuable insights into the LMS landscape.

LMS Survival Guide: Evolve or Die

Kevin Oakes, CEO of The Institute for Corporate Productivity (i4cp) and most recently Chairman of the American Society of Training & Development (ASTD), explains LMSs evolving role as a mission-critical application in many organizations, and provides an overview of the different ways that an LMS can help organizations impact corporate culture. Kevin also weighs in on crucial, but often overlooked, steps you should take when purchasing an LMS.

What an LMS Can't Do for an Organization

Bob Mosher, Global Chief of Learning Strategy and Evangelism for Learning-Guide Solutions USA, and recognized worldwide leader for his pioneering role in e-Learning, acknowledges the tremendous benefits of an LMS but cautions readers not to expect miracles from even the best LMS and the best implementation. Bob's essay is a great complement to Kevin's as it makes the case that there are critical learning approaches that even the most malleable of LMSs may not be able to do.



Selecting, Installing and Configuring a LMS

Tony Karrer, CEO/CTO of TechEmpower, and one of the world's top technologists in e-Learning and performance, brings priceless real-world experience and clear guidance that will help you avoid mistakes and accelerate your organization's selection, installation, and configuration of an LMS.

It's About the People: The Real Key to Success with Your LMS

Lance Dublin, founder of the Dublin Group and recognized expert in corporate learning programs and organizational change management, explains how to make sure the LMS you worked so hard to select, install, and configure is embraced within your organization. Lance contrasts the practices of organizations that get a good return on investment vs. those that get a bad one, and shows you how to avoid having a technological success that leads to an organizational failure.

Moodle's Successful March into the LMS Market

Margaret Martinez, CEO at The Training Place and pioneer in personalized learning research, and Sheila Jagannathan, e-Learning Specialist at the World Bank Institute and veteran of distance learning projects all over the world, explore the appeal of Moodle, the LMS darling of the Open Source Software world. Margaret and Sheila show how Moodle's allure stretches beyond the higher education sector into government and corporations.

Notes from the Field: What LMS practitioners do and don't do

In February and March, 2007, Lance Dublin, Tony Karrer, and Steve Wexler interviewed two dozen e-Learning professionals who shared their trials and triumphs with learning management systems. In this section, Angela van Barneveld, program manager in education services at a global business intelligence and corporate performance management solutions provider, highlights some of their observations and recommendations so that you can duplicate their successes and avoid the failures.

Interviews with LMS Vendor Executives

The eLearning Guild enjoyed the privilege of interviewing senior executives from eight of the most popular LMS tool vendors. In this series of candid and illuminating discussions, we hear the passions, plans, and prognostications of



business leaders that are determined to address the concerns of eLearning Guild members and the industry as a whole.

Getting the Most from This Report – Access the Live, Interactive Component

Our goal is to provide information that is timely, insightful, and relevant. But like any printed document, the data that you review here is already old. We strongly encourage you to access the interactive online analytics and survey data.

As of this writing, 2,269 of the Guild's 24,500 members have indicated which Learning Management Systems they use, and 1,200 have rated these tools. In addition, 892 members have completed the LMS survey. As the survey is still open, and Guild members can complete it at any time, the number of responses will increase. In addition, The Guild encourages members to update their responses as their tool use and opinions change. While the tables and charts in this report reflect data as of March 2007, the live, interactive component of the report reflects all additions and changes in real time. The Guild also takes monthly snapshots of the data so we can see how members' use of tools and training modalities changes over time.

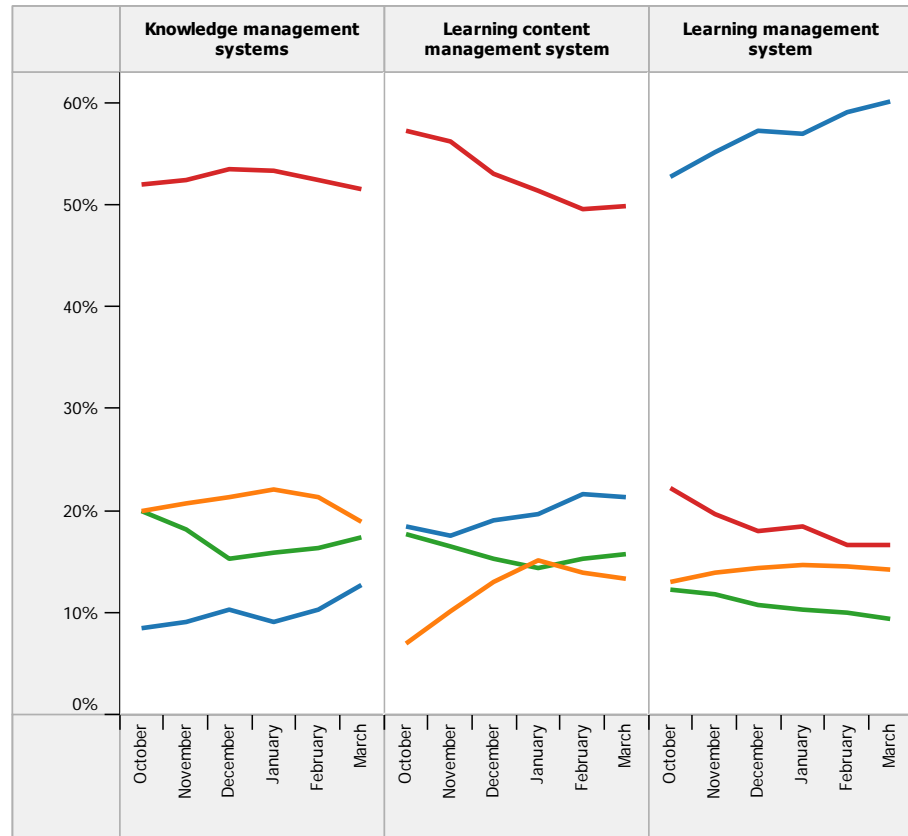


Figure 18 – Adoption of Knowledge management systems, Learning content management systems, and Learning management systems within the financial and insurance industries, October 2006 through March 2007. The Guild will publish this trends analysis later this year.

Filtering Data Based on Various Criteria

In addition to accessing always-up-to-date information, the Guild’s research engine allows you to filter data based on many different criteria. For example, here is a chart that shows current use of three different types of e-Learning approaches for the financial/banking/accounting industries.



7) Who hosts/administers your LMS?

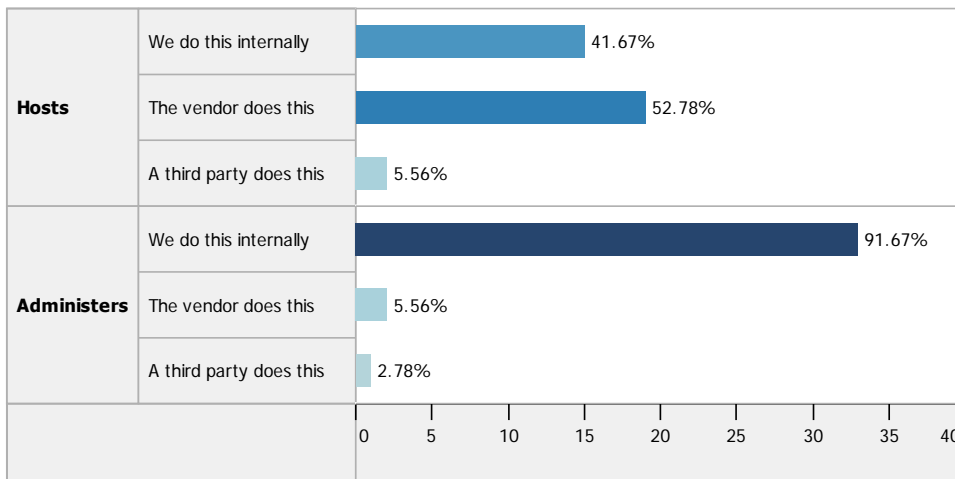


Figure 19 – Who hosts/administers your LMS for corporations with 2,000 to 10,000 employees and with 5,000 to 24,999 learners for just the financial/banking/accounting industries.

Compare this with results for companies with 101 to 2,000 employees and fewer than 5,000 learners.

7) Who hosts/administers your LMS?

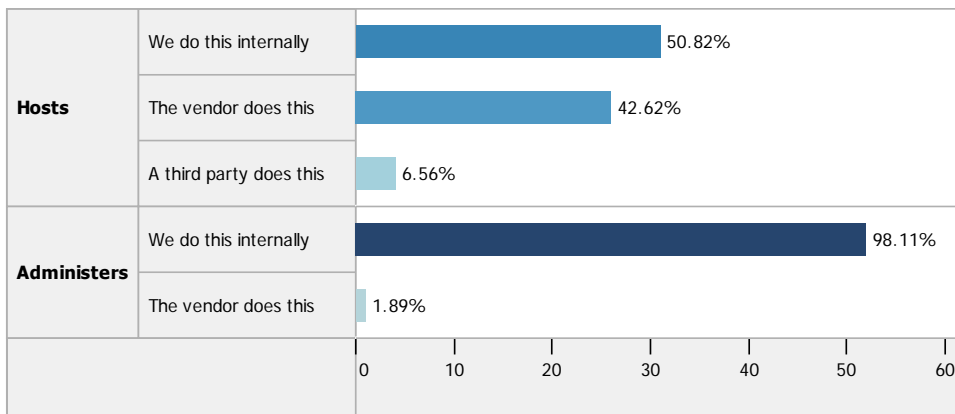


Figure 20 – Same question, different filter settings.

The online interactive analytics and survey data is available from the Guild’s 360° research page at <http://www.elearningguild.com/360>.

Note: For information on how the Guild’s research engine works, see “Appendix” on page 283.

Filter: Total company size

- a) 1-20
- b) 21-50
- c) 51-100
- d) 101-500
- e) 501-1,000
- f) 1,001-2,000
- g) 2,001-5000
- h) 5,001-10,000
- i) 10,001-49,999
- j) 50,000+

Filter: Learners Impacted

- a) 0 - 999
- b) 1,000 - 4,999
- c) 5,000 - 9,999
- d) 10,000 - 24,999
- e) 25,000 - 49,999
- g) 100,000+

The Guild’s research engine allows you to filter information on multiple criteria in real time.



Market Share, Satisfaction Results, and Guild Members Choice Awards

Overview

In addition to the survey data conducted for this report, The eLearning Guild gathers other information from its members, including **member profile data**.

All Guild members are directly involved in the management, design, development, and delivery of e-Learning in corporate, government, academic, and non-profit organizations.

For this community to succeed – and for members to get as much as possible from the Guild – we ask that every member submit a complete and accurate profile.

At the time of this writing, more than 8,100 members have up-dated their profiles. Members are updating their profiles at a rate of approximately 1,000 per month. In addition, more than 5,500 members have indicated which tools, products, and services they use, and have rated these tools, products, and services.

Market share and Tools satisfaction reports for all categories of tools, products, and services are available to all paying Guild members (see <http://www.elearningguild.com/pbuild/linkbuilder.cfm?selection=fol.28>). We have included a subset of these reports, both here and online, that summarizes market share and satisfaction for Learning Management Systems.

At the time of this writing, more than 8,100 members have up-dated their profiles. Members are updating their profiles at a rate of approximately 1,000 per month.



Guild Members Choice Platinum and Gold Award Winners

The eLearning Guild Research is very pleased to present tool and product vendors with two types of awards to recognize these vendors' contributions to the e-Learning industry.

Guild Research Market Share Award

Guild Research presents one Platinum award and up to four Gold awards to the products within a particular category that are used by the most Guild members, recognizing these vendors for developing tools and products that make Guild members' lives easier.

Guild Research Satisfaction Award

Guild Research presents one Platinum award and up to four Gold awards to the products within a particular category that have received the highest overall satisfaction rating from Guild members.

How we determine overall satisfaction rating

We ask members to rate products on a scale from 1 to 10 in four categories. The overall score is determined based on the following weightings:

- Would you use this vendor again? – 50%
- Vendor responsiveness (includes technical support) – 15%
- Learning / Implementation curve – 15%
- Cost / benefit – 20%



Notes on the Tools and Products in this Section

- Filter: Industry
- Aerospace/Defense
 - Agriculture/Mining
 - Automotive/Transportation
 - Computer Manufacturing (hardware, s...
 - Construction/Architecture/Engineering
 - Consulting (Computer)
 - Consulting/Business Services (Non-co...
 - Education (K-12)
 - Education (University/College)
 - E-Learning Tool/Service Provider
 - Energy/Utilities
 - Financial/Banking/Accounting
 - Government (Federal including Military)
 - Government (Local)
 - Government (State)
 - Healthcare
 - Insurance
 - Manufacturing (non-computer)
 - Media/Marketing/Advertising/Entertain...
 - Non-Profit/Trade Association
 - Pharmaceuticals/Biotech
 - Real Estate
 - Retail/Wholesale/Distribution (Computer)
 - Retail/Wholesale/Distribution (Non-co...
 - Telecommunications
 - Travel/Hospitality

The market share and satisfaction results represent how Guild members use, or have used, these products as of March 17, 2007. As of this date, 2,269 members have told us which Learning Management Systems they use, and 1,200 members have rated these tools.

The list of tools that they use, and those which are well-rated, will always be changing. And what is popular within one industry, or for a large organization, may not be popular for another industry, or for a small organization.

Important: We strongly encourage you to take advantage of the online interactive analytics and survey data so you can focus on the market share and satisfaction leaders for your industry and your company size. You can further filter by job level, primary job responsibility, and number of learners impacted.



LMS Market Share – Large Corporate

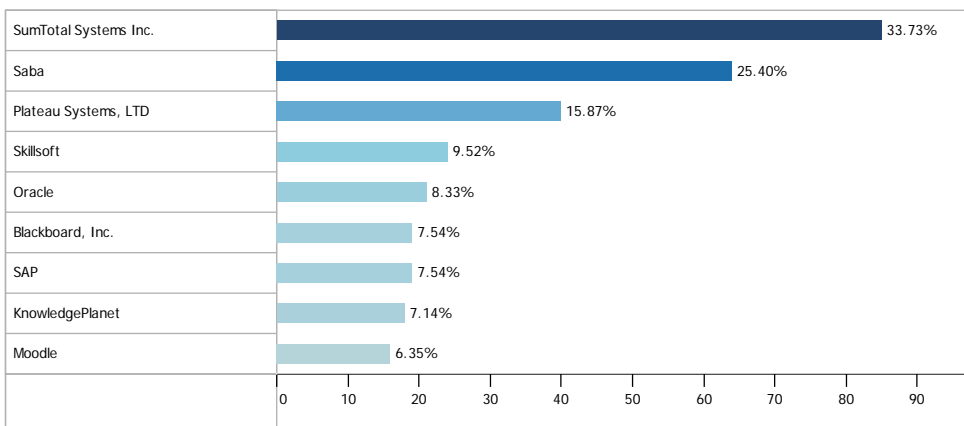


Figure 21 – LMS Tool market share results as of March, 2007, for corporations with a minimum of 5,000 employees and 5,000 learners (based on minimum of 15 organizations that use the LMS).



Guild Research 2007 Platinum Award – Market Share: Large Corporate Learning Management Systems

SumTotal Systems, Inc.



Guild Research 2007 Gold Awards – Market Share: Large Corporate Learning Management Systems

Saba

Plateau Systems, LTD



LMS Market Share – Small and Medium Corporate

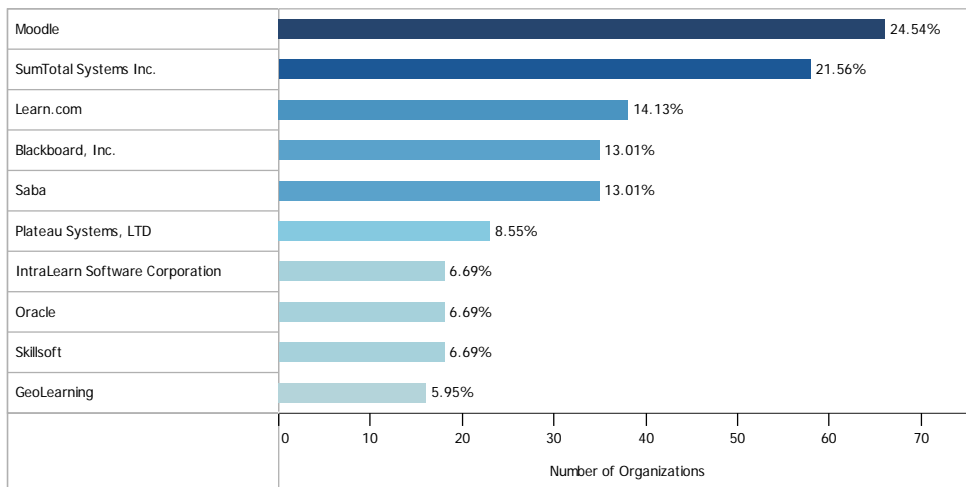


Figure 22 – LMS Tool market share results as of March, 2007, for corporations with fewer than 5,000 employees and fewer than 5,000 learners (based on minimum of 15 organizations that use the LMS).



Guild Research 2007 Platinum Award – Market Share: Small and Medium Corporate Learning Management Systems

Moodle



Guild Research 2007 Gold Awards – Market Share: Small and Medium Corporate Learning Management Systems

SumTotal Systems, Inc.

Learn.com



LMS Market Share – Education and Government

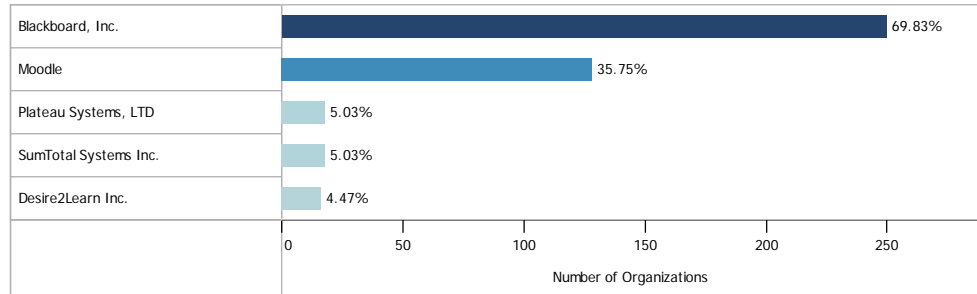


Figure 23 – LMS Tool market share results as of March, 2007, for education and government institutions (based on minimum of 15 organizations that use the LMS).



Guild Research 2007 Platinum Award – Market Share: Education and Government Learning Management Systems

Blackboard, Inc.



Guild Research 2007 Gold Awards – Market Share: Education and Government Learning Management Systems

Moodle



LMS Satisfaction – Large Corporate

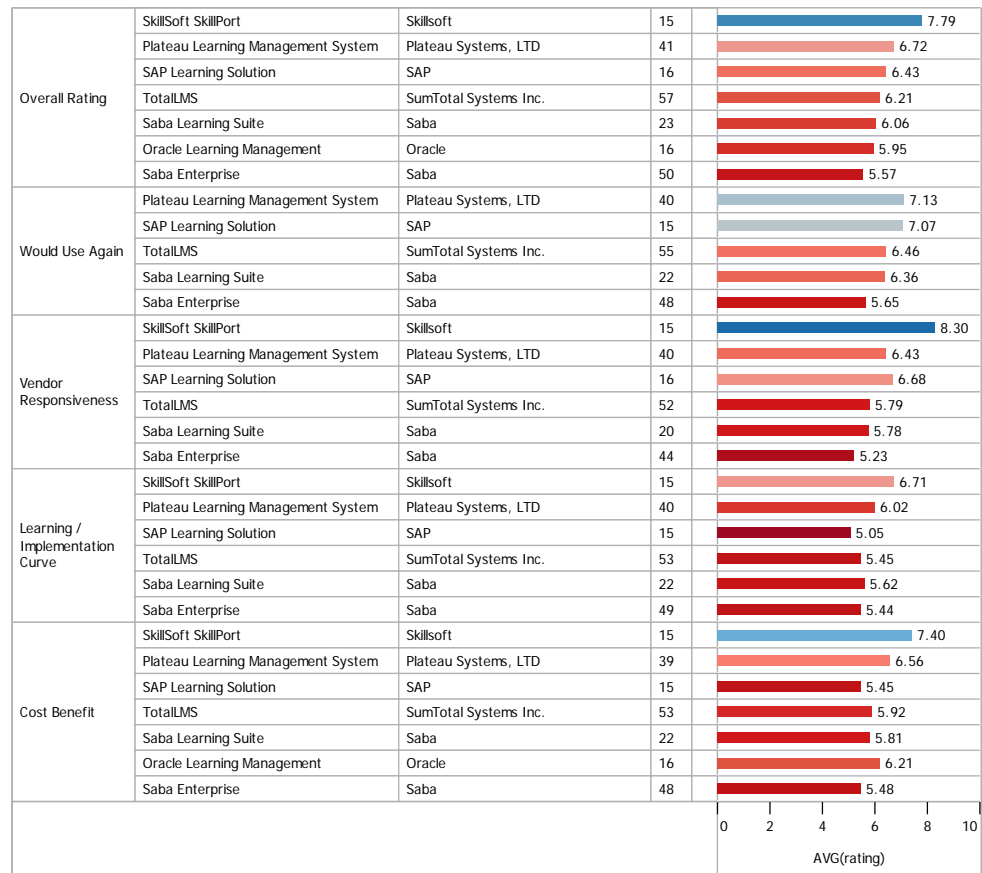


Figure 24 – LMS satisfaction results as of March, 2007, for corporations with a minimum of 5,000 employees and 5,000 learners (based on minimum of 15 members that use the LMS. The number to the left of the rating bars indicates the number of members who have rated the tool).



Guild Research 2007 Platinum Award – Satisfaction: Large Corporate Learning Management Systems

SkillSoft – SkillSoft SkillPort



Guild Research 2007 Gold Awards – Satisfaction: Large Corporate Learning Management Systems

Plateau Systems LTD – Plateau Learning Management System

SAP – SAP Learning Solution



LMS Satisfaction – Small and Medium Corporate

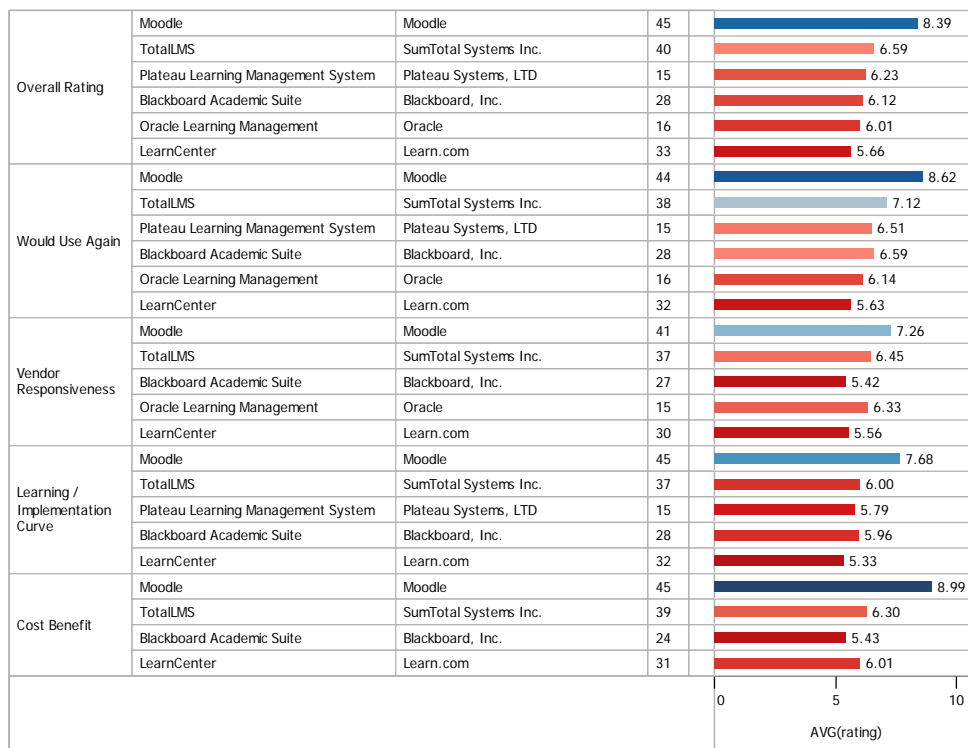


Figure 25 – LMS satisfaction results as of March, 2007, for corporations with fewer than 5,000 employees and fewer than 5,000 learners (based on minimum of 15 members that use the LMS).



Guild Research 2007 Platinum Award – Satisfaction: Small and Medium Corporate Learning Management Systems

Moodle – Moodle



Guild Research 2007 Gold Awards – Satisfaction: Small and Medium Corporate Learning Management Systems

SumTotal Systems – TotalLMS

Plateau Systems LTD – Plateau Learning Management System



LMS Satisfaction – Education and Government

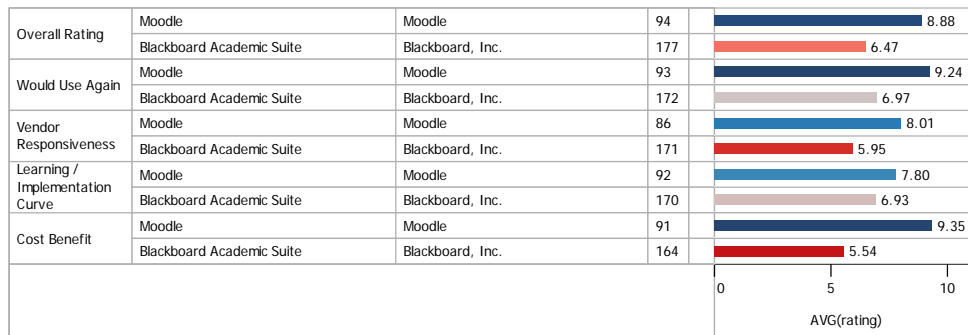


Figure 26 – LMS satisfaction results as of March, 2007, for educational and government institutions (based on minimum of 15 members that use the LMS).



Guild Research 2007 Platinum Award – Satisfaction: Education and Government Learning Management Systems

Moodle – Moodle



Guild Research 2007 Gold Awards – Satisfaction: Education and Government Learning Management Systems

Blackboard, Inc. – Blackboard Academic Suite



Survey Results

**By Steve Wexler, Director of Research and Emerging Technologies,
The eLearning Guild**

Steve brings to the Guild a passion for learning, and for teaching, and over 20 years experience in electronic performance support systems, software development, and technology-enhanced learning systems. He has consulted to, and developed training and learning systems for, major corporations including Microsoft, Chase, American Express, and Citigroup Global Markets Holdings. He has also written several best selling computer books, was chief architect for *Microsoft Windows 95 Starts Here*, the official learning companion to Microsoft Windows 95, and is a top presenter at trade shows and conferences.

Previously, Steve was founder and president of WexTech Systems, where he pioneered the development and use of single-source publishing software and embedded help systems. Steve was also instrumental in the creation of AnswerWorks®, a natural language search engine embedded in scores of commercial products that are used by millions of people every day. Steve attended Princeton University, and the University of Miami awarded him a fellowship.

You can reach Steve at swexler@elearningguild.com



Introduction

My co-authors and I debated fervently about the questions that should be in this survey. We solicited feedback from other Guild members, as well as from vendors and solution providers. We tested the survey for several weeks before going live in early February 2007, and at the time of this writing, we've received 892 responses.

In addition to reviewing answers to each question in the survey, we will also examine correlations between various approaches to configuring and implementing an LMS that may impact results. For example, we ask Guild members to tell us if they believe they have received a return on investment from their LMS. We then compare the habits of organizations that report a good ROI with those that don't.

In addition, we examine market share and satisfaction leaders in "Market Share, Satisfaction Results, and Guild Members Choice Awards" on page 29.

Note: As with any printed report, the charts in this section are dated. We strongly encourage you to view up-to-the-minute, real-time results using the Guild's online interactive analytics and survey data. In addition to viewing up-to-date information, you will also be able to find answers to *your* specific needs by filtering the information based on *your* specific requirements.

Live, Interactive, and Always-Up-To-Date information is readily available for users of this report from the Guild's 360° Research page at

<http://www.elearningguild.com/360>.



Background Information

Number of LMSs in Use

Of the 2,269 members who have told us which Learning Management Systems they use, approximately 21% use more than one, as shown below.

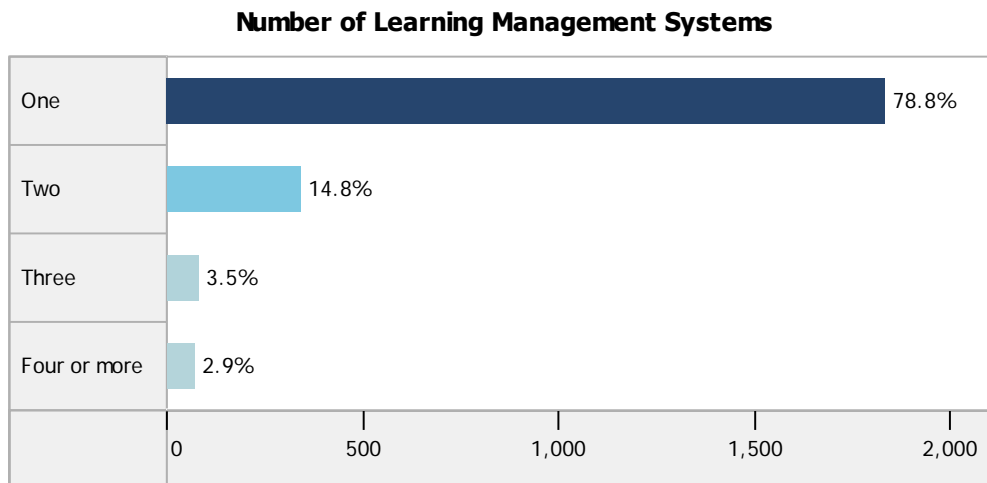


Figure 27 – Number of LMSs in use in Guild member organizations. This information comes from culling member profile data, and not from the survey itself.

Survey Respondents’ Demographics

Here is a demographic summary of 892 eLearning Guild members who have completed the survey, as of this writing.

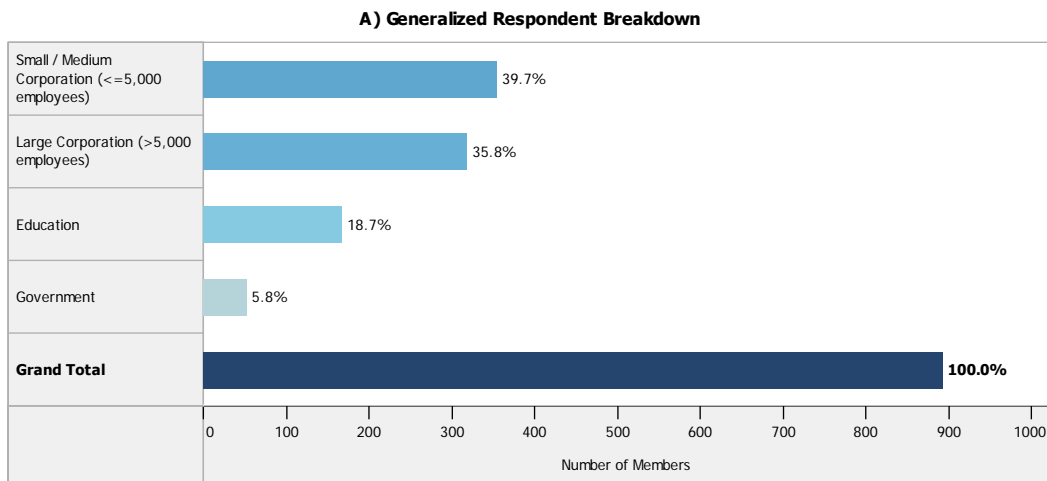


Figure 28 – Survey respondents broken down into major categories.

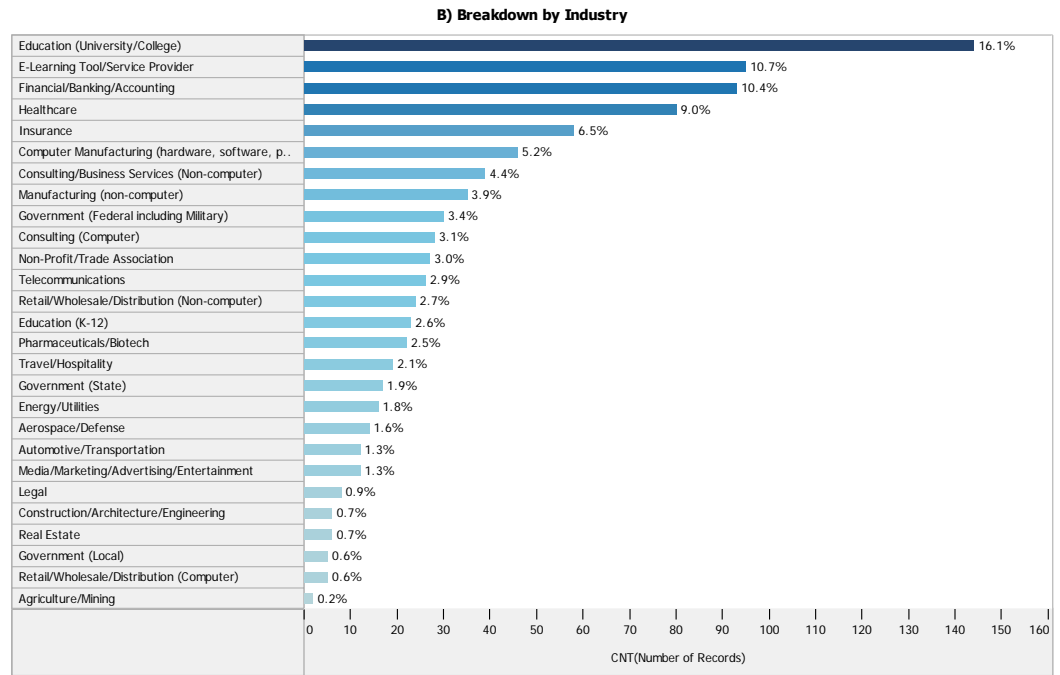


Figure 29 – Survey respondents broken down by industry.

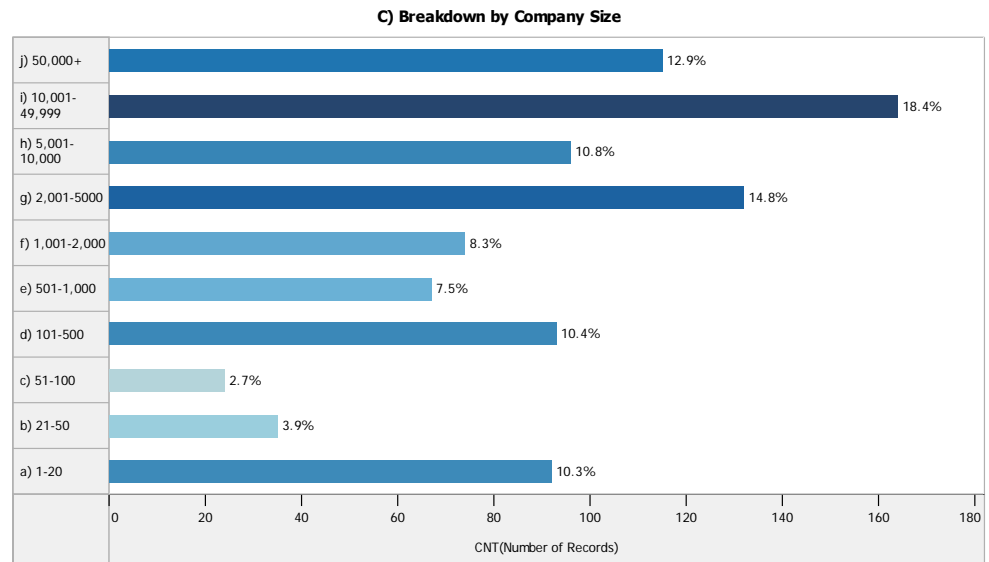


Figure 30 – Survey respondents broken down by company size.

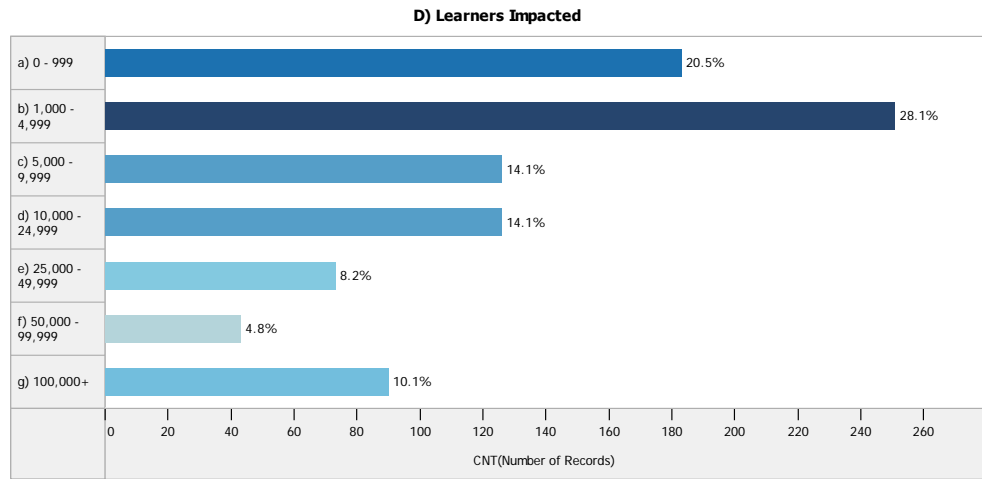


Figure 31 – Survey respondents broken down by number of learners impacted.

1) What is your primary LMS?

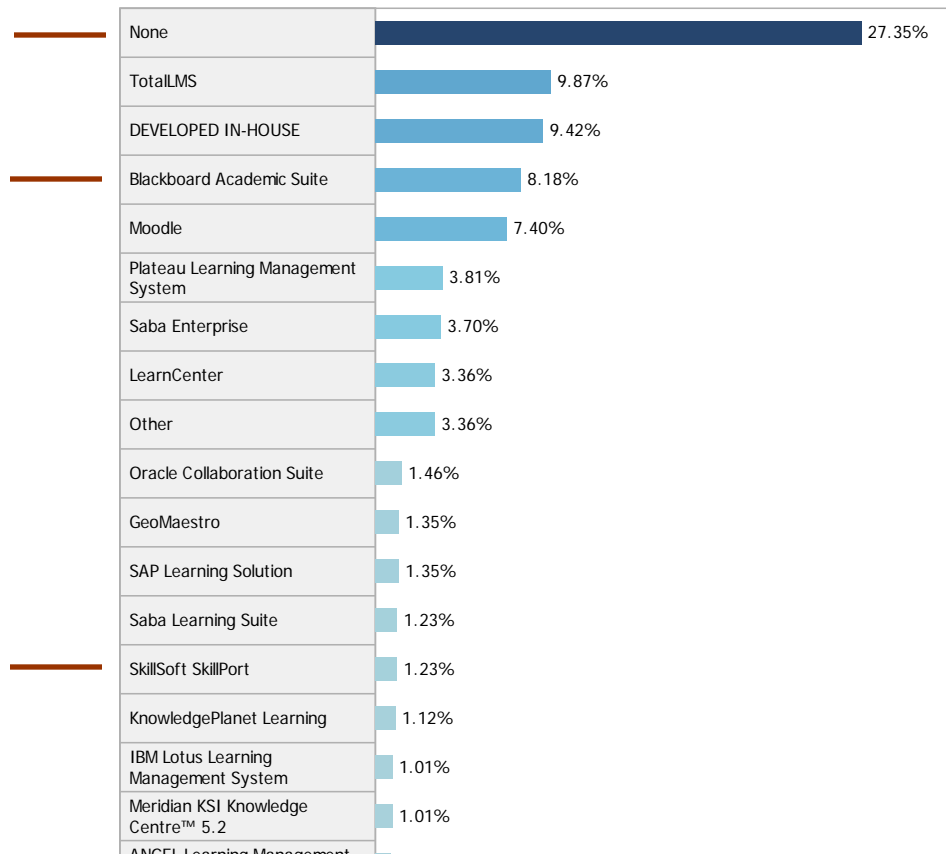
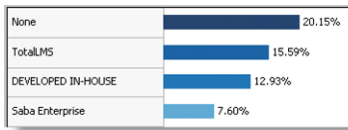


Figure 32 – Primary LMS for all industries and all company sizes.

Answering some questions about “None”, Blackboard, and SkillSoft

Of the members that have completed the survey, a little more than 27% do not yet use a Learning Management System. (Many of the members who submitted comments with their survey were somewhat chagrined to report this.) However, if we look at larger organizations (5,000-plus employees and more than 5,000 learners impacted) the percentage of survey respondents not using an LMS decreases to just over 20%.

If we skip ahead to question 19 where we ask members their plans for the next 12 months, we see that close to half of people not yet using an LMS plan to purchase one.



For larger companies with more learners, the percentage of members not using an LMS decreases to 20%.

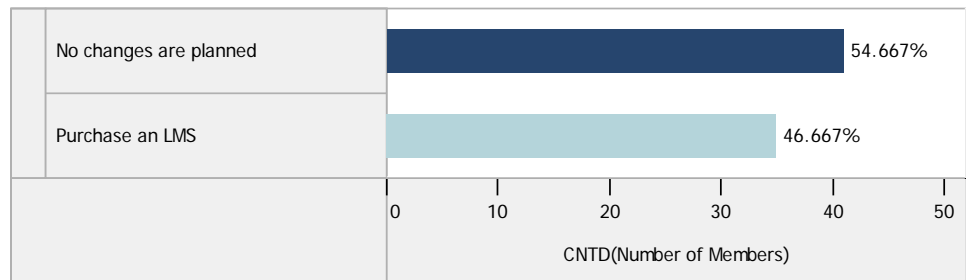


Figure 33 – Many people not yet using an LMS plan to purchase one within the next 12 months.

Figure 4 supports our assertion that Guild member organizations rarely use SkillSoft’s SkillPort as the primary LMS within Guild organizations. That’s not to say that SkillPort is unpopular. Indeed in our LMS Marketshare and Satisfaction findings we see that SkillPort is both used frequently and is very highly rated. The LMS survey, however, indicates that SkillPort is *an* LMS within an organization, rather than *the* LMS.

Within corporations, members rarely, if ever, use Blackboard as their primary LMS. While Figure 4 shows Blackboard as an often-used primary LMS, if we exclude educational institutions, Blackboard’s popularity diminishes significantly, as shown below.

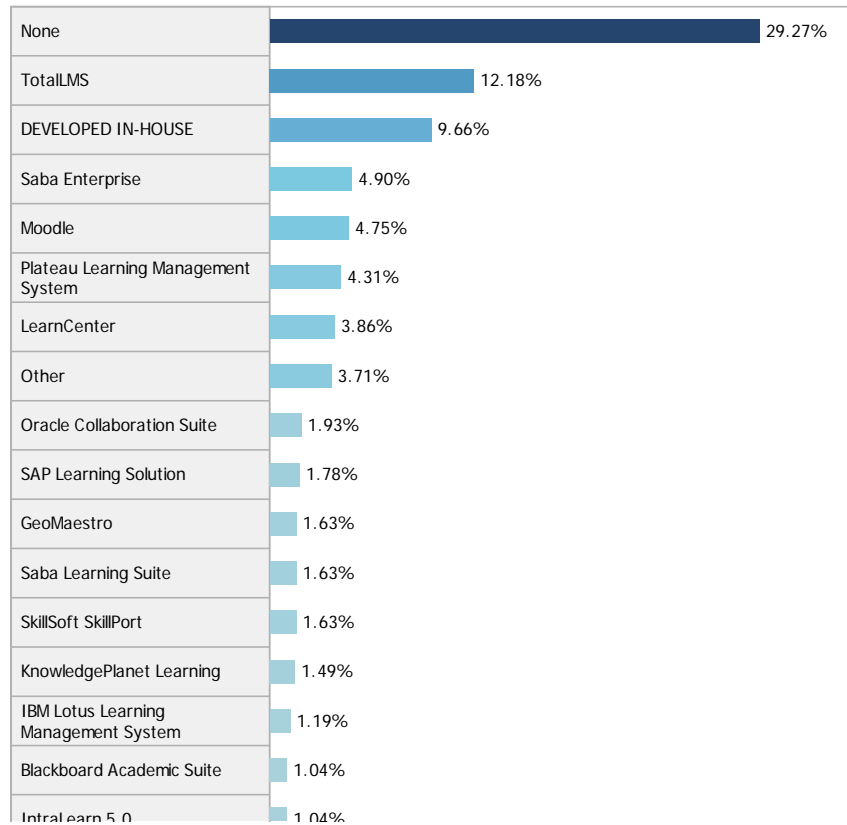


Figure 34 – Primary LMS for all industries except education.

So, while Blackboard is a popular choice for course management and simple learning management within corporations, Blackboard is rarely the primary LMS.



2) Please indicate if your LMS is used throughout your organization (enterprise) or within one or more separate areas (Departmental/Divisional)

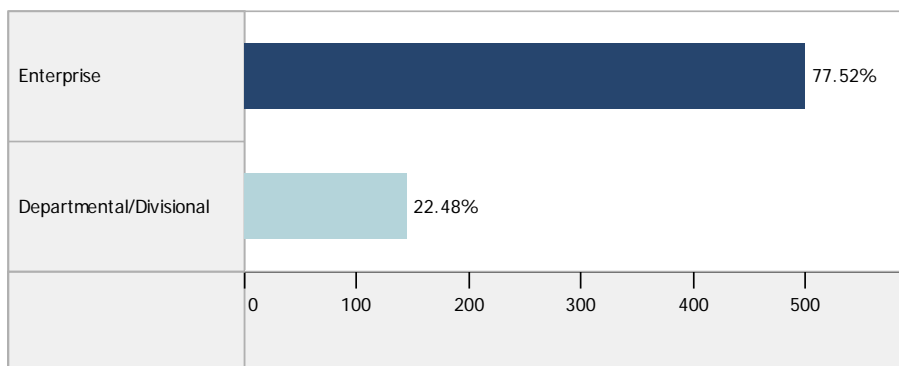


Figure 35 –Enterprise vs. Departmental/Divisional breakdown for all LMSs, across all industries and company sizes.

Enterprise vs. Departmental use for an Individual LMS – Where’s Moodle? Saba?

The filters available with the Guild’s online interactive analytics and survey data allow us to see exactly how members are using their LMS. For example, if we just focus on organizations that have more than 500 employees we see that the vast majority of Moodle users are not using it to support their entire enterprise, as shown below.

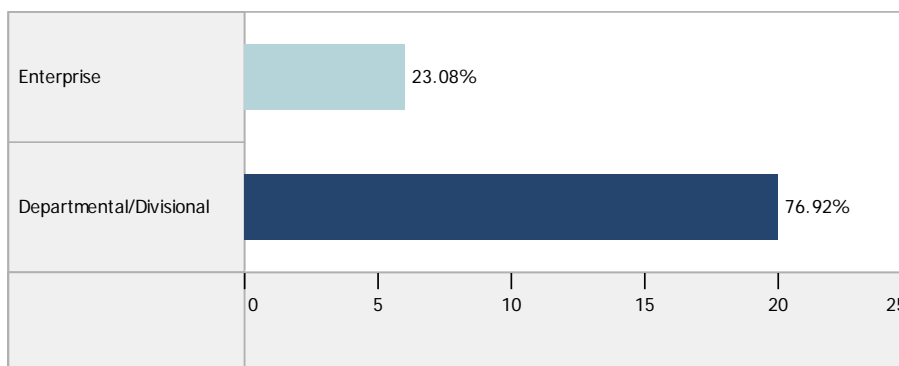


Figure 36 – Moodle use in organizations with more than 500 employees.



Likewise, if we focus on Saba use within organizations of the same size, we see that members rarely use Saba Enterprise and Saba Learning Suite for departmental or divisional purposes.

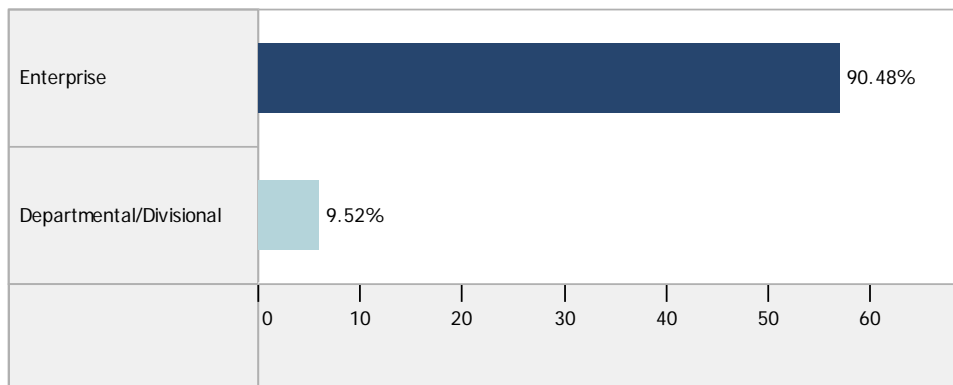


Figure 37 – Saba Enterprise and Saba Learning Suite use in organizations with more than 500 employees.

3) Who “owns” the LMS; i.e., gets credit for its success and blame for its failure? (Check all that apply)

The onus appears to be on the training department for corporations, and the IT department for educational and government institutions.

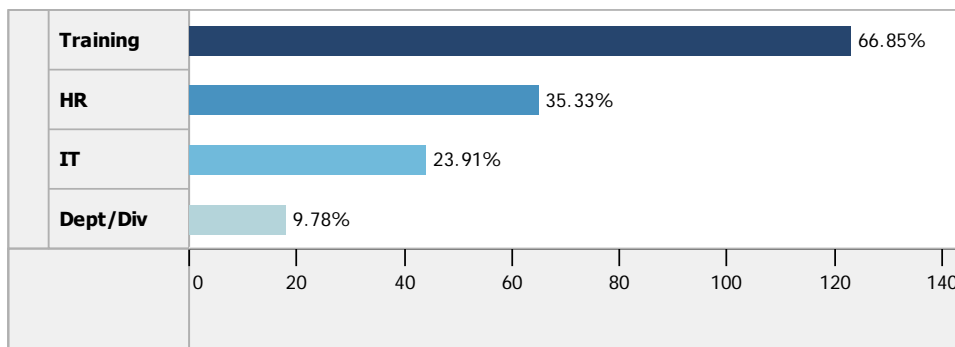


Figure 38 – LMS ownership in corporations with more than 5,000 employees and more than 5,000 learners.

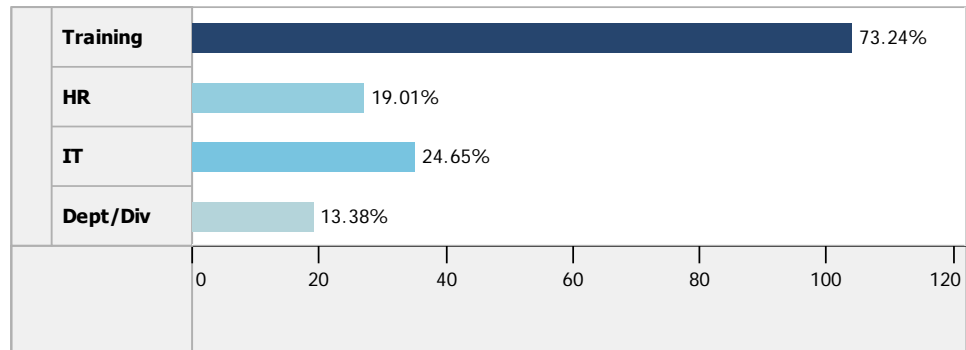


Figure 39 – LMS ownership in corporations with fewer than 5,000 employees and fewer than 5,000 learners.

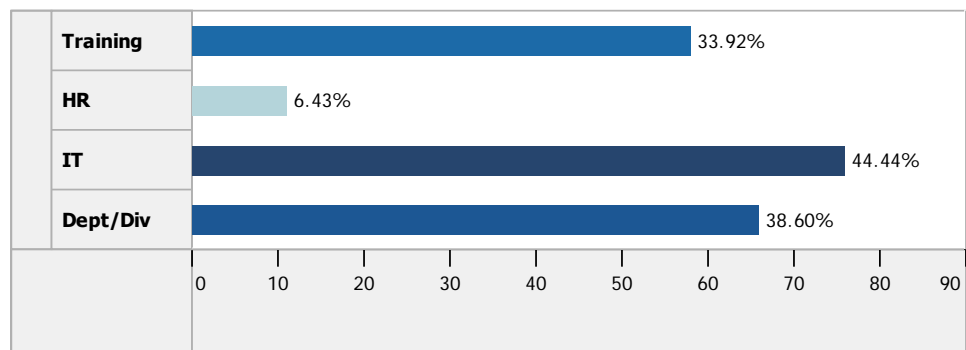


Figure 40 – LMS ownership in educational and government institutions.

4) Why did/does your organization want an LMS? (Select all that apply)

Combined with the Guild’s real-time filtering capabilities, this question (combined with “17) Please indicate the importance of the following LMS features” on page 102) gives users of this report focused insight into just how members use – or plan to use – their LMS.

Figure 6 shows some of the reasons why organizations of all shapes and sizes use an LMS.

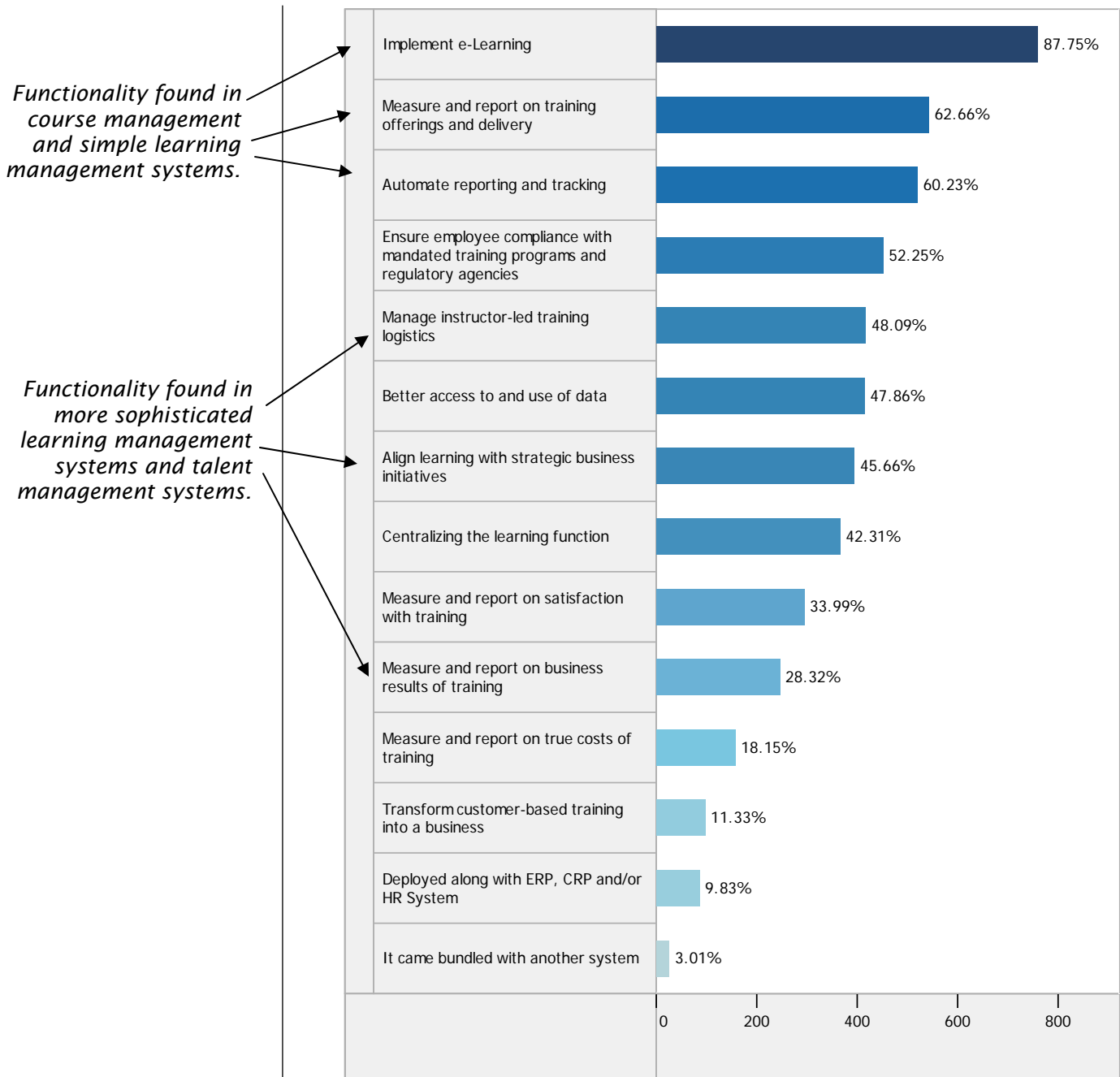


Figure 41 – Some of the reasons why organizations use an LMS.

Using various filter settings, we can see how different products appeal to different needs. For example, let's look at why Plateau users want an LMS.



Filter: Primary LMS

- PeopleSoft Enterprise Learning ...
- Pinnacle Learning Management ...
- Plateau Learning Management ...
- ResultsOnDemand
- Saba Enterprise
- Saba Learning Suite
- SAP Learning Solution

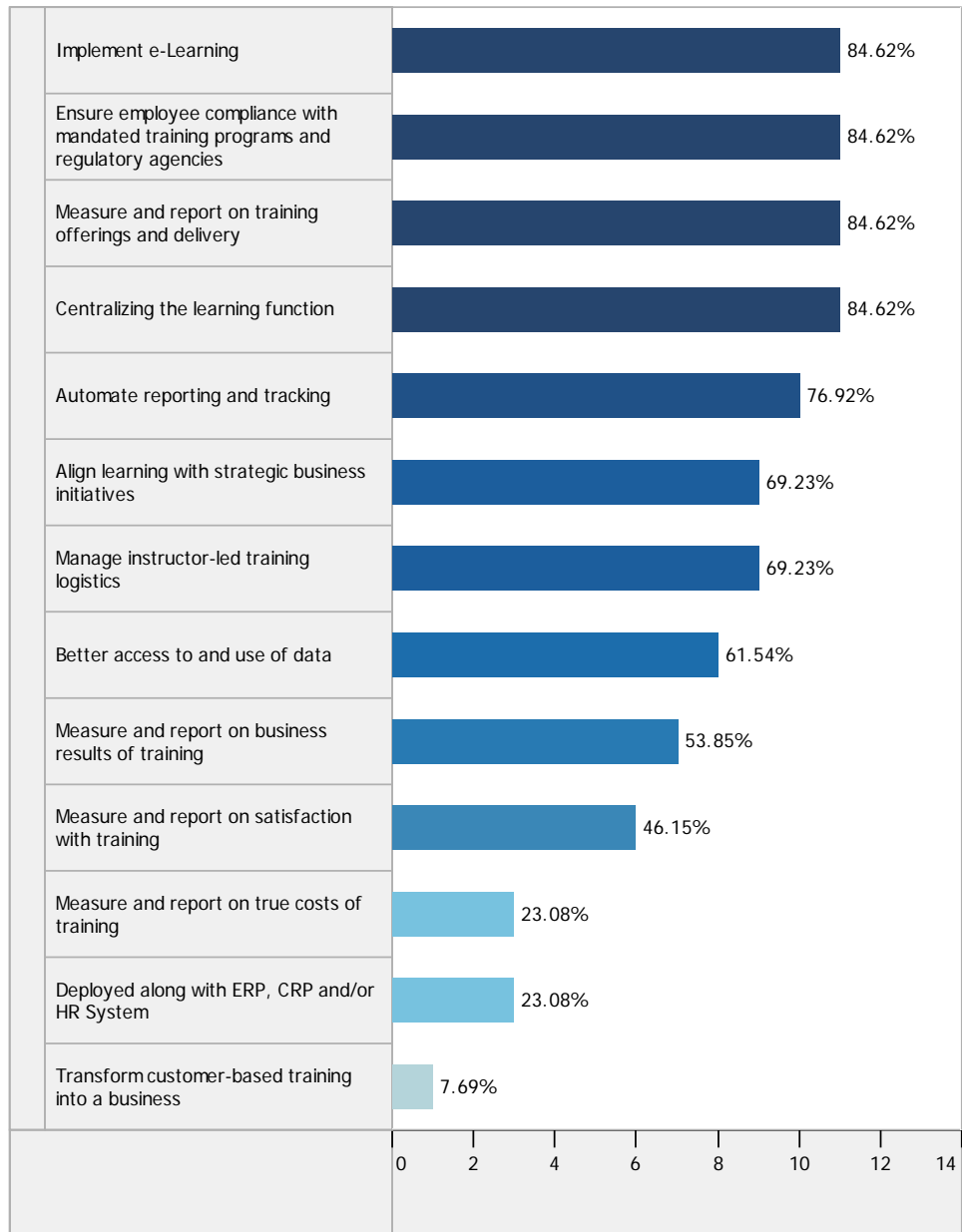


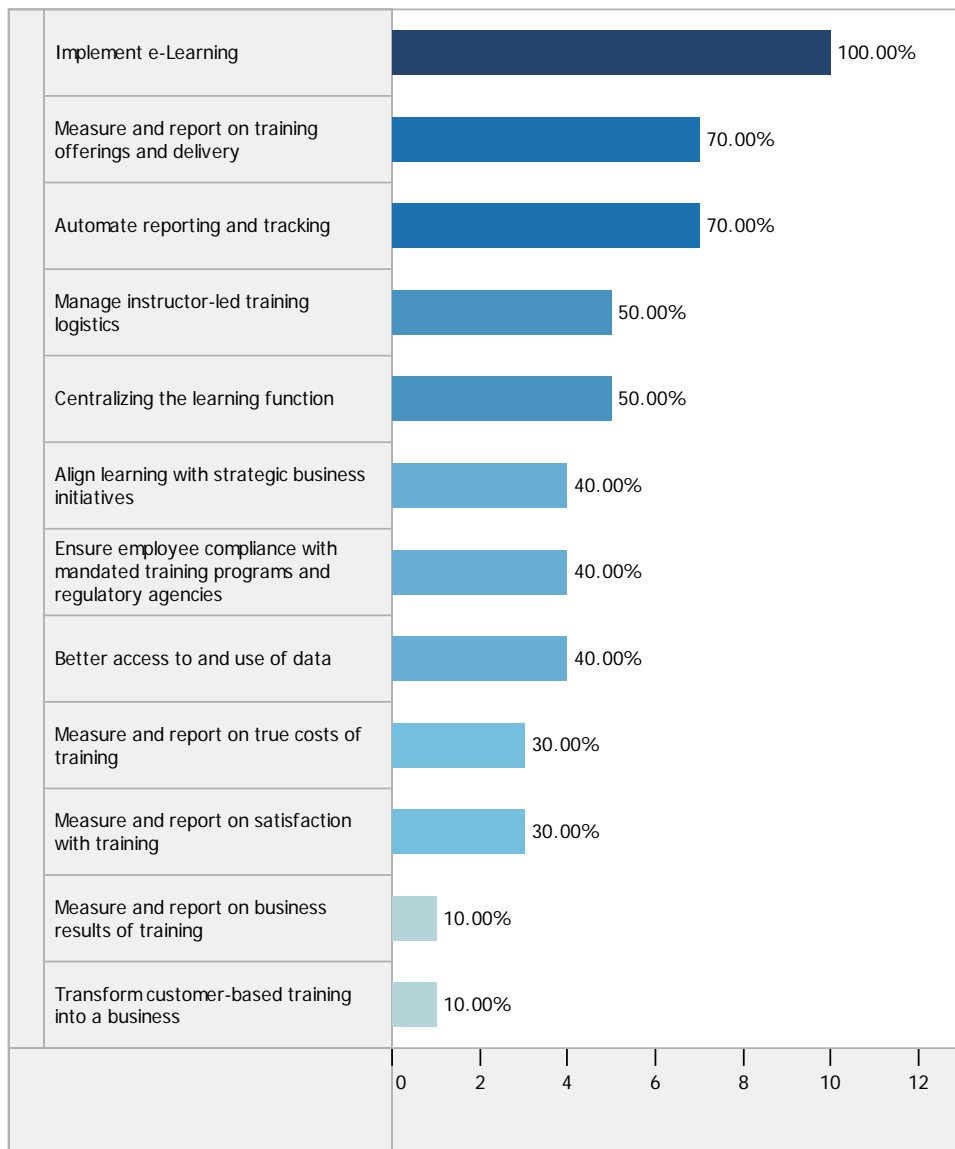
Figure 42 – Why Plateau users want an LMS (for companies with more than 5,000 employees and more than 5,000 learners). Saba, SumTotal, and Oracle users show similar proclivities.

You will notice a much larger percentage of those who completed the survey are focusing on more sophisticated LMS features, such as alignment of learning and business initiatives, and measurement of business results of training.

You will notice similar trends among Saba, Oracle, and SumTotal users.



As we noted before, while SkillSoft’s SkillPort is a popular LMS, most members that use it as their primary LMS focus on course management and simple learning management capabilities, as shown below.



Filter: Primary LMS

- ResultsOnDemand
- Saba Enterprise
- Saba Learning Suite
- SAP Learning Solution
- SkillSoft SkillPort
- SyberWorks Training Center Le...
- TEDS Learning On Demand™ (L...

Figure 43 – Why SkillSoft users want an LMS (all industries, all company sizes)

Finally, Corporate Moodle users universally focus on just e-Learning courses, as shown below.

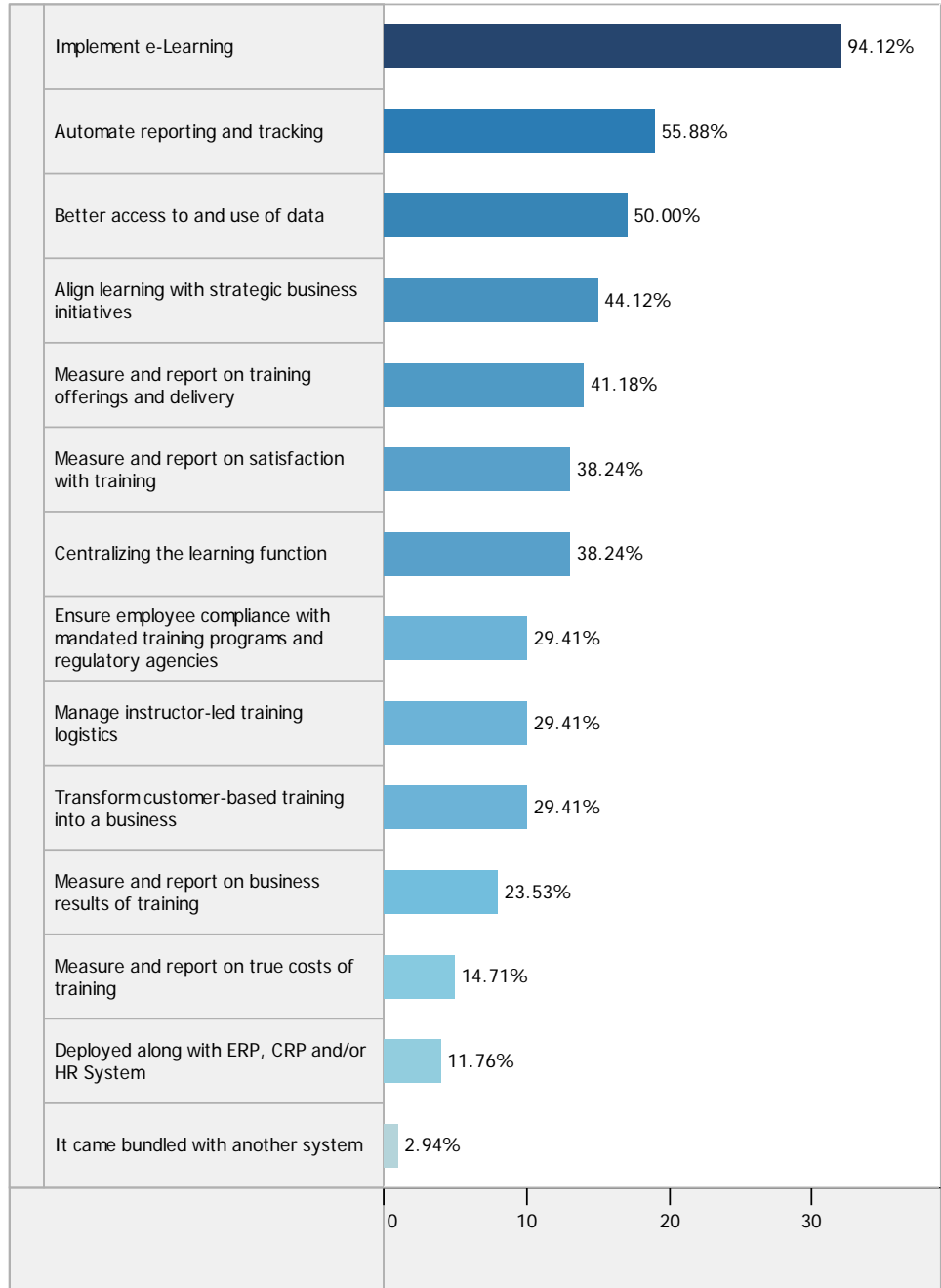


Figure 44 – Results for Corporate Moodle users.

Filter: Primary LMS

- LearnerWeb LMS
- LearnFlex™
- Learning Management Technolo...
- LearnPoint
- Meridian KSI Knowledge Centre...
- Moodle
- NetDimensions Enterprise Know...



5) Who was responsible for your LMS installation and customization and/or integration?

We ask Guild members to provide a percentage breakdown of who is responsible for this aspect of LMS adoption.

How much IT is involved depends on your organization. If you work in education or government, the IT department will be doing the heavy lifting. If you work in a smaller corporate environment, the internal training department will carry most of the burden. And if you work in a large corporation with many learners, training and IT share equally. Note that these results will change when you filter on specific industries and specific learning management systems.

Large Corporate

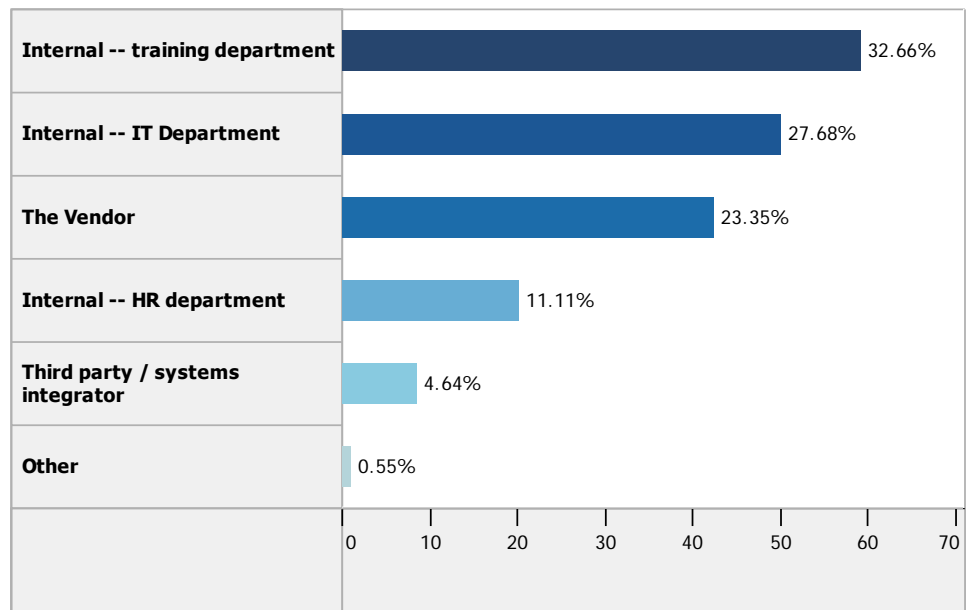


Figure 45 – Responsibility for LMS installation, customization/integration, for corporations with over 5,000 employees and 5,000 learners.

Small and Medium Corporate

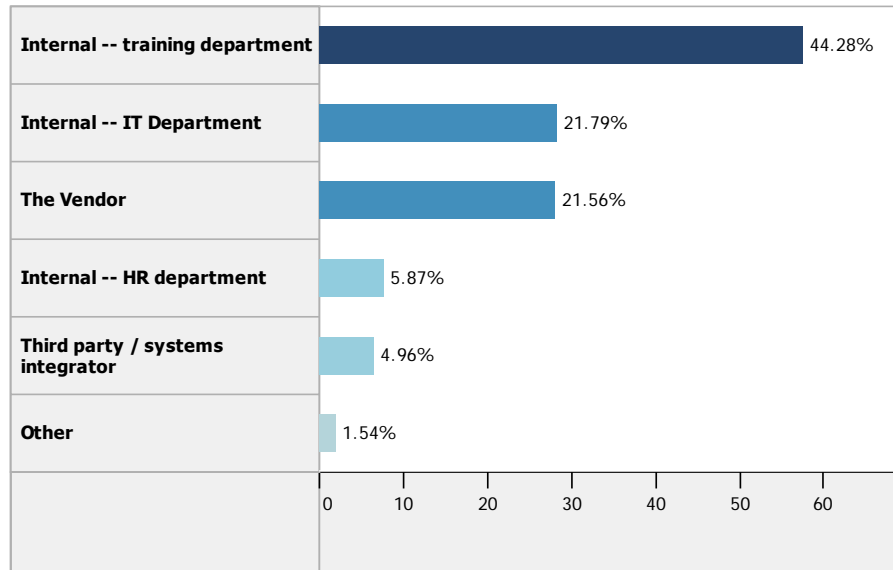


Figure 46 – Responsibility for LMS installation, customization/integration, for corporations with fewer than 5,000 employees and 5,000 learners.

Education and Government

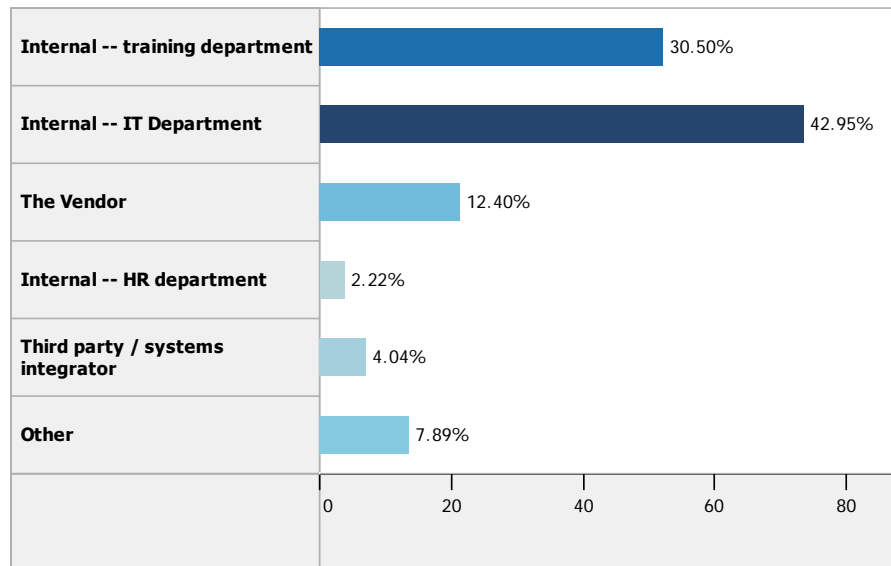


Figure 47 – Responsibility for LMS installation and customization/integration for education and government organizations.



6) Who was responsible for your LMS roll-out and implementation?

Here the focus moves from technical issues to organizational issues and the training department is tasked with more responsibility, especially in smaller corporations.

Large Corporate

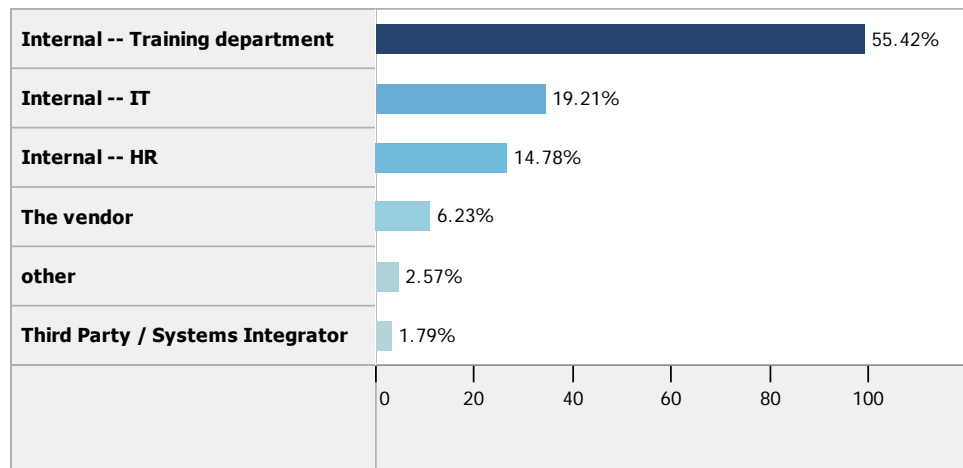


Figure 48 – Responsibility for LMS roll-out and implementation, for corporations with over 5,000 employees and 5,000 learners.

Small and Medium Corporate

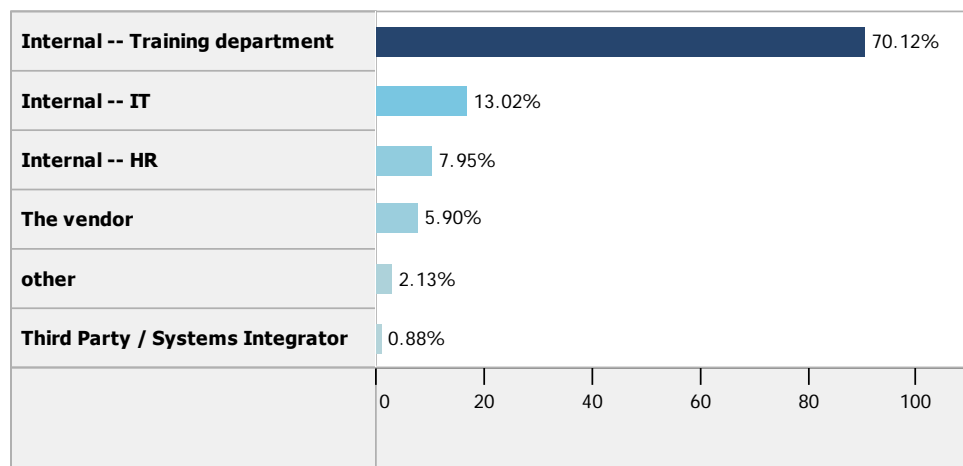




Figure 49 – Responsibility for LMS roll-out and implementation, for corporations with fewer than 5,000 employees and 5,000 learners.

Education and Government

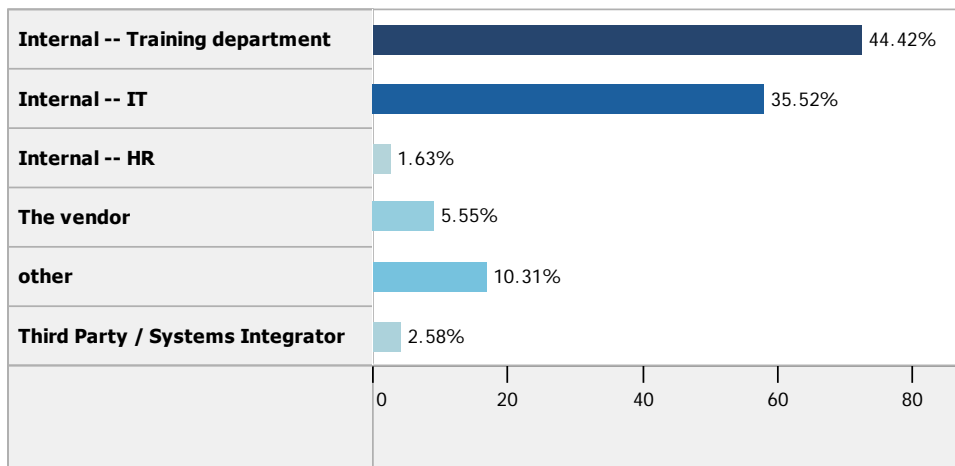


Figure 50 – Responsibility for LMS roll-out and implementation for education and government organizations.

7) Who hosts and administers your LMS?

Large Corporate

There weren't too many surprises here, as many larger organizations are reluctant to embrace a solution that is not behind the corporate firewall.

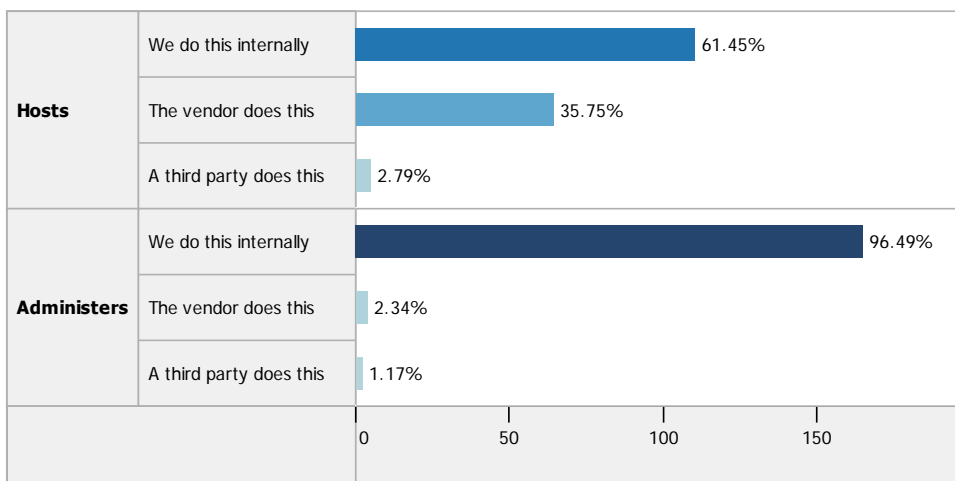


Figure 51 – Hosting and LMS administration in larger corporations.



Small and Medium Corporate

There weren't too many surprises here, either, because many smaller organizations do not have the resources to host their LMS, so they rely on the vendor or a third party.

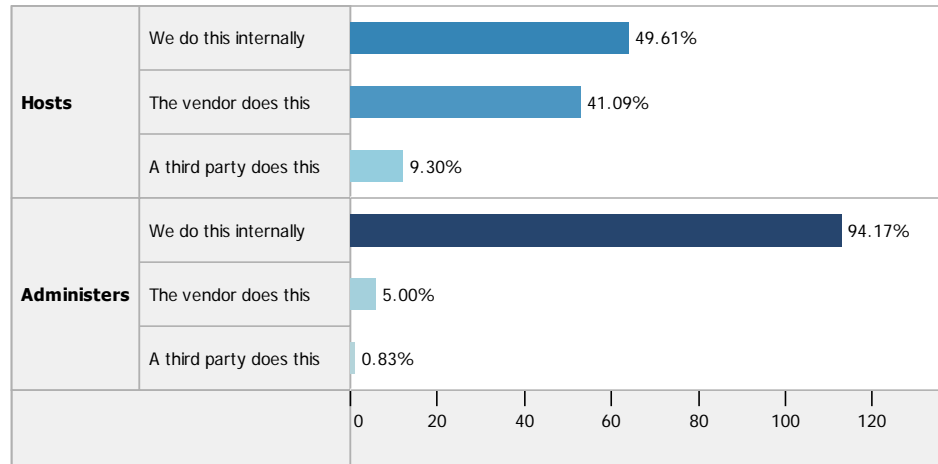


Figure 52 – Hosting and LMS administration in smaller corporations.

Education and Government

Here we see a likely explanation for Education and Government LMS reliance on IT, because internal hosting and administration is a significantly larger percentage of installations.

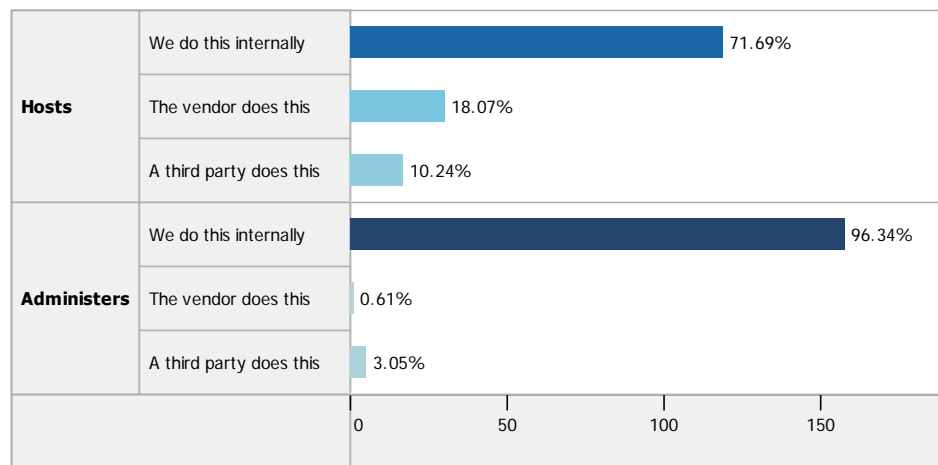


Figure 53 – Hosting and LMS administration in education and government organizations.



Note: While the contrast in hosting preferences among three types of organization is in itself interesting, the really enlightening information comes when we correlate hosting with cost-per-learner and satisfaction results (see “Correlating cost per learner with who hosts the LMS” on page 65 and “Correlating Satisfaction with Hosting” on page 81.)

The real cost of an LMS

Thanks to The eLearning Guild’s greatest asset – its members – and these members’ willingness to share so much important information, Guild Research is able to provide tremendous insights into the true cost of acquiring and maintaining a learning management system.

In this section we will examine both overall costs and cost-per-learner findings for three different types of organizations. Please realize that this is but a fraction of what is available to you through the interactive online analytics and survey data. Using these tools, you can determine costs per learner for the different vendors’ systems you are thinking of purchasing, and you can filter it by the number of learners in your organization and the type of industry you are in.

You will also be able to compare the costs of hosting a particular system internally, vs. having the vendor or a third party do this for you.

Let’s first look at overall LMS costs and then we’ll see how to determine the cost per learner.



8) How much did it cost to acquire, install, and customize your LMS?

Large Corporate

Let's first look at corporations with more than 5,000 employees and more than 5,000 learners.

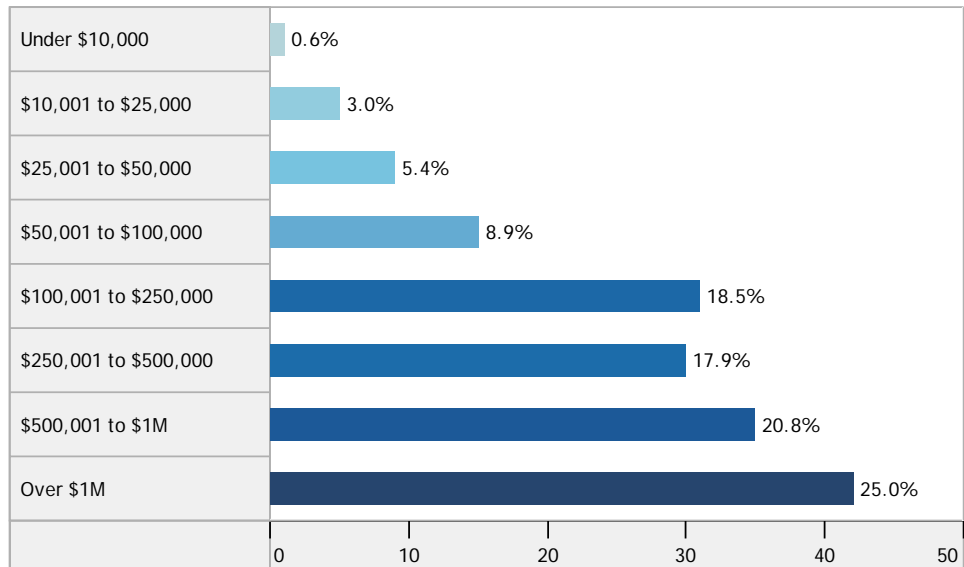


Figure 54 – Initial LMS costs in larger corporations.

So, will you be one of the lucky ones who manage to spend under \$100K, or will you be in the 46% that spends over \$500K? Use the product, industry, and learners-impacted filters to leverage Guild members' knowledge and experience in this area.

Small and Medium Corporate

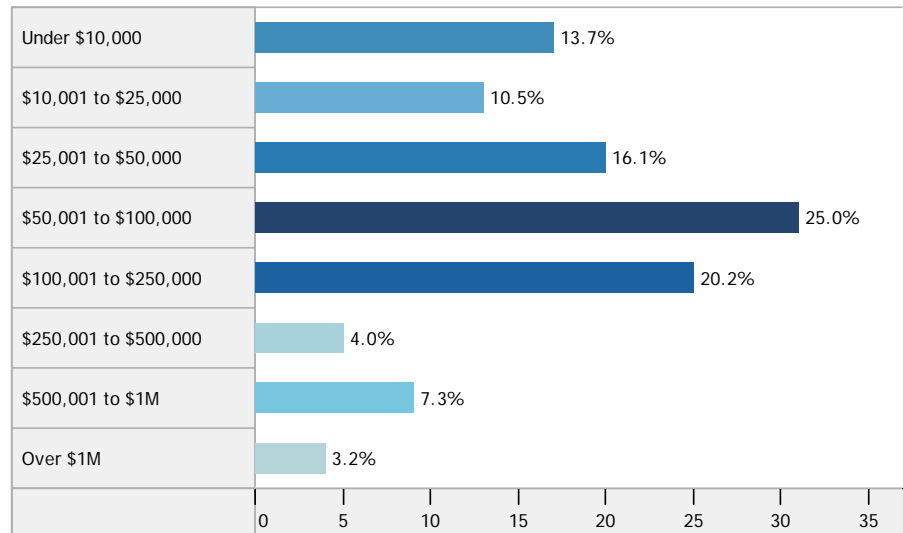


Figure 55 – Initial LMS costs in smaller corporations (Fewer than 5,000 employees and learners.)

As shown in Figure 55, smaller corporations can expect their overall costs to be more modest than large companies, but the cost per learner may be higher (as well see in “Cost per learner – Small and medium corporate” on page 65).

Education and Government

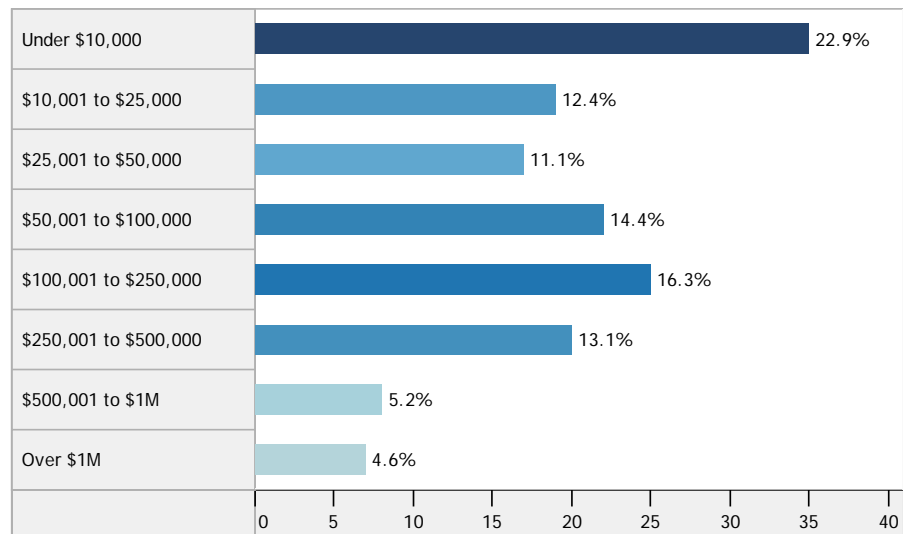


Figure 56 – Initial LMS costs in education and government organizations.



With so many Moodle users, it's not surprising to see overall costs low in this sector. As noted earlier, we encourage readers to access the live interactive component of this research, and narrow the scope of the results to only include the settings that are relevant to their respective organizations.

Determining the cost per learner (Initial)

The Guild determines its cost-per-learner benchmark by taking the following elements into consideration:

- The range for the number for learners impacted (provided by members when they join the guild and update their profile).
- The range for the dollars spent to acquire, install, and customize their LMS (provided in the LMS survey).

Note: We explain the algorithm we use to determine the cost per learner below. If you want to skip the math and jump to the answers, go to “Cost per learner – Large corporate” on page 63.

Simple example

Let's suppose a member spends between \$25,001 and \$50,000 for an LMS, and that this will impact between 5,000 and 9,999 learners:

- If the organization spent the high-end amount (\$50,000) but only impacted 5,000 learners, the cost per learner would be \$10 ($\$50,000 / 5,000$).
- If the organization spent the low end amount (\$25,001) on the same number of learners, the cost per learner would be \$5, plus a tiny fraction ($\$25,001 / 5,000$).
- If the organization spent the high-end amount (\$50,000) on 9,999 learners, the cost per learner would be \$5 ($\$50,000 / 9,999$).
- If the organization spent the low-end amount (\$25,000) on 9,999 learners, the cost per learner would be \$2.50 ($\$25,000 / 9,999$).

We can summarize the findings of this example as follows:

High range spending, low range number of learners: \$10

Low range spending, low range number of learners: \$5



High range spending, high range number of learners: \$5

Low range spending, high range number of learners: \$2.50

More complex example

Now let's suppose we have three organizations. The first organization spends between \$10,000 and \$25,000 on 1,000 to 5,000 learners. The second and third organizations spend between \$50,000 and \$100,000 on 10,000 to 25,000 learners. Here's how we would compute the cost per learner:

For high range spending, low range numbers:

$$(1 \times (\$25,000 / 1,000) + 2 \times (\$100,000 / 10,000)) / 3 =$$

$$((1 \times \$25) + (2 \times \$10)) / 3 =$$

$$(\$25 + \$20) / 3 =$$

$$\$15 \text{ per learner}$$

Note: The lowest range of learners impacted is 0 to 999. Obviously, if the number of learners impacted were zero the costs would be infinite. For all the calculations that follow (and for the real-time calculations displayed using the Guild's online interactive analytics and survey data) we change the low end of learners impacted to 100.

Using this approach we can come up with four spending ranges. (Hopefully, your projects will require the low range for spending for a high range of learners impacted.)



Cost per learner – Large corporate

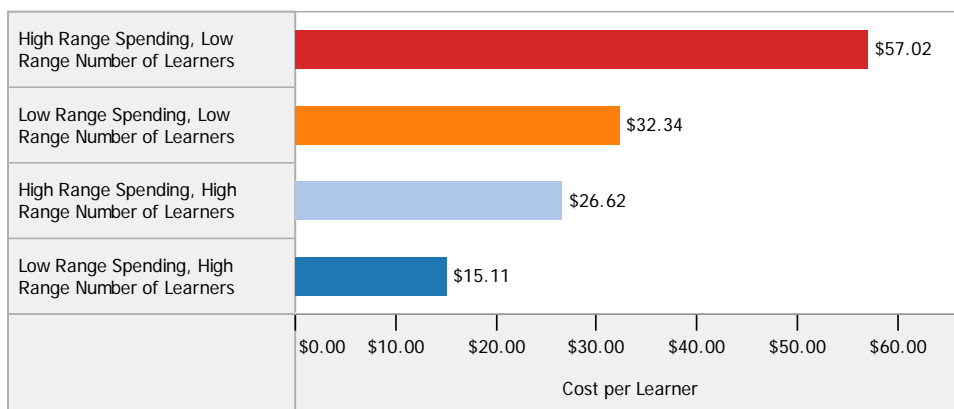


Figure 57 – Cost per learner in corporations with 5,000 or more employees and learners.

Figure 13 shows the cost per learner in large corporations. As one would expect, as you increase the number of learners impacted, the cost per learner decreases (even though the overall spending will increase).

Cost per learner – Small and medium corporate

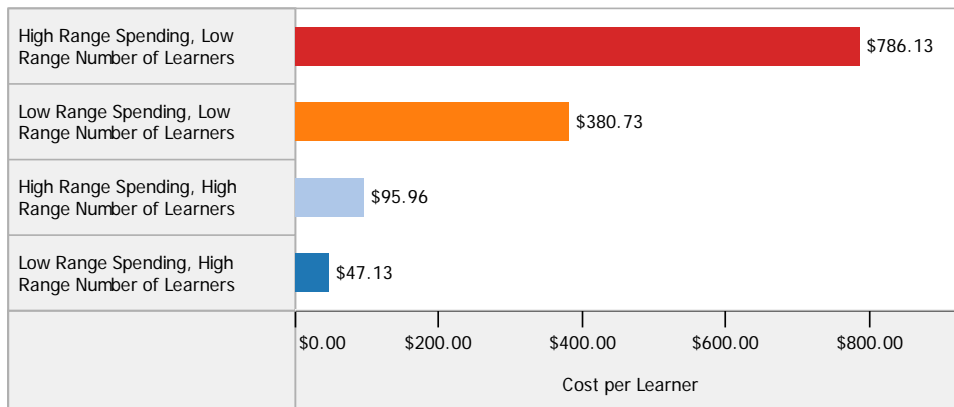


Figure 58 – Cost per learner in corporations with fewer than 5,000 employees and learners.

Figure 58 shows the cost per learner in smaller corporations. One of the reasons for the very high average amount for “High Range Spending, Low Range Number of Learners” is that the number of learners is very small (100).



If we filter out “0 to 999” learners we see a much more reasonable high spend/low learn number, as shown in Figure 59.

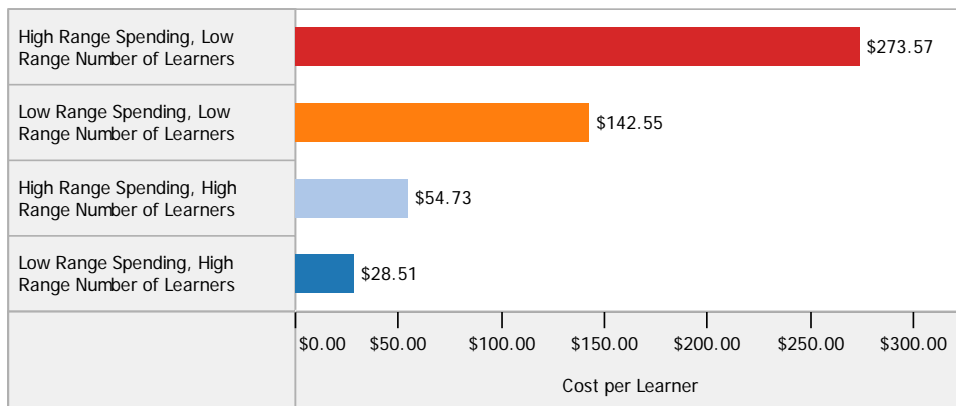


Figure 59 – Cost per learner in corporations with fewer than 5,000 employees but 1,000 to 4,999 learners.

Cost per learner – Education and Government

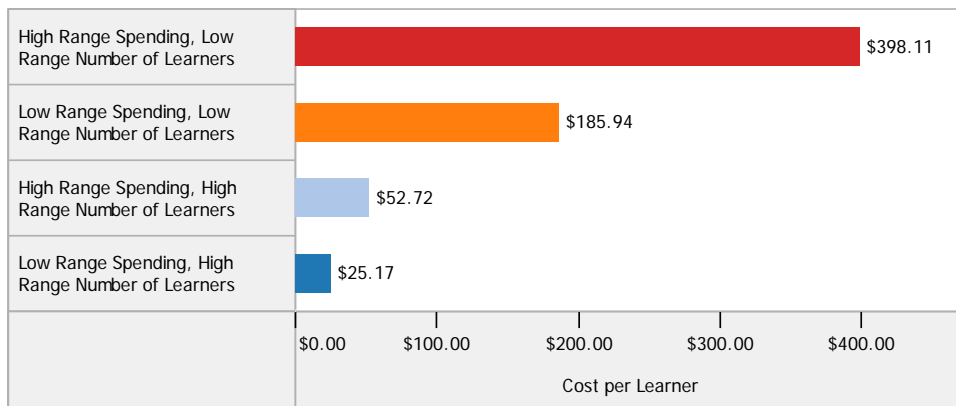


Figure 60 – Cost per learner in education and government organizations.

Figure 60 shows the average cost per learner for education and government organizations. The wide range comes from the very wide range of learners impacted (0 to 100,000). As with all of the results we discuss, we strongly encourage you to use the online interactive analytics and survey data and filter the results to address your needs and concerns.



Correlating cost per learner with who hosts the LMS

By combing the results from “7) Who hosts and administers your LMS” on page 56 we can apply the same algorithm discussed in the previous section to determine the cost per learner based on who hosts the LMS.

Here are the costs for larger corporations:

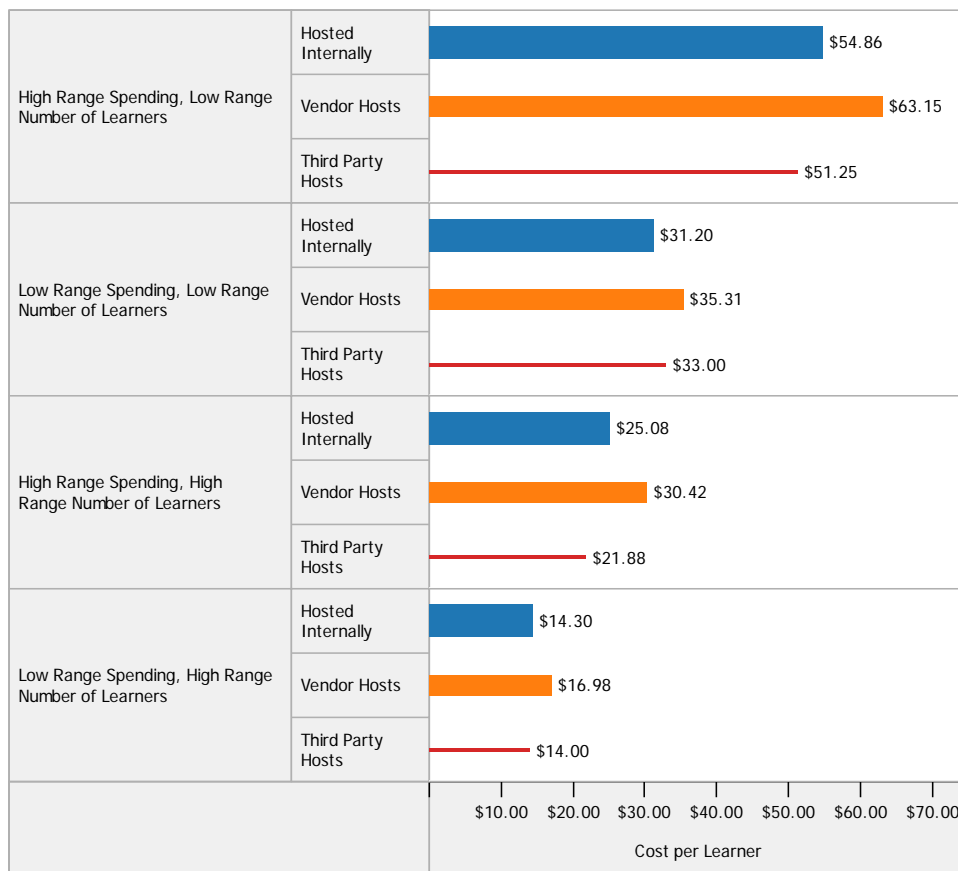
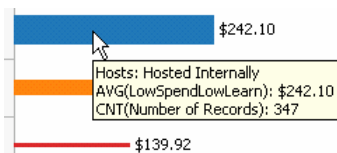


Figure 61 – Cost per learner broken down by host for corporations with 5,000 or more employees and learners.

The thickness of the bars indicate the number of installations serviced, so most LMSs are hosted internally while a much smaller percentage are hosted by a third party.

We’ll revisit the “who hosts” question again when we look at return on investment, but third party hosting presents a very attractive alternative as it is both



Hovering your mouse over a bar displays a popup window. Here we can see that 347 members host their LMS internally.



competitive with internal hosting costs, yet the reported ROI is much higher (see “ROI Correlations” on page 92.)

Here are the costs for smaller corporations:

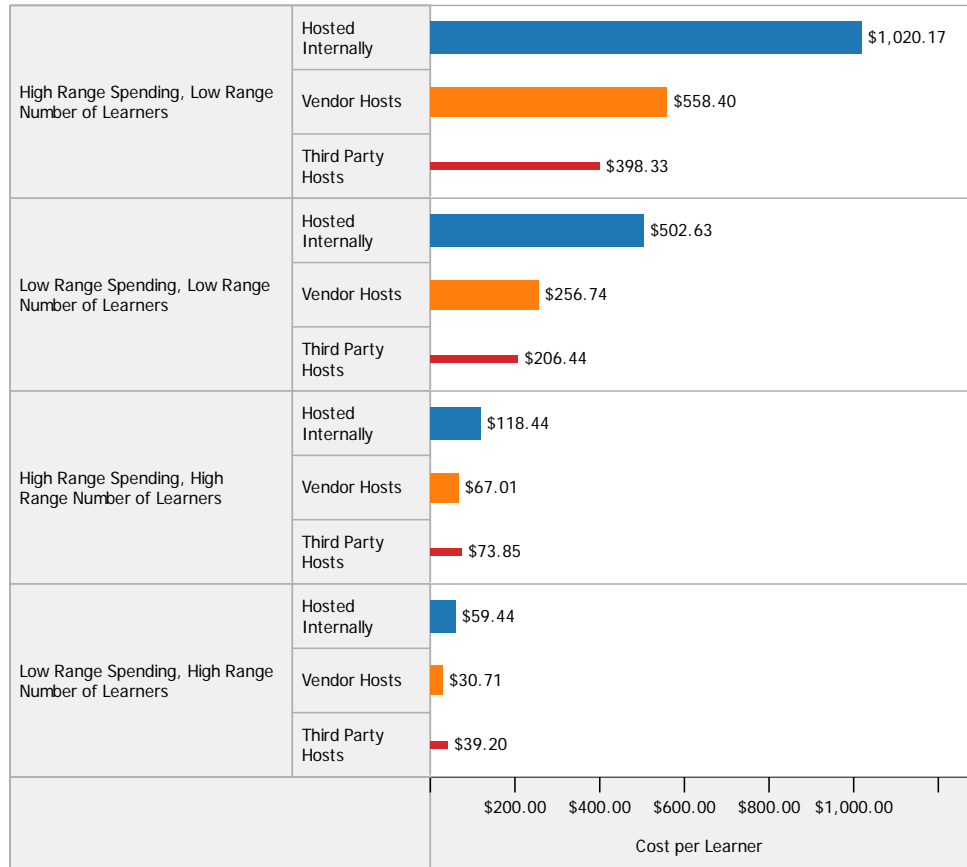


Figure 62 – Cost per learner broken down by host for corporations with fewer than 5,000 employees and learners.



Here are the costs for education and government organizations:

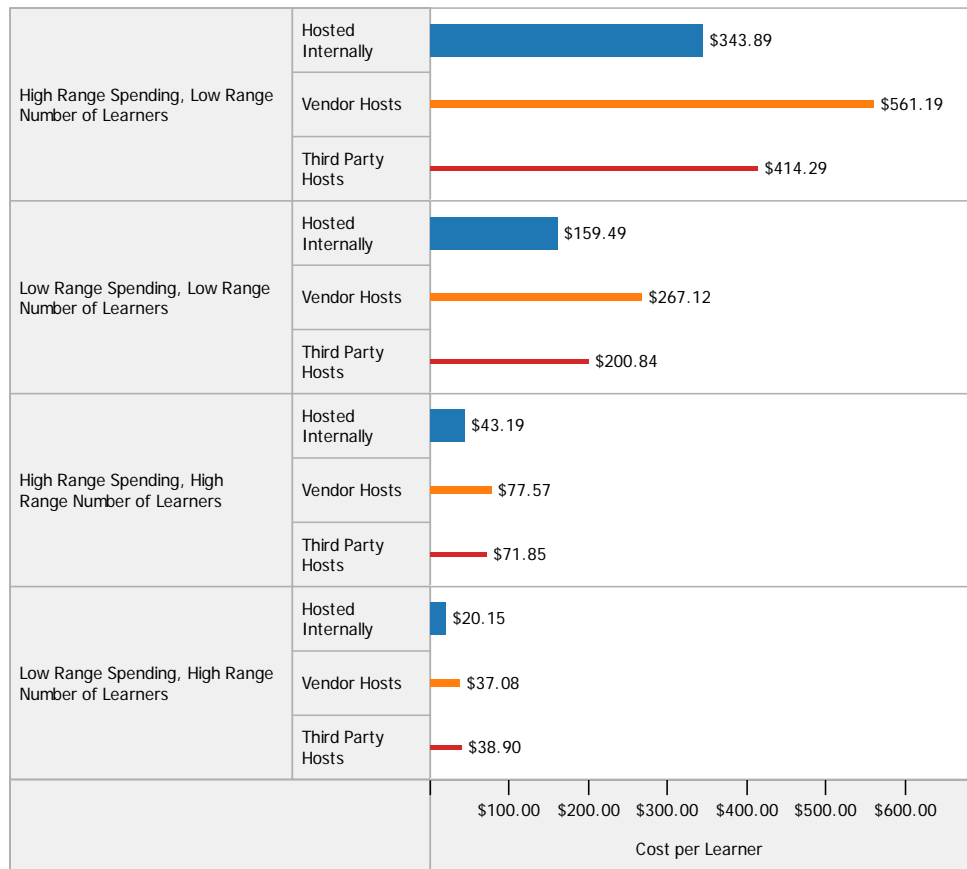


Figure 63 – Cost per learner broken down by host for education and government institutions.

9) What is the average annual cost to operate and maintain your LMS?

While the initial costs will be significantly greater than the annual costs to operate and maintain an LMS, the ongoing costs can vary widely among the different systems surveyed.

Figure 64, Figure 65, and Figure 66 show the ongoing annual costs for large corporations, small and medium-sized corporations, and education and government organizations.

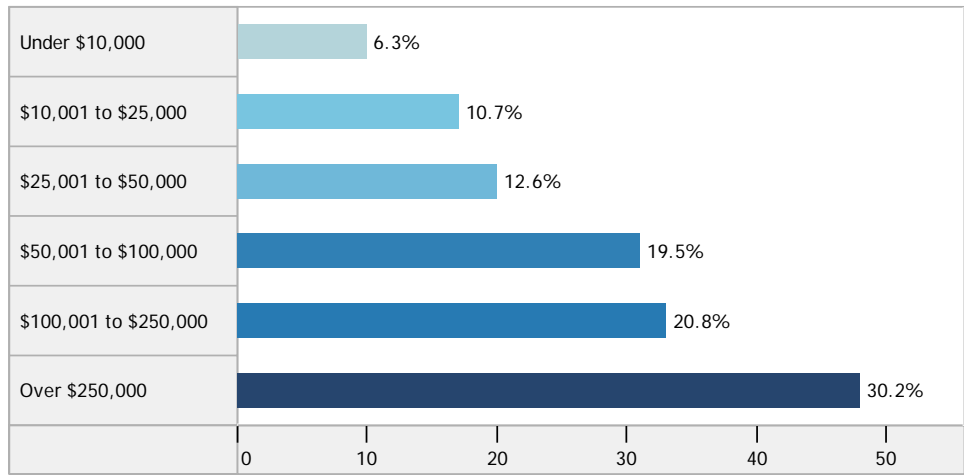


Figure 64 – Ongoing costs for LMSs in corporations with 5,000 or more employees and learners.

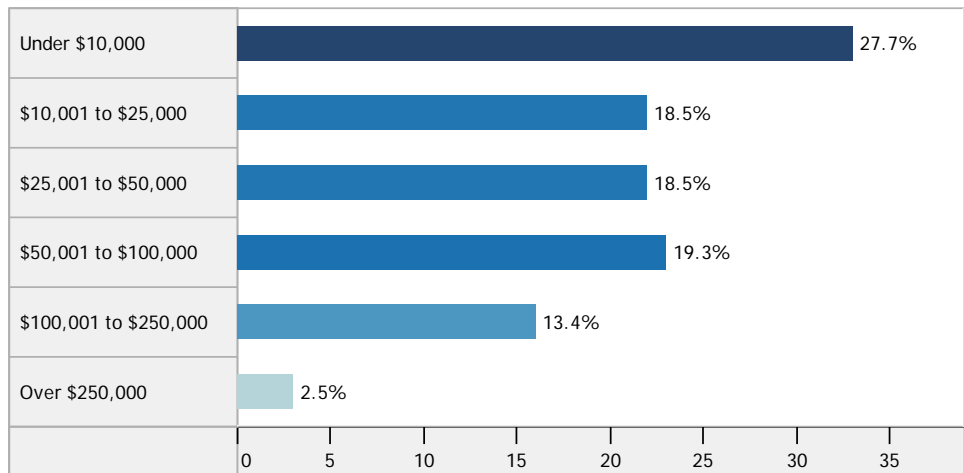


Figure 65 – Ongoing costs for LMSs in corporations with fewer than 5,000 employees and learners.

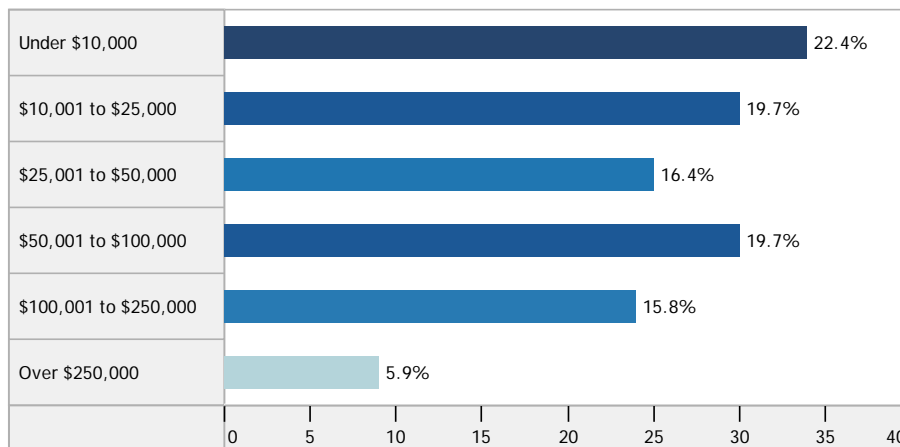


Figure 66 – Ongoing costs for LMSs in education and government organizations.

Determining the ongoing cost per learner

Using the same approach for determining the initial costs per learner, we can also formulate the ongoing costs per learner.

Note: “your mileage may vary;” i.e., the figures below provide a generalized overview. Use the online interactive analytics and survey data to focus on the systems you are considering buying, and filter the results based on your needs.

Ongoing Cost per learner – Large corporate

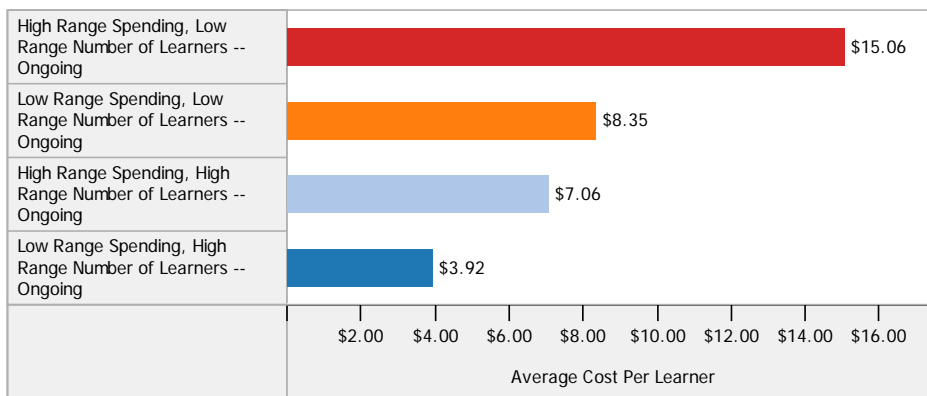


Figure 67 – Ongoing cost per learner in corporations with 5,000 or more employees and learners.

We can also correlate these ongoing costs with who hosts the LMS, as shown below.

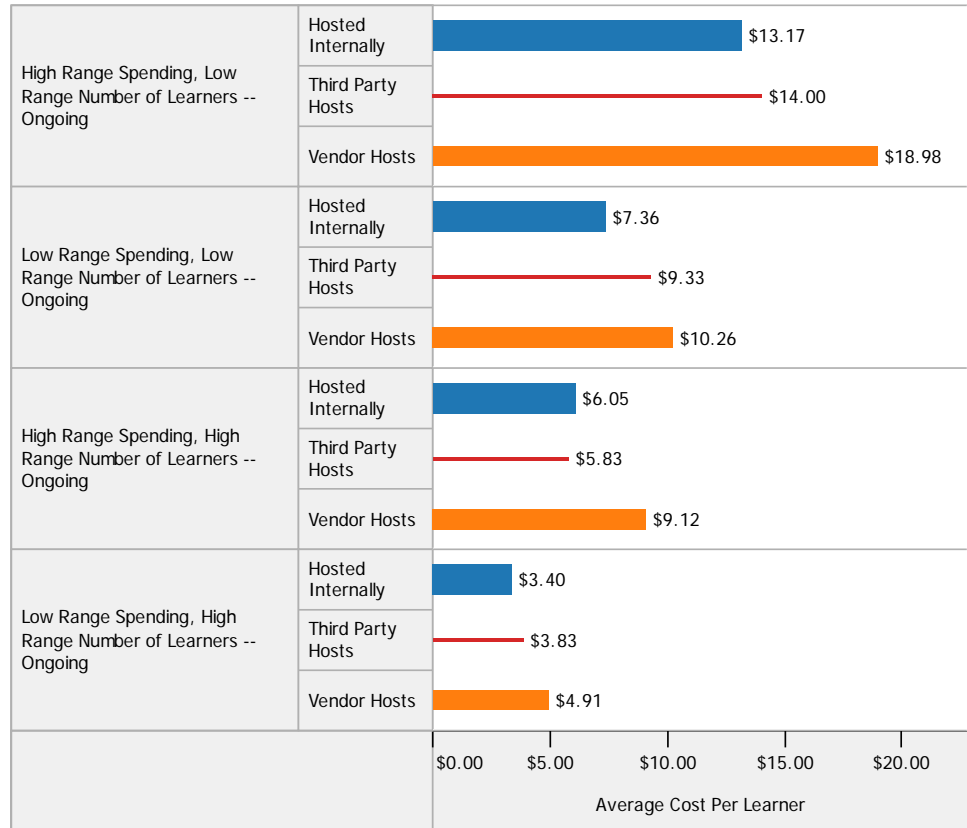


Figure 68 – Ongoing cost per learner in corporations with 5,000 or more employees and learners, broken down by host.



Ongoing Cost per learner – Small and medium corporate

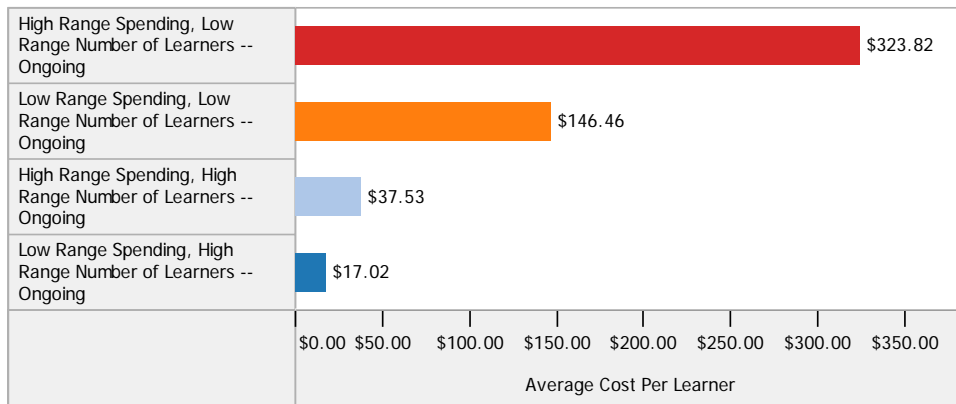


Figure 69 – Ongoing cost per learner in corporations with fewer than 5,000 employees and learners.

We should attribute the high ongoing cost per learner in Figure 69 to including a very low number of learners in the mix (0 to 999). If we remove the lowest of the low range, and just focus on 1,000 to 4,999 learners, the ongoing cost per learner decreases significantly (see Figure 70).

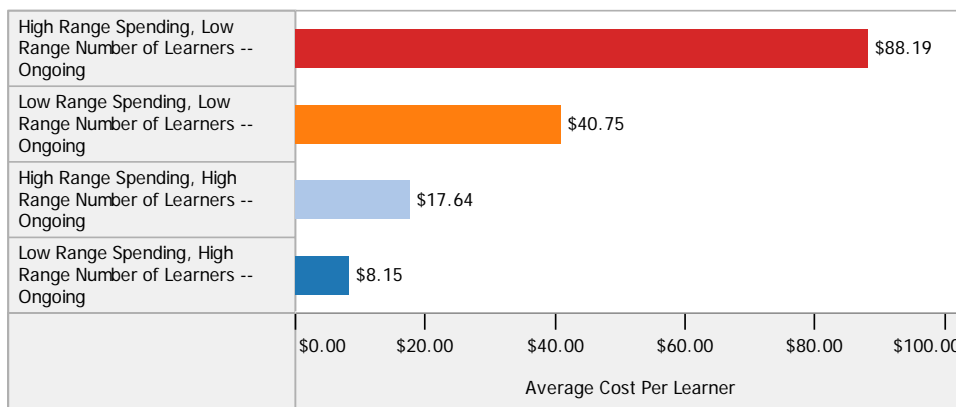


Figure 70 – Ongoing cost per learner in corporations with fewer than 5,000 employees and 1,000 to 4,999 learners.

Ongoing Cost per learner – Education and government organizations

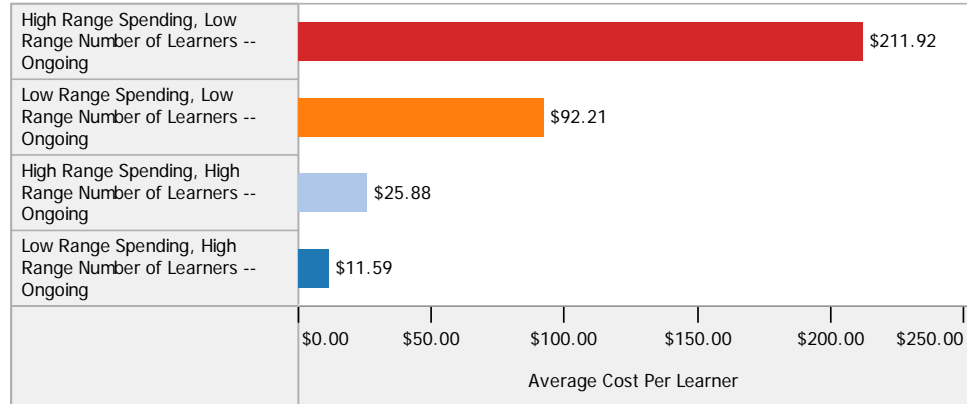


Figure 71 – Ongoing cost per learner in education and government organization (0 to 100,000 learners). Use the online component of this report to refine your filter settings.

10) How did you acquire your LMS?

Figure 72, Figure 73, and Figure 74 summarize the ways large corporations, small and medium-sized corporations, and education/government institutions acquire their learning management systems. Please note that

- Larger corporations rarely use products “as is”;
- Smaller corporations are open to “freeware” and leasing; and,
- Education and government organizations have widely embraced open source.

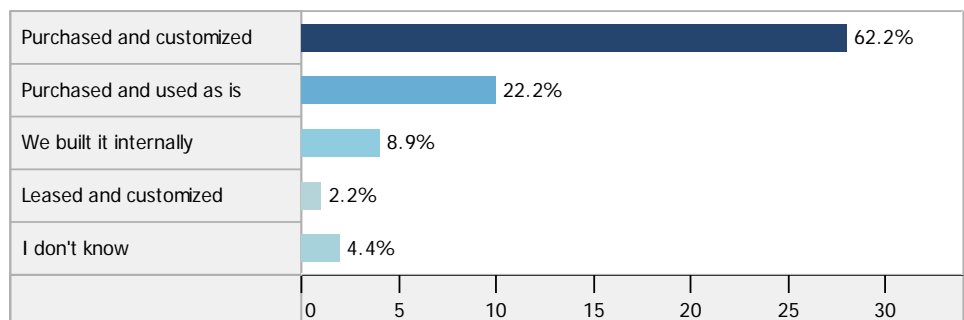


Figure 72 – How large corporate organizations acquire their LMSs.

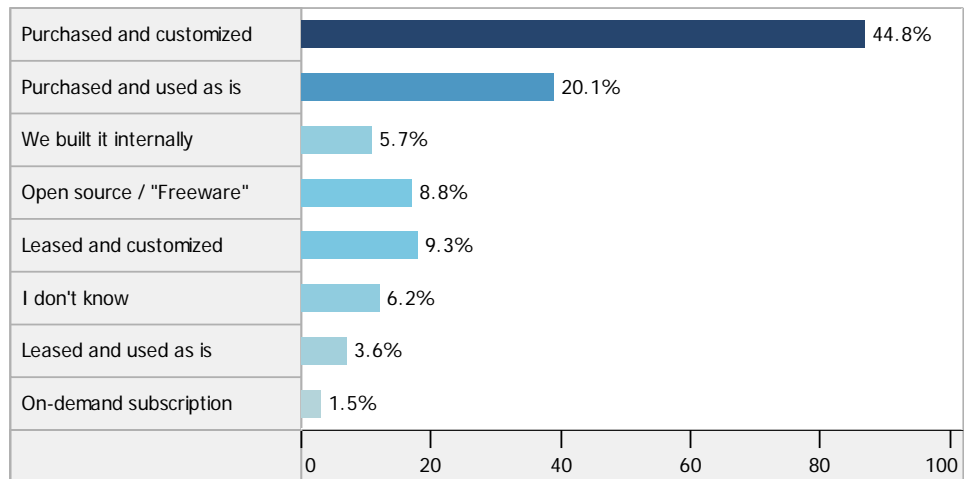


Figure 73 – How smaller corporate organizations acquire their LMSs.

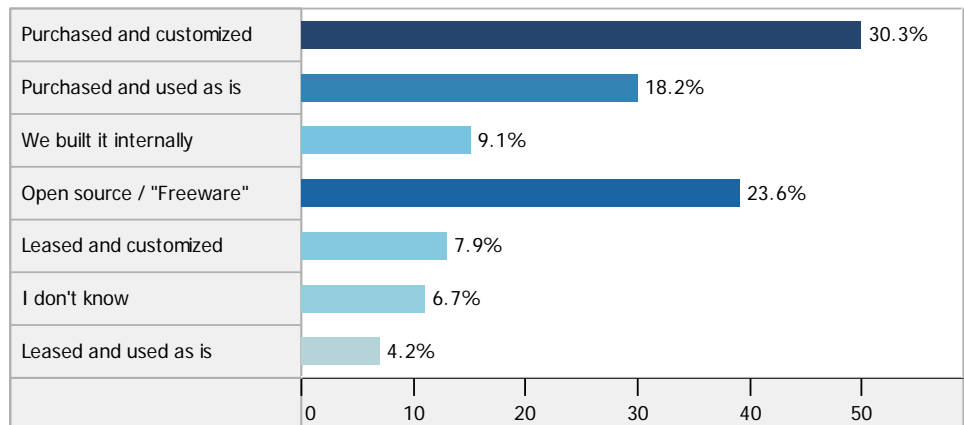


Figure 74 – How education and government organizations acquire their LMSs.

11) After you selected your LMS, how long did it take to install and configure?

Will you be up and running in no time? That may be the claim of some of the LMS vendors, but the survey indicates that many of you will need more than a year before you can roll out your system.

As we noted earlier, larger organizations are more likely to customize their systems, and with more customization comes a longer incubation period.



The charts below show industry averages for all products. To see what experience Guild members have had with particular products, use the Primary LMS product filter from the online component of this report.

Time to install and configure – Large corporate

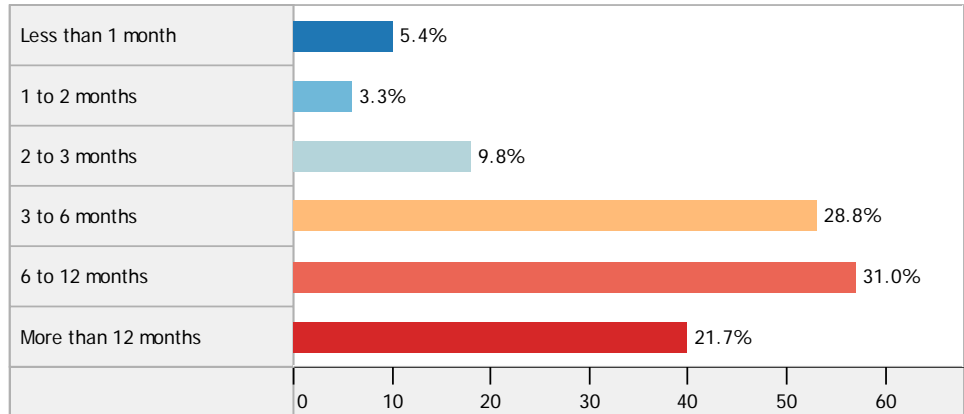


Figure 75 – Time to install and configure an LMS in organizations with 5,000 or more employees and learners.

Time to install and configure – Small and medium corporate

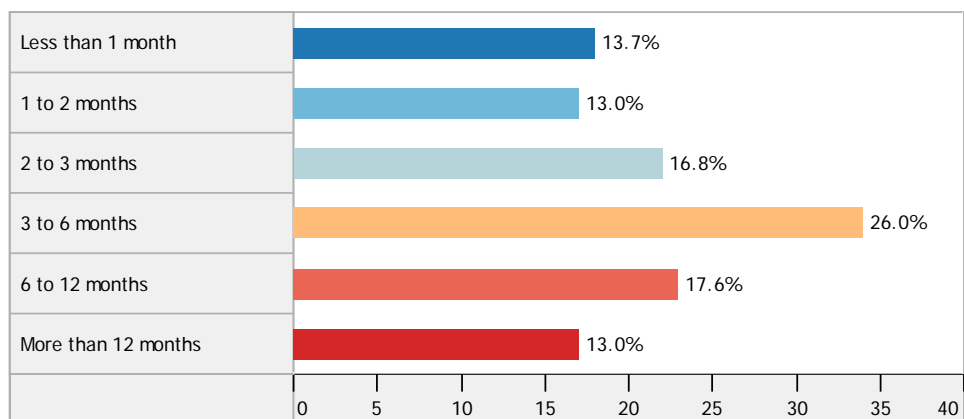


Figure 76 – Time to install and configure an LMS in organizations with fewer than 5,000 employees and learners.



Time to install and configure – Education and gov-ernment

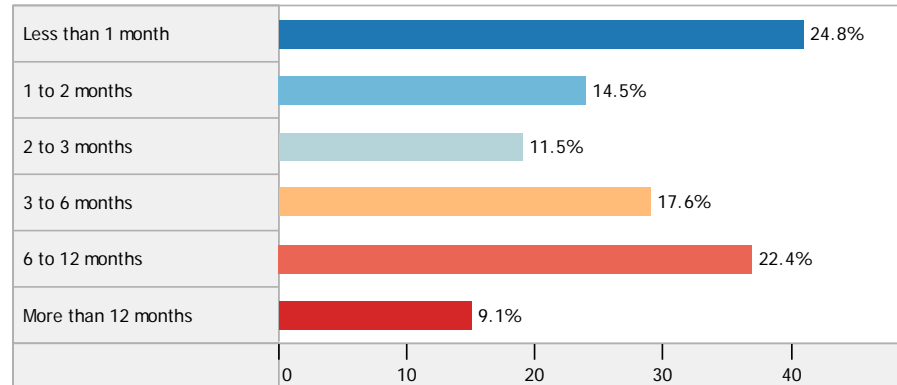


Figure 77 – Time to install and configure an LMS in education and government organizations.

12) How long have you had your LMS (current version)?

The age of an LMS definitely impacts ROI and satisfaction results, and we’ll dig deeply into this in a moment.

In the meantime, we summarize length of service of LMSs in corporations and education/government organizations in the three figures shown below.

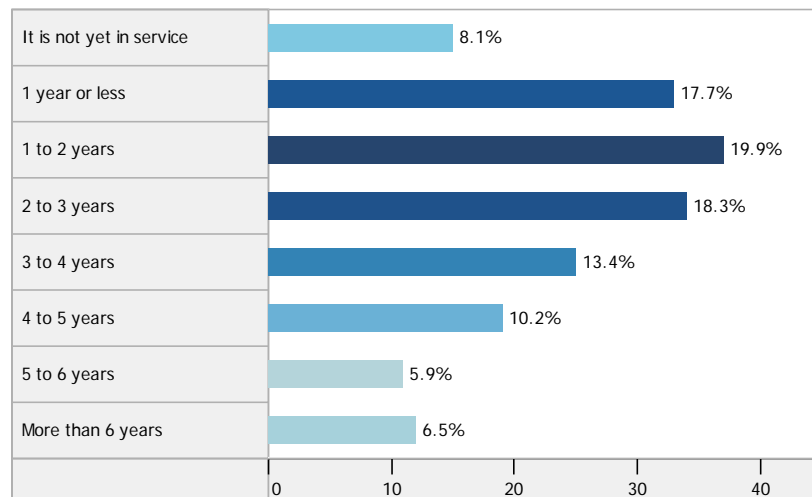


Figure 78 – LMS time-in-service in larger corporations.

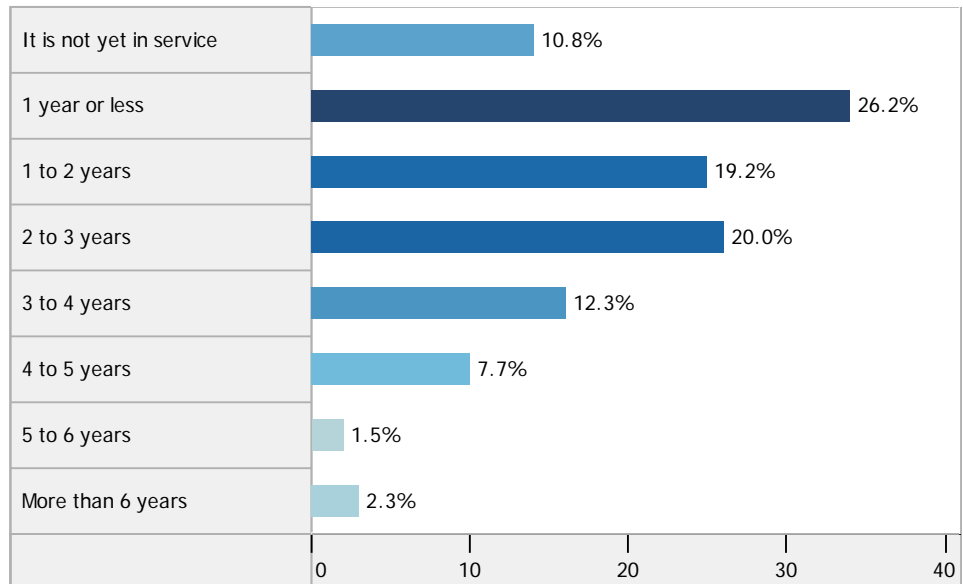


Figure 79 – LMS time in service in smaller corporations.

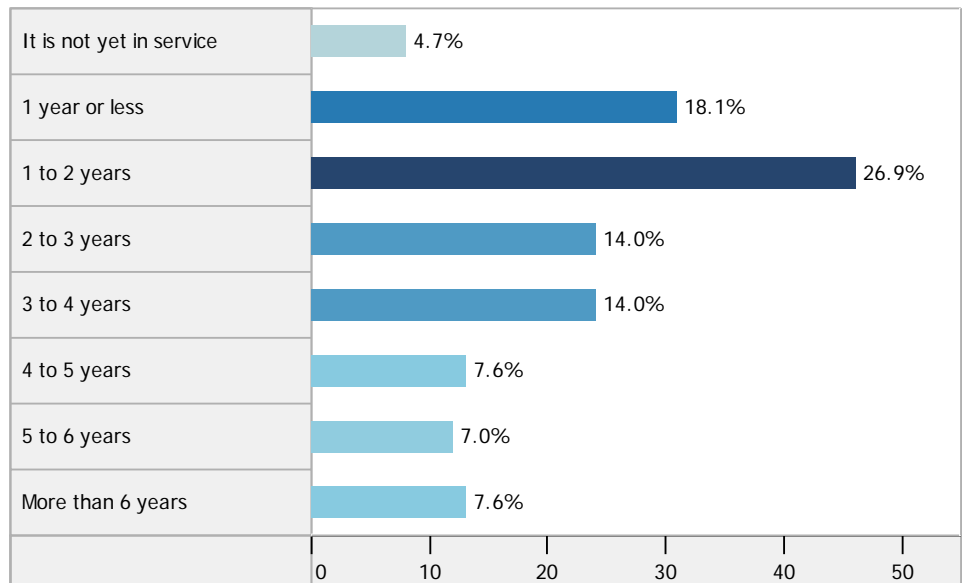


Figure 80 – LMS time in service in education and government organization.



13) Please indicate your level of satisfaction

While not as quantifiable as our cost per learner benchmark, satisfaction ratings (and ROI responses, which we will look at next) are key indicators of the type of experience you can expect to have with an LMS.

Figure 81 shows satisfaction and dissatisfaction ratings for various aspects of a learning management system for larger corporations. We list the elements that cause the greatest “pain” first.

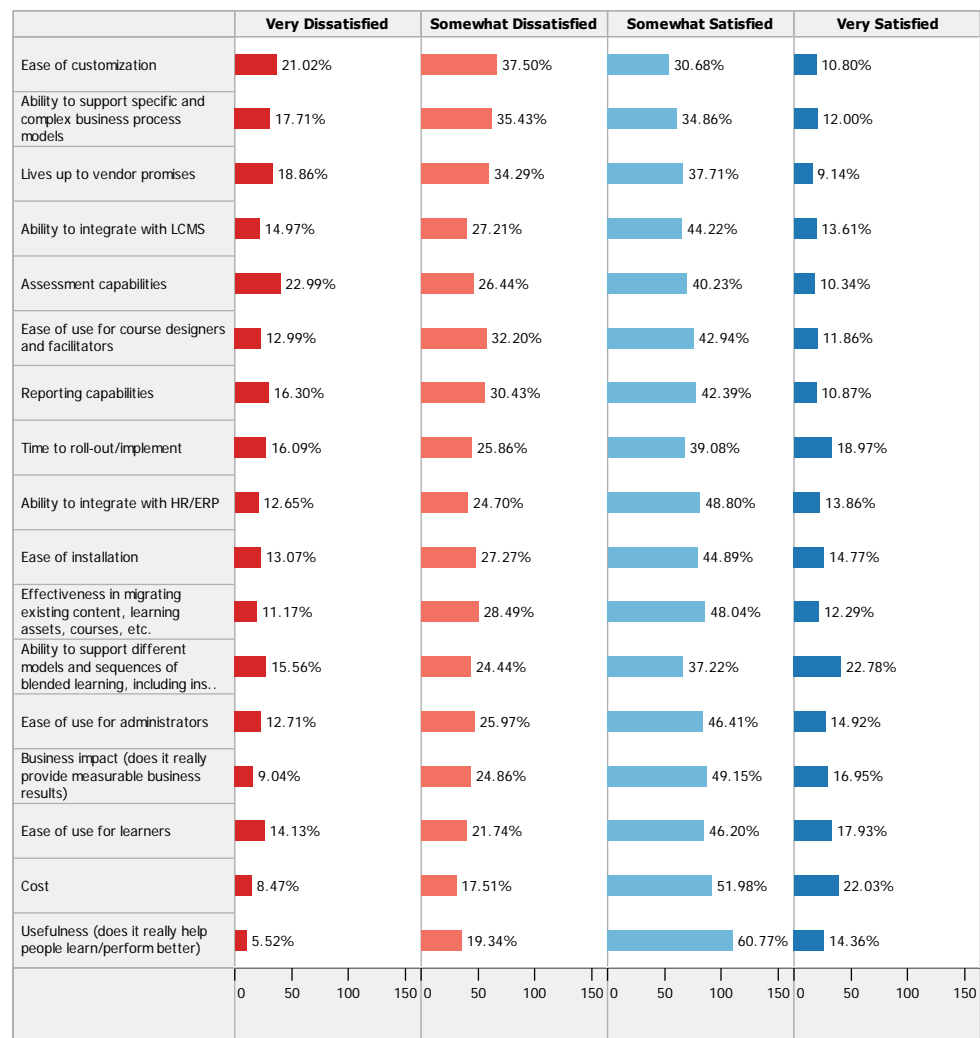


Figure 81 – Satisfaction (or the lack, thereof) for learning management systems in corporations with 5,000 or more employees and learners

Members report the being most dissatisfied with Ease of customization, Ability to support specific complex business process models, and the Vendor living up to its promises.

On a considerably more positive note, the vast majority of members indicate that they are very pleased with Ease of use for learners, Cost, and Usefulness. Indeed, all of the LMS vendors, and any member who has put time and effort into deploying an LMS, should be pleased to see that the vast majority of members do indeed believe that their learning management system helps their respective organizations.

While Figure 81 shows what we could best describe as an industry average, Figure 82 shows satisfaction/dissatisfaction for one particular product.

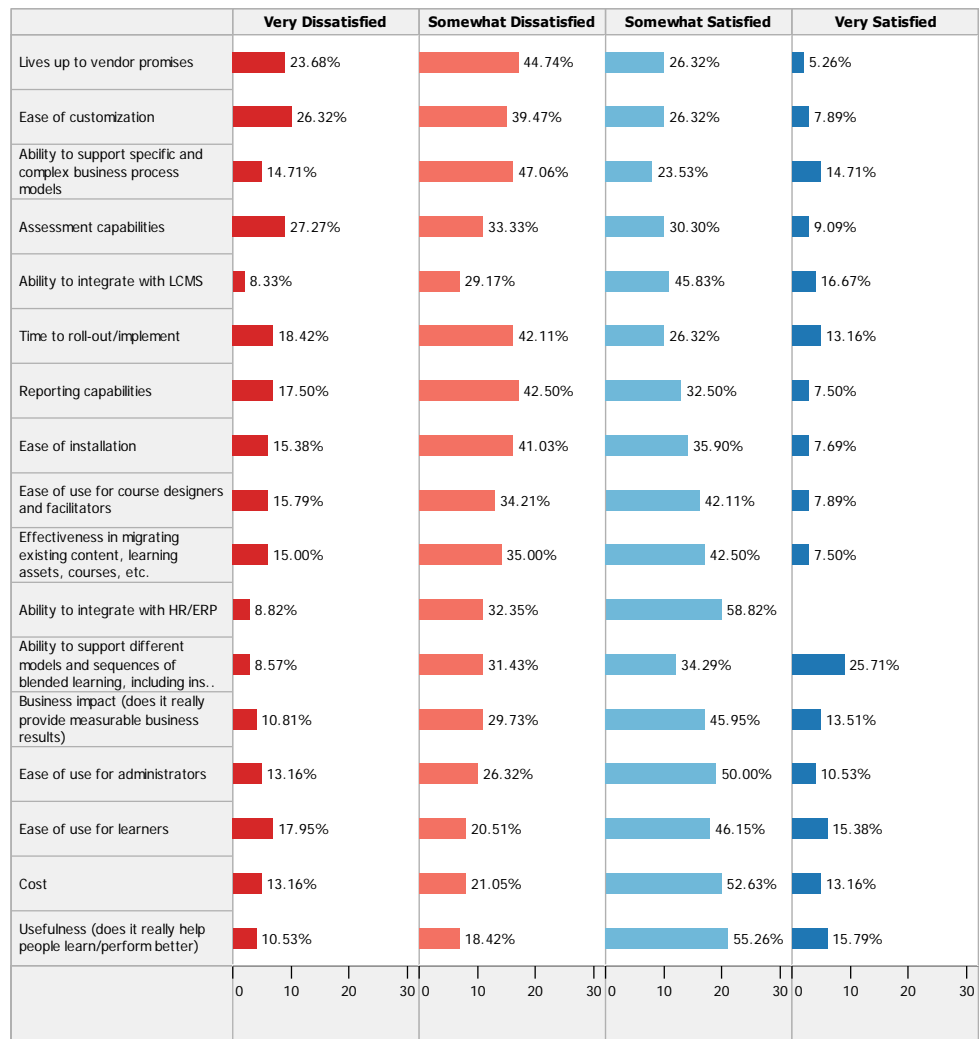


Figure 82 – Satisfaction for one particular LMS.



You will notice that members using this product are reporting considerably lower levels of satisfaction than the industry “average.” For example, this vendor may service larger corporations with more learners and more configuration/implementation hurdles. The best thing to do is use the online filters to get an “average” for your type of company, then filter based on the different LMS vendors you are considering.

Figure 83 below shows the industry “average” for smaller corporations.

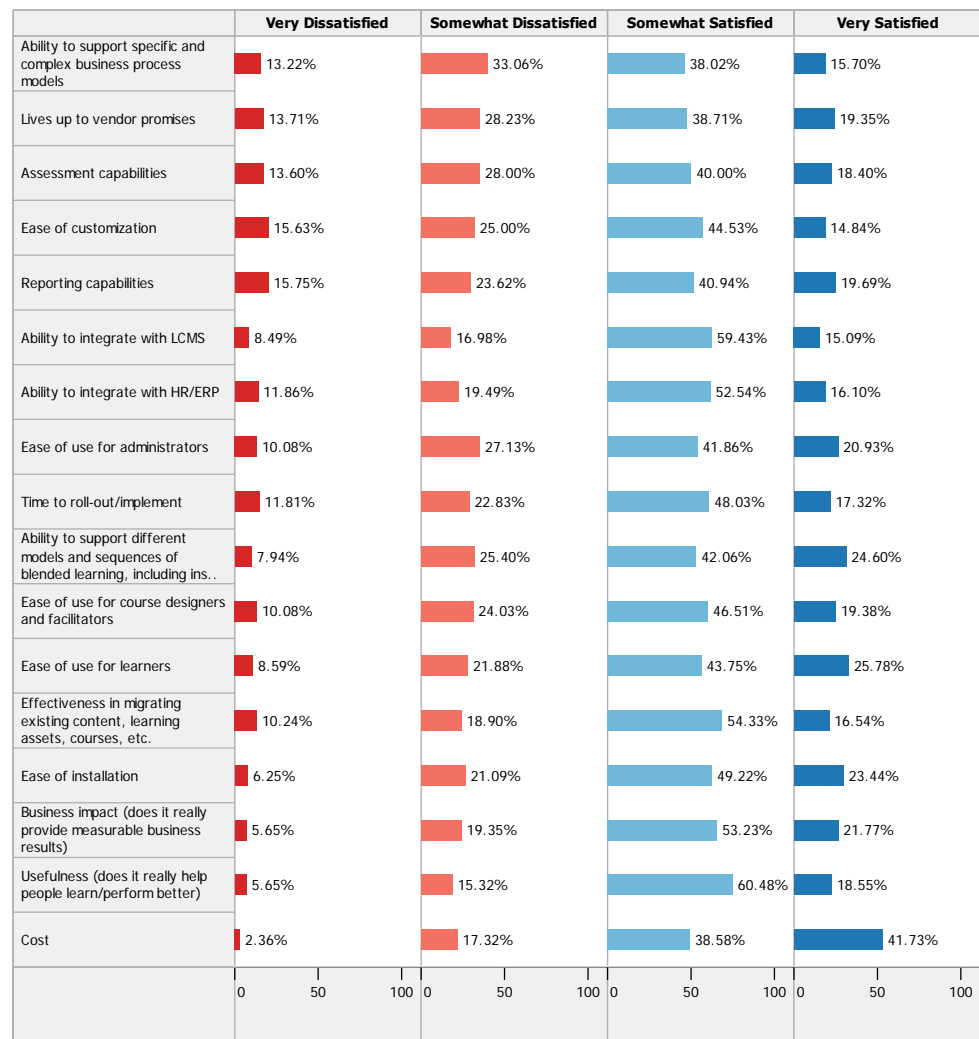


Figure 83 – Satisfaction with learning management systems in corporations with fewer than 5,000 employees and learners.

Members in smaller corporations with a smaller number of learners impacted are reporting a greater level of satisfaction.

Finally, Figure 84 shows levels of satisfaction within education and government organizations.

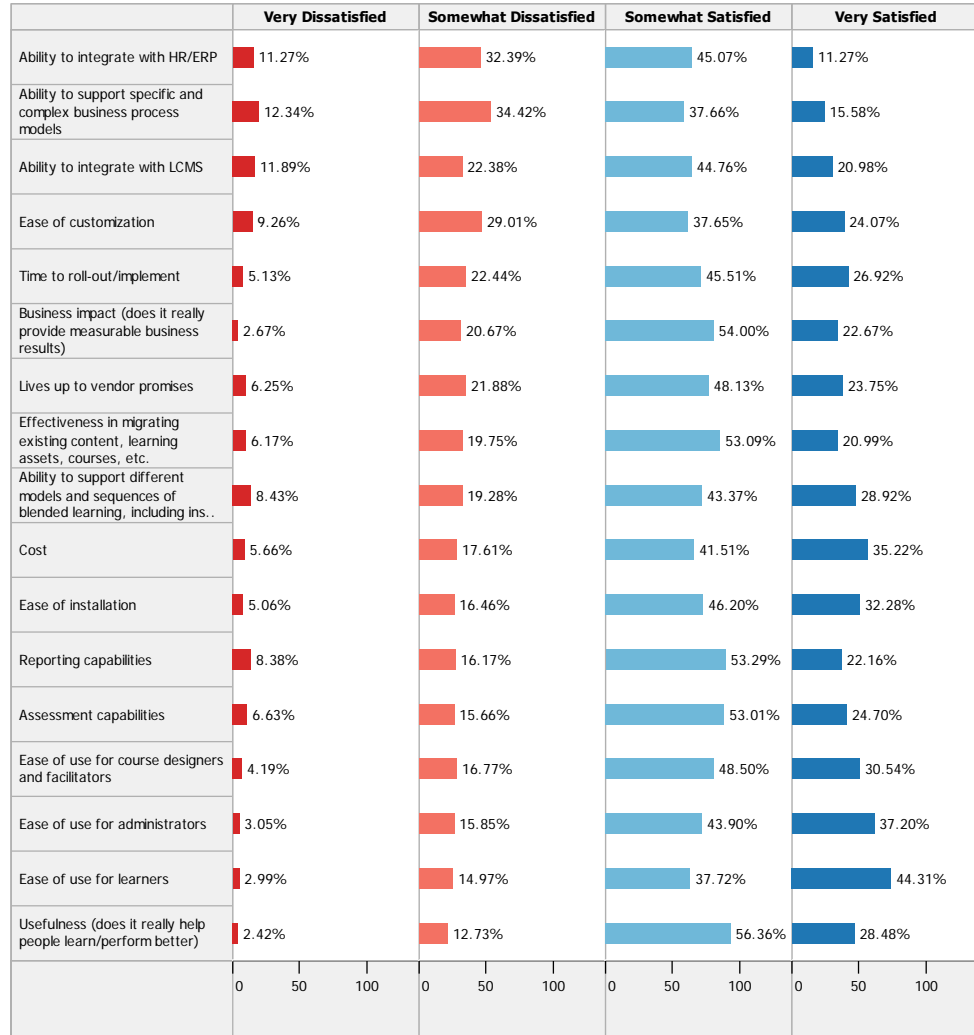


Figure 84 – Satisfaction with learning management systems in education and government organizations.

It should not be surprising to see Ability to Integrate with HR/ERP and Ability to support specific and complex business models at the top of the list, as vendors of most of the systems that service this sector did not build them with support for these things in mind.



Correlating Satisfaction with Hosting

If you are able to do so, consider having a third party host your system since members who use a third party report that they are more satisfied than those that don't (see Figure 85 and Figure 86, below).

Please note that the number of organizations that use a third party is considerably smaller than those that host internally or have the vendor host (see “7) Who hosts and administers your LMS?” on page 56.)

		Hosted Internally	Vendor Hosts	Third Party Hosts
Ability to integrate with LCMS	Very Dissatis..	● 10.46%	● 15.29%	● 10.81%
	Somewhat D..	● 25.16%	● 22.29%	● 16.22%
	Somewhat S..	● 46.41%	● 48.41%	● 59.46%
	Very Satisfied	● 17.97%	● 14.01%	● 13.51%
Ease of customization	Very Dissatis..	● 12.85%	● 16.92%	● 17.39%
	Somewhat D..	● 32.96%	● 28.72%	● 21.74%
	Somewhat S..	● 35.75%	● 38.46%	● 41.30%
	Very Satisfied	● 18.44%	● 15.90%	● 19.57%
Ability to integrate with HR/ERP	Very Dissatis..	● 10.61%	● 13.45%	● 9.52%
	Somewhat D..	● 26.06%	● 26.90%	● 26.19%
	Somewhat S..	● 49.39%	● 43.86%	● 50.00%
	Very Satisfied	● 13.94%	● 15.79%	● 14.29%
Time to roll-out/implement	Very Dissatis..	● 7.95%	● 12.44%	● 13.64%
	Somewhat D..	● 25.57%	● 22.28%	● 15.91%
	Somewhat S..	● 44.03%	● 39.38%	● 45.45%
	Very Satisfied	● 22.44%	● 25.91%	● 25.00%
Effectiveness in migrating existing content, learning assets, courses, etc.	Very Dissatis..	● 6.89%	● 12.11%	● 13.33%
	Somewhat D..	● 23.97%	● 23.16%	● 20.00%
	Somewhat S..	● 52.07%	● 45.26%	● 46.67%
	Very Satisfied	● 17.08%	● 19.47%	● 20.00%
Ease of installation	Very Dissatis..	● 7.26%	● 8.90%	● 6.52%
	Somewhat D..	● 23.18%	● 20.42%	● 21.74%
	Somewhat S..	● 45.25%	● 45.03%	● 41.30%
	Very Satisfied	● 24.30%	● 25.65%	● 30.43%
Ease of use for administrators	Very Dissatis..	● 8.99%	● 8.63%	● 15.56%
	Somewhat D..	● 21.25%	● 22.84%	● 15.56%
	Somewhat S..	● 45.78%	● 42.13%	● 33.33%
	Very Satisfied	● 23.98%	● 26.40%	● 35.56%
Ease of use for learners	Very Dissatis..	● 8.63%	● 8.63%	● 4.35%
	Somewhat D..	● 20.75%	● 18.78%	● 21.74%
	Somewhat S..	● 42.05%	● 40.10%	● 32.61%
	Very Satisfied	● 28.57%	● 32.49%	● 41.30%
Cost	Very Dissatis..	● 4.51%	● 5.73%	● 4.44%
	Somewhat D..	● 17.75%	● 14.06%	● 15.56%
	Somewhat S..	● 42.82%	● 53.13%	● 35.56%
	Very Satisfied	● 34.93%	● 27.08%	● 44.44%

Figure 85 – Satisfaction among large corporations based on who hosts (Part 1).

		Hosted Internally	Vendor Hosts	Third Party Hosts
Ability to support specific and complex business process models	Very Dissatisfied	● 16.05%	● 15.14%	● 11.90%
	Somewhat Dissatisfied	● 32.95%	● 34.59%	● 42.86%
	Somewhat Satisfied	● 37.82%	● 34.05%	● 35.71%
	Very Satisfied	● 13.18%	● 16.22%	● 9.52%
Lives up to vendor promises	Very Dissatisfied	● 10.23%	● 18.13%	● 8.89%
	Somewhat Dissatisfied	● 25.57%	● 27.46%	● 22.22%
	Somewhat Satisfied	● 46.02%	● 39.90%	● 35.56%
	Very Satisfied	● 18.18%	● 14.51%	● 33.33%
Assessment capabilities	Very Dissatisfied	● 11.76%	● 15.10%	● 12.77%
	Somewhat Dissatisfied	● 20.17%	● 30.21%	● 6.38%
	Somewhat Satisfied	● 48.74%	● 38.02%	● 55.32%
	Very Satisfied	● 19.33%	● 16.67%	● 25.53%
Reporting capabilities	Very Dissatisfied	● 9.76%	● 18.09%	● 6.38%
	Somewhat Dissatisfied	● 23.85%	● 22.61%	● 21.28%
	Somewhat Satisfied	● 48.78%	● 38.69%	● 48.94%
	Very Satisfied	● 17.62%	● 20.60%	● 23.40%
Ease of use for course designers and facilitators	Very Dissatisfied	● 7.71%	● 10.36%	● 12.77%
	Somewhat Dissatisfied	● 25.34%	● 23.83%	● 17.02%
	Somewhat Satisfied	● 47.66%	● 45.60%	● 34.04%
	Very Satisfied	● 19.28%	● 20.21%	● 36.17%
Ability to support different models and sequences of blended learning, including instructor-led	Very Dissatisfied	● 11.26%	● 9.84%	● 6.52%
	Somewhat Dissatisfied	● 21.98%	● 22.80%	● 19.57%
	Somewhat Satisfied	● 41.48%	● 40.93%	● 47.83%
	Very Satisfied	● 25.27%	● 26.42%	● 26.09%
Business impact (does it really provide measurable business results)	Very Dissatisfied	● 6.27%	● 5.24%	● 2.50%
	Somewhat Dissatisfied	● 22.51%	● 20.94%	● 12.50%
	Somewhat Satisfied	● 50.14%	● 53.40%	● 47.50%
	Very Satisfied	● 21.08%	● 20.42%	● 37.50%
Usefulness (does it really help people learn/perform better)	Very Dissatisfied	● 3.54%	● 5.29%	● 2.22%
	Somewhat Dissatisfied	● 17.71%	● 16.93%	● 11.11%
	Somewhat Satisfied	● 56.40%	● 57.67%	● 44.44%
	Very Satisfied	● 22.34%	● 20.11%	● 42.22%

Figure 86 – Satisfaction among large corporations based on who hosts (Part 2).



Correlating Satisfaction with Age

The phrase “familiarity breeds contempt” certainly applies to members reporting their dissatisfaction with older LMS installations. Figure 87 shows satisfaction ratings in large corporations for learning management systems that have been in place for two or more years.

While these users are clearly dissatisfied, at least they report a good return on investment (see page 58).

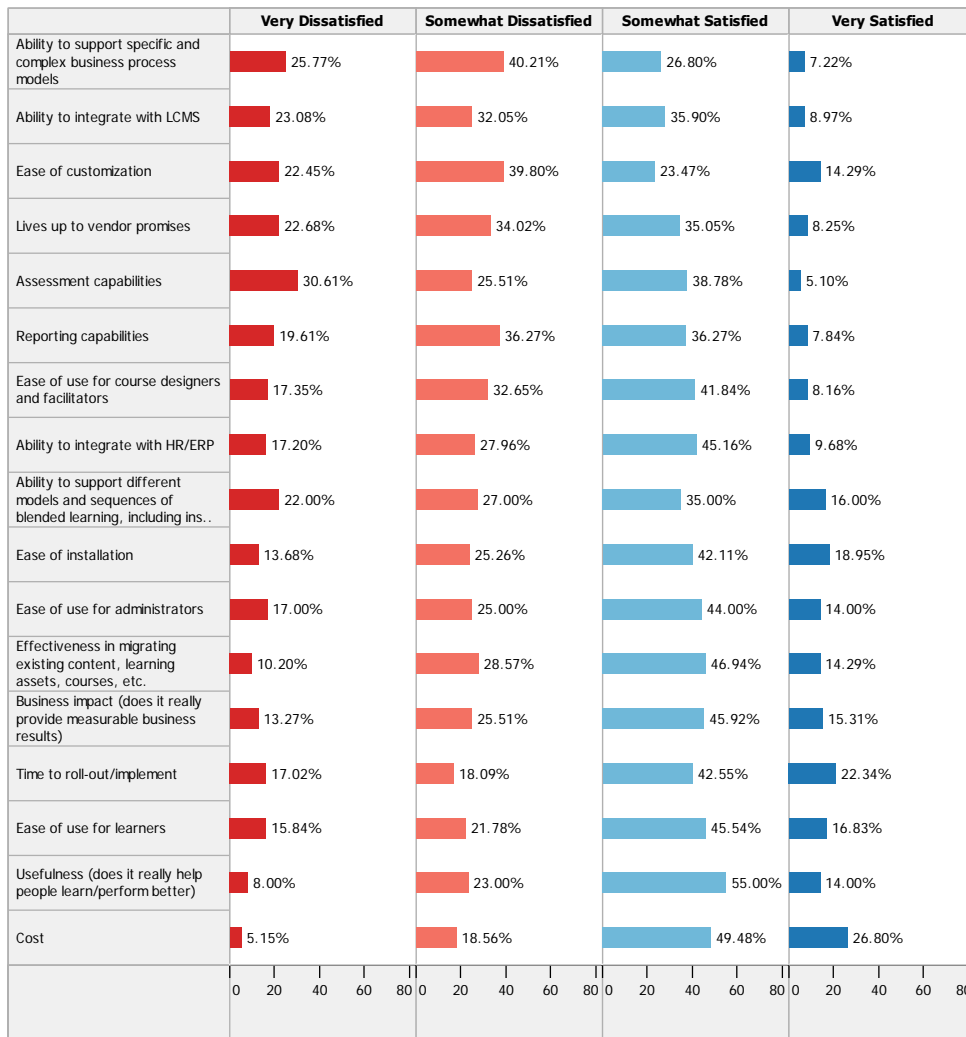


Figure 87 – Satisfaction ratings for LMS installation that have been in place for more than two years in corporations with 5,000 or more employees and learners. Perhaps it is time to upgrade or move to a new system.

Contrast this with Figure 88 which shows satisfaction with systems that have been in place for 0 to 24 months.

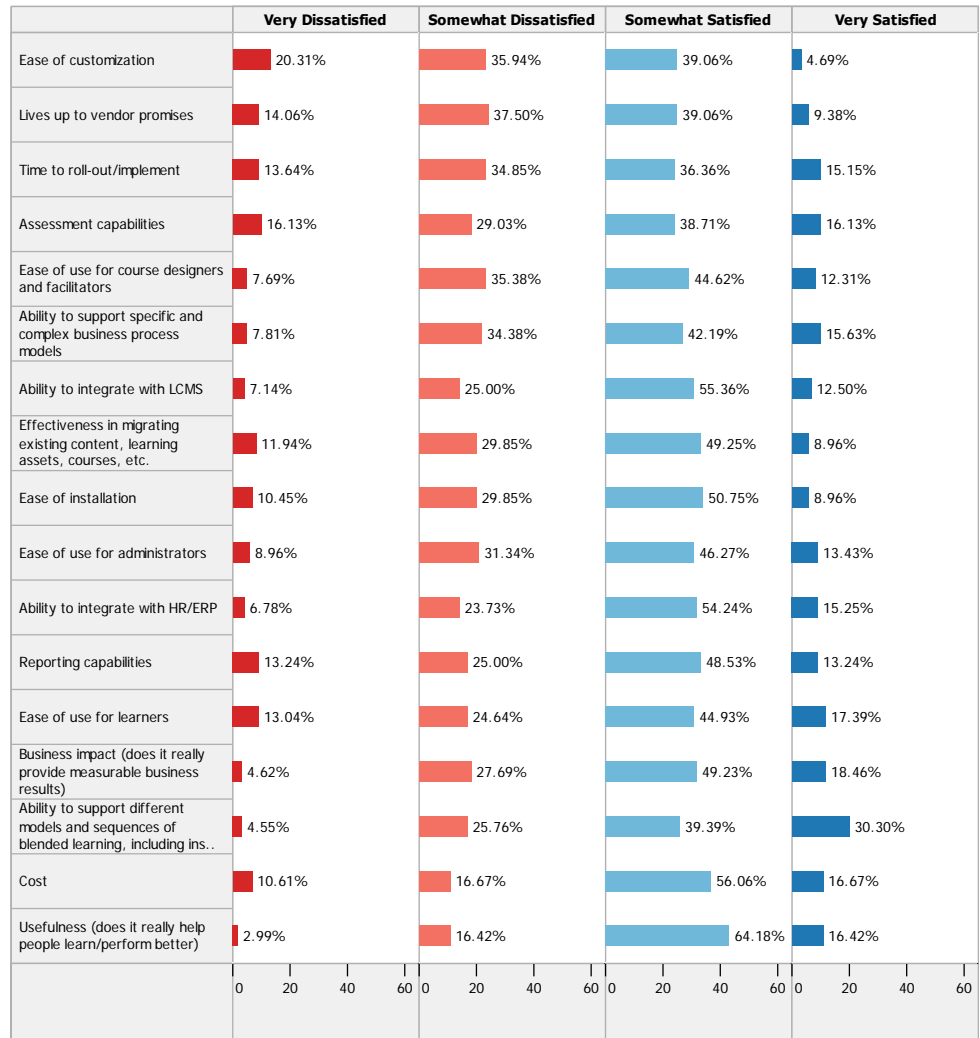


Figure 88 – Satisfaction ratings for LMS installation that have been in place for 0 to 24 months in corporations with 5,000 or more employees and learners.

Smaller corporations show an even more pronounced age/satisfaction correlation. Figure 89 shows dissatisfaction with older learning management systems within smaller corporations.

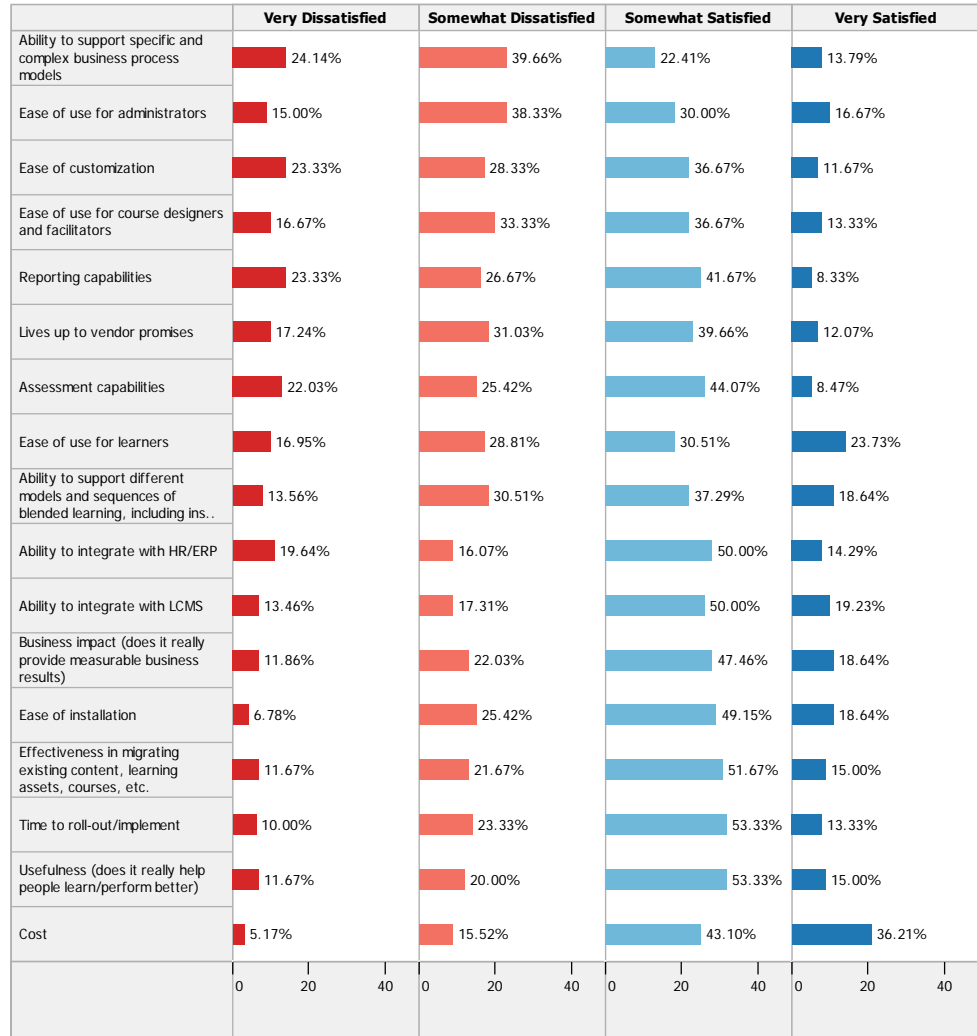


Figure 89 – Satisfaction ratings for LMS installation that have been in place for more than two years in corporations with fewer than 5,000 employees and learners.

Contrast this with systems that have been in place for fewer than 24 months (see Figure 90.)

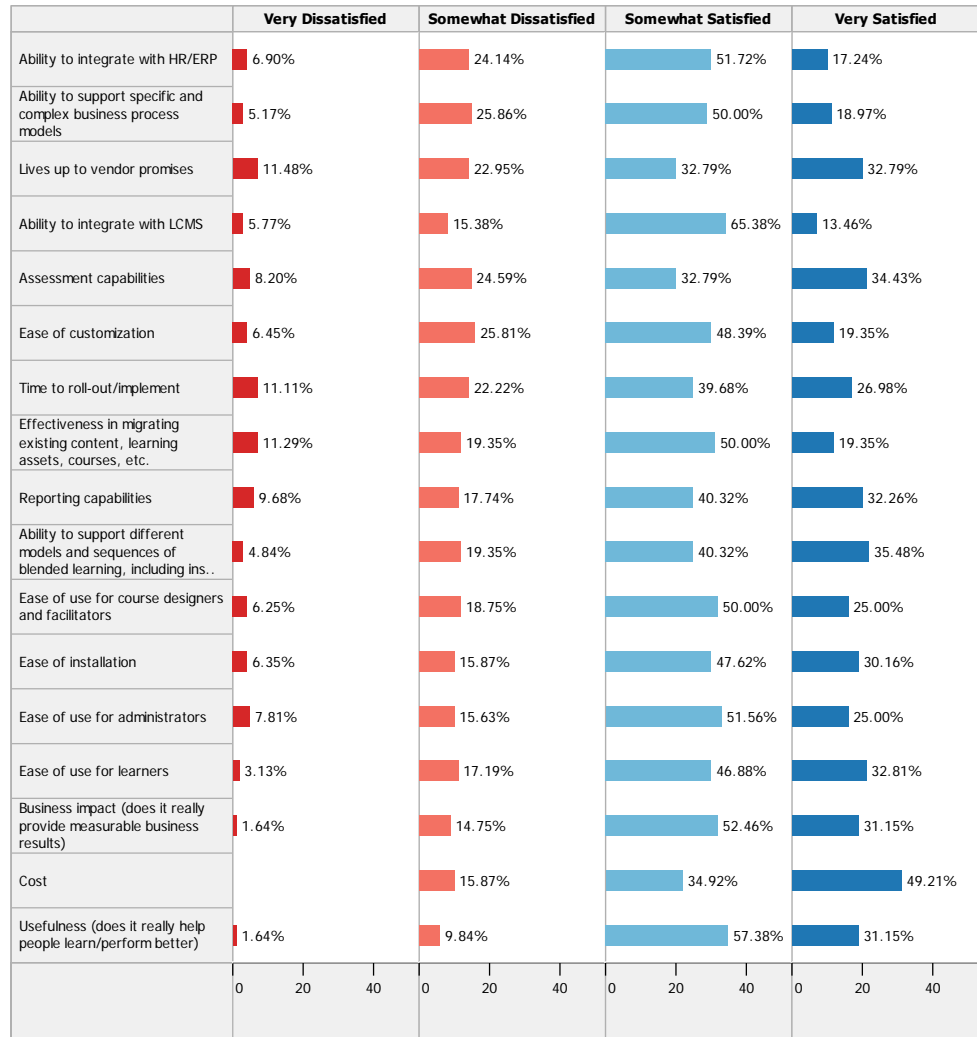


Figure 90 – Satisfaction ratings for LMS installation that have been in place for 0 to 24 months in corporations with fewer than 5,000 employees and learners. There are a lot of very happy people here.



14) Do you believe you have received a return on investment in your LMS?

This question presents us with a great opportunity to tap into the collective experiences of hundreds (and by the time you read this, possibly thousands) of Guild members.

The good news is that the majority of LMS users report that they have received either a very good or modest return on their investment. The bad news is that a small percentage of members report that they have spent millions of dollars on systems that have hurt their organizations.

Also, by correlating this information with hosting, system age, reasons for getting an LMS, and other factors we can truly glean the best practices of those organizations that get a good ROI vs. those that have had a bad experience.

ROI – Large Corporations

Figure 91 shows reported ROI for corporations with 5,000 or more employees and learners.

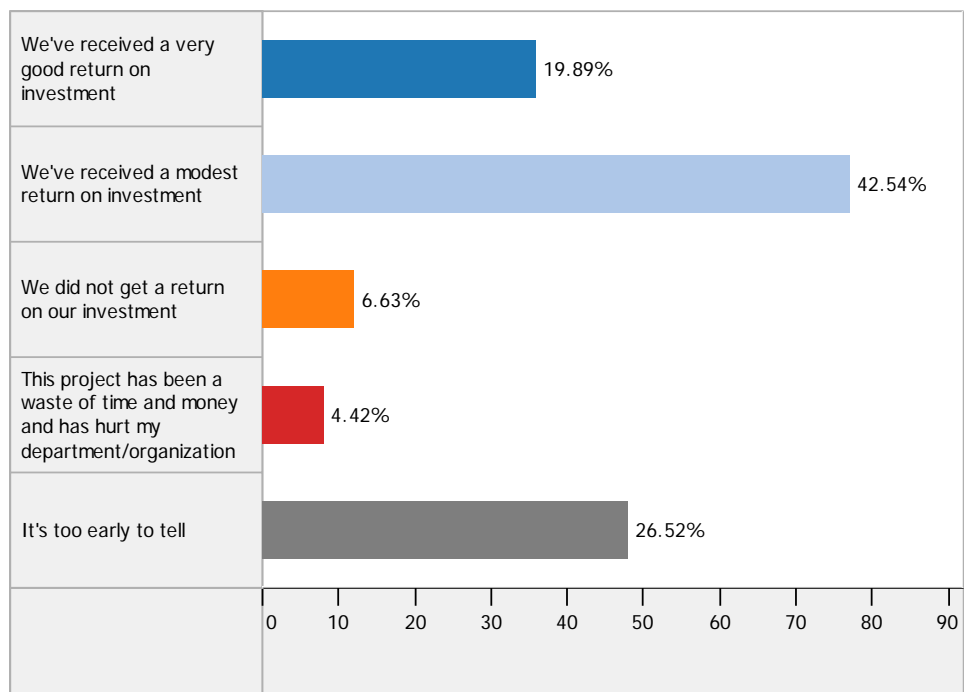


Figure 91 – ROI in large corporations.



ROI – Small and Medium Corporations

Figure 92 shows reported ROI for corporations with fewer than 5,000 employees and learners.

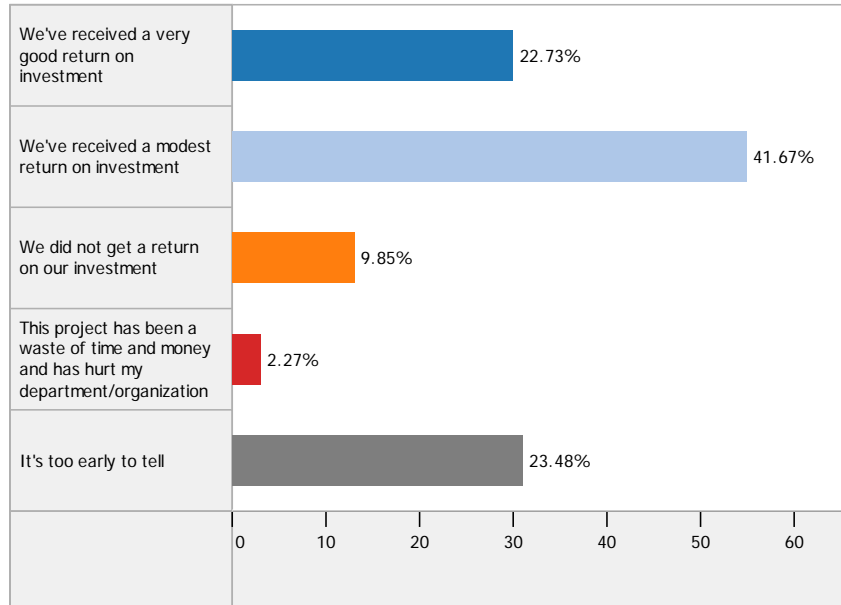


Figure 92 – ROI in smaller corporations.

ROI – Education and Government organizations

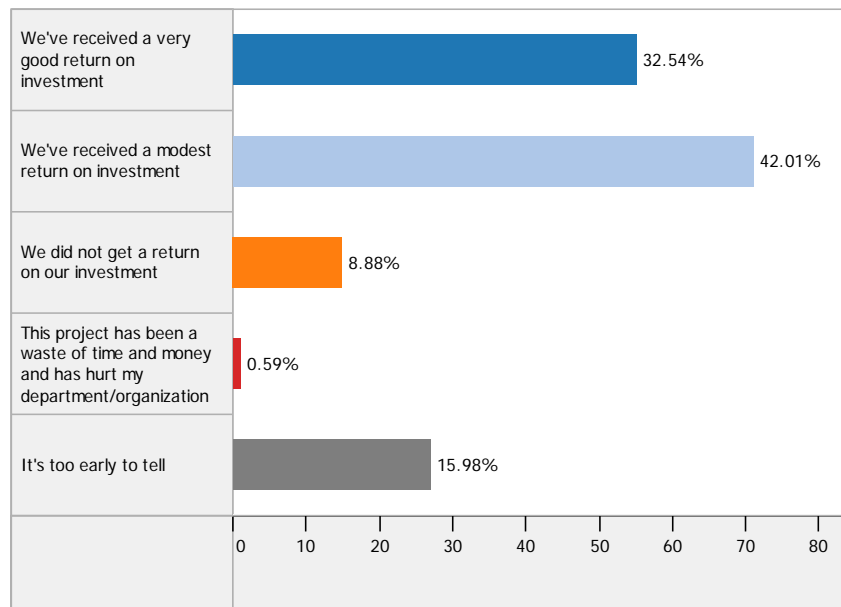


Figure 93 – ROI in education and government organizations.



ROI for a specific product

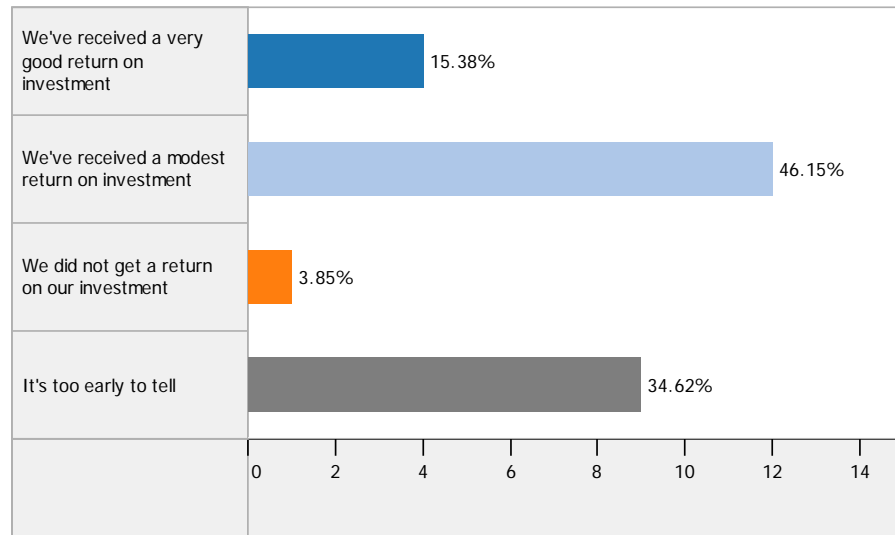


Figure 94 – Use the online component of this report to filter on a specific product’s return on investment.

Figure 94 above shows the reported ROI for one specific product that’s popular among large corporate users. We encourage you to use the Guild’s online interactive analytics and survey data to see reported ROI for the specific products that interest you.

Ranking LMS Tools by Reported ROI

Since October of 2006 the Guild has been carefully tracking market share and satisfaction ratings for all categories of e-Learning products, including LMS tools. Indeed, we award the top products with Platinum and Gold eLearning Guild Members Choice awards (see “Market Share, Satisfaction Results, and Guild Members Choice Awards” on page 29.)

With this survey we’ve also started to rank tools based on their reported return on investment. Shown below are snapshots of rankings as of March, 2007. Also note that the live, interactive complement to this particular view of the data is not yet available, but we hope to have it ready shortly after the publication of this report.

Figure 95 and Figure 16 show ranking LMS tools for corporations of all sizes. Only tools that have received a reported ROI from at least ten members are included.

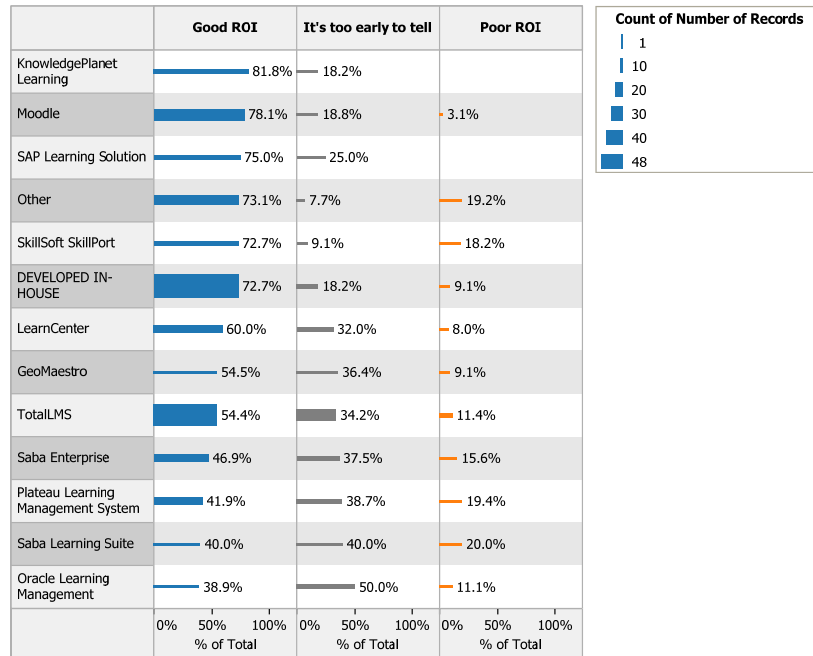


Figure 95 – ROI rankings for corporate learning management systems incorporating three measures.

Notice that the rankings change if we exclude “It’s too early to tell” from the mix, as shown here.

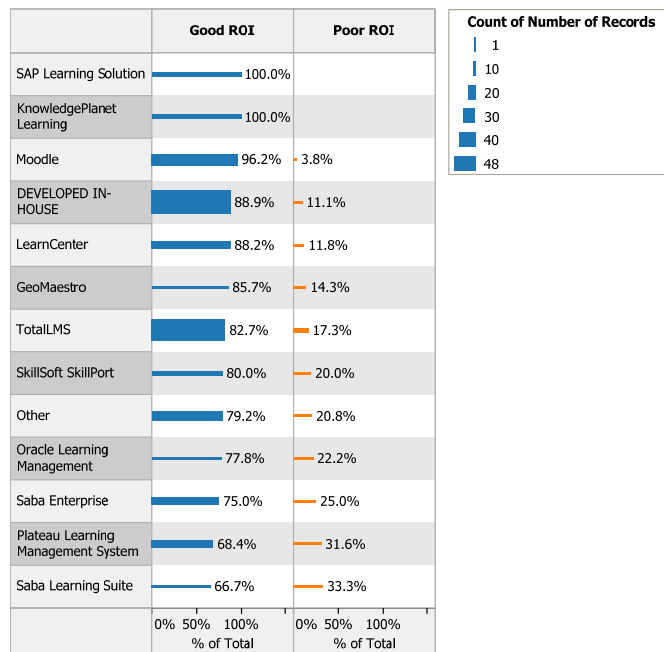


Figure 96 – ROI rankings for corporate learning management systems incorporating two measures.



We can similarly view ranking for LMS tools in education and government organizations, as shown here.

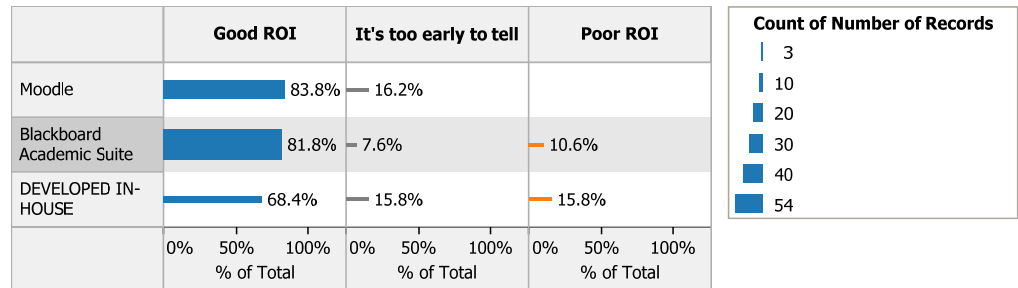


Figure 97 – ROI rankings for education and government learning management system incorporating three measures.

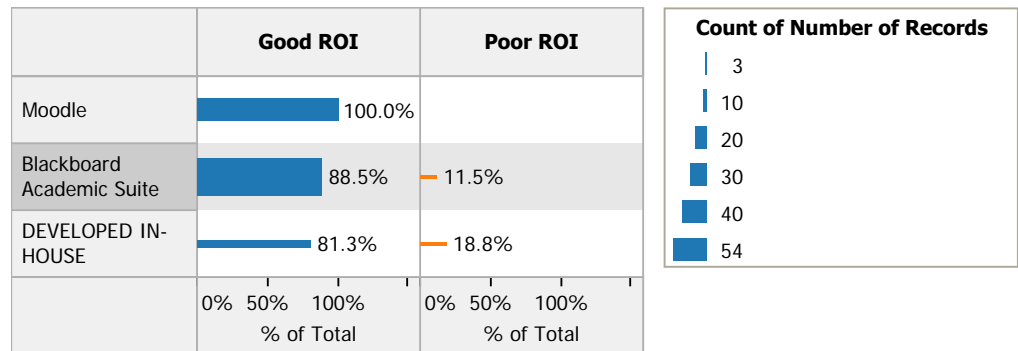


Figure 98 – ROI rankings for education and government learning management systems incorporating two measures.



ROI Correlations

A number of clear trends show up when we correlate reported ROI with different facets of an LMS installation.

For example, Figure 15 and Figure 100 show the relationship between reported ROI and who hosts. So not only do we see a greater degree of satisfaction from members that use a third party to host, we also see a more impressive return on investment.

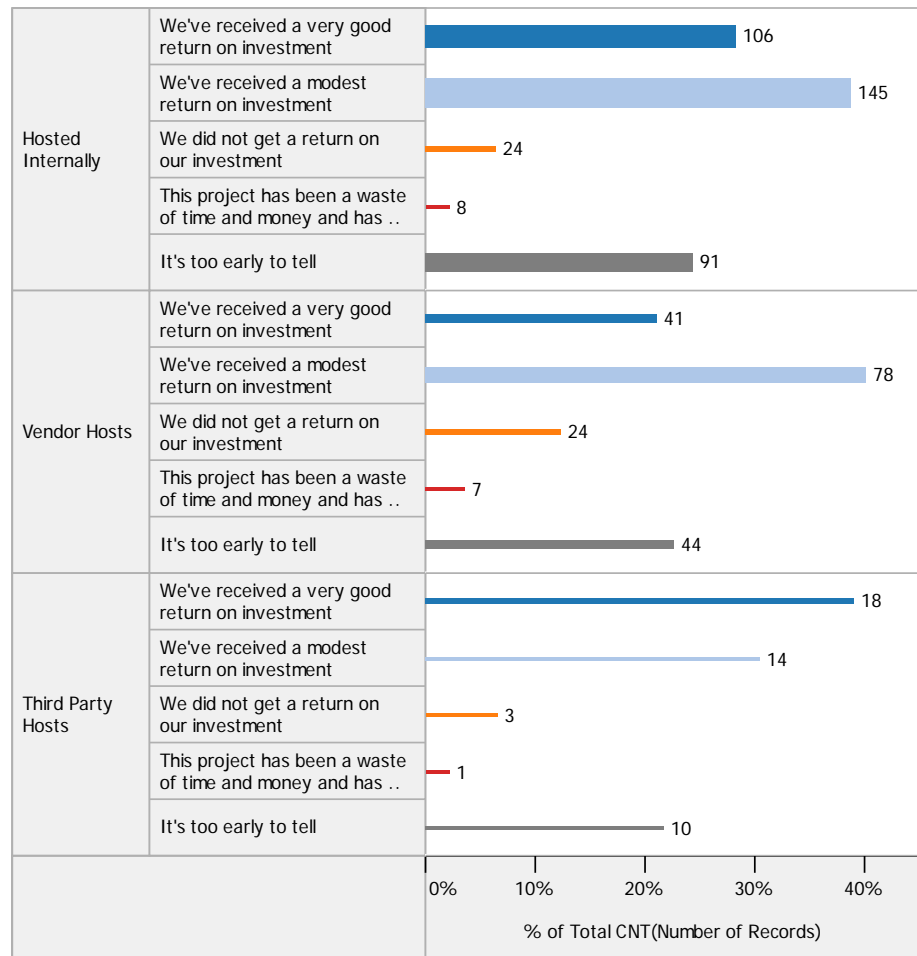


Figure 99 – ROI based on who hosts for all types of organizations. Chart shows both discrete values and percentages.

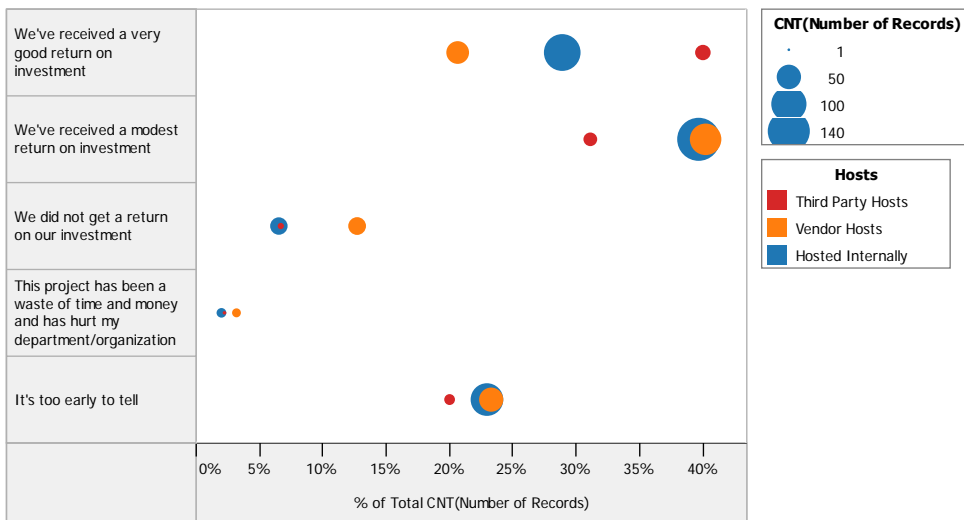


Figure 100 – Another way to view ROI based on who hosts. The red circles that represent systems hosted by third parties may be small (meaning fewer systems), but the red circles are in good positions.

How long a system has been in place influences reported ROI. Figure 101 shows the ROI for systems that have been in place for 0 to 24 months.

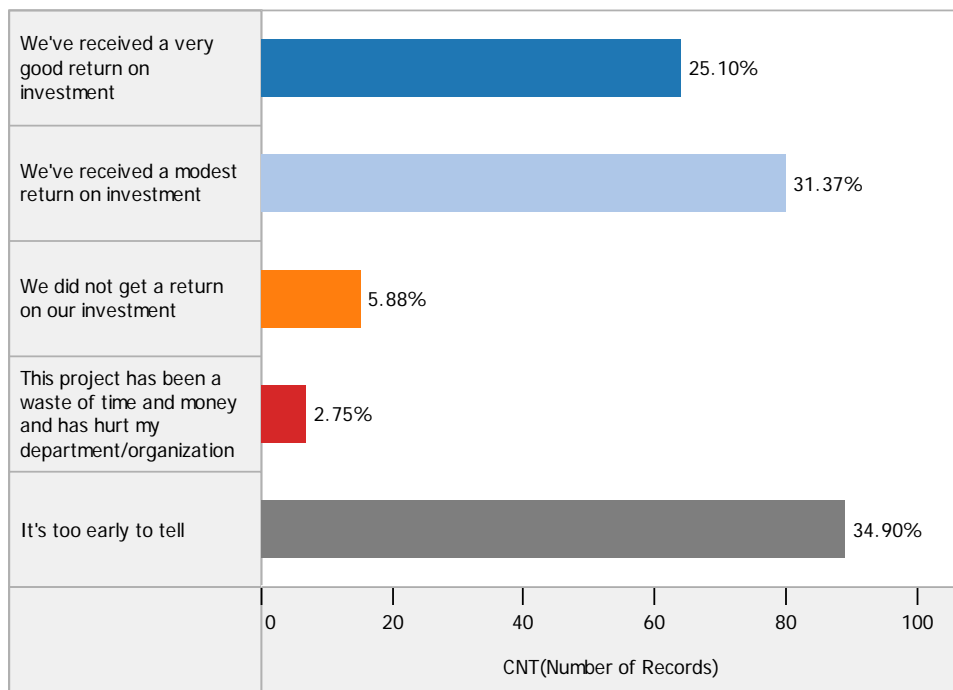


Figure 101 – Reported ROI for systems that have been in use for 0 to 24 months.



As one would hope, the reported ROI for systems that have been in place longer is quite a bit higher, as shown in Figure 102.

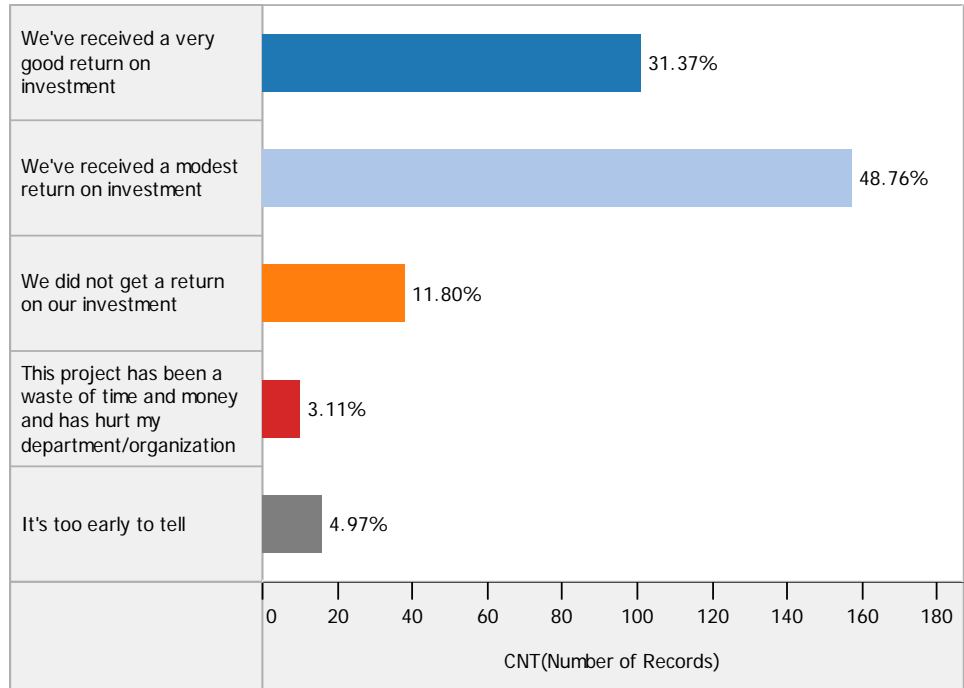


Figure 102 – ROI for systems that have been in place for more than two years.



Using Reported ROI to find successes and failures (and the tools behind them)

Using the ROI filter settings, we can focus on projects that have performed particularly well or particularly badly.

Figure 103 shows results for large corporations whose members reported either a very good or a modest return on investment.

Filter: Return on Investment

- It's too early to tell
- This project has been a waste of time and money ...
- We did not get a return on our investment
- We've received a modest return on investment
- We've received a very good return on investment

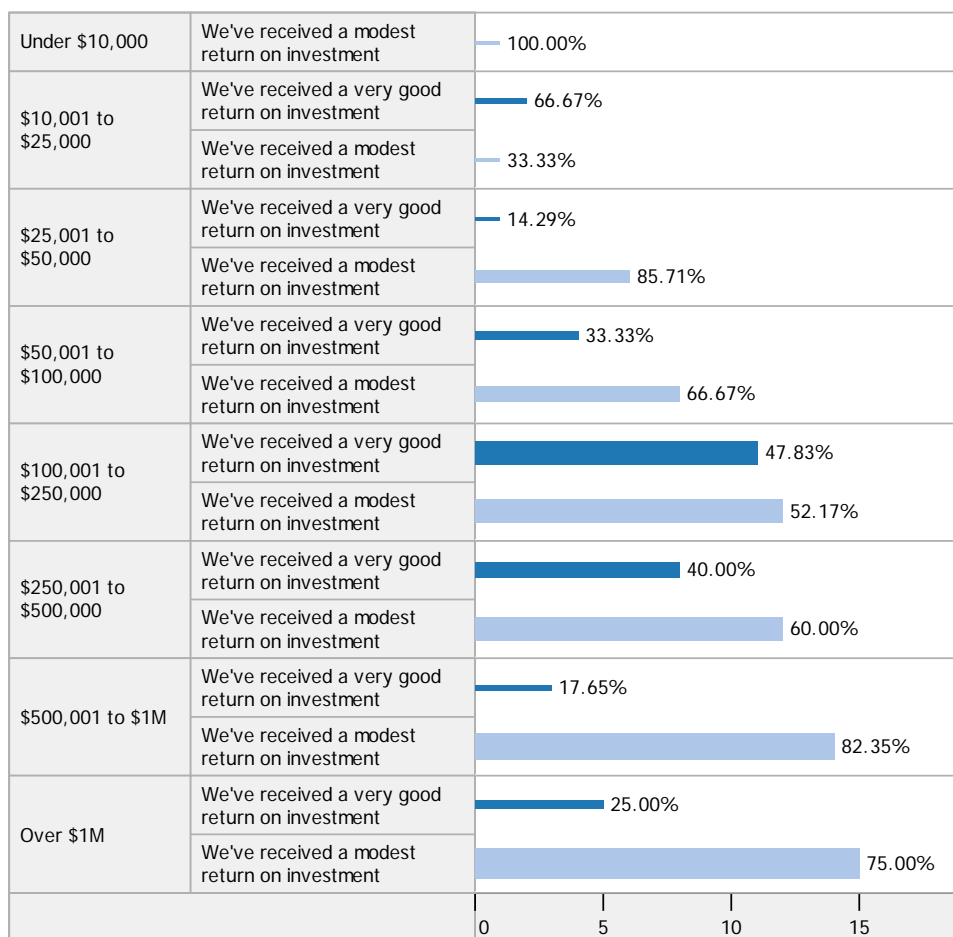


Figure 103 – Result for large corporations with modest or very good ROI.

We can then see which tools were associated with these successes, as shown below.



Figure 104 – Tools behind projects that showed a positive return on investment.

We can similarly focus on projects that did not show a return on investment, or that hurt the organization, as shown in Figure 105

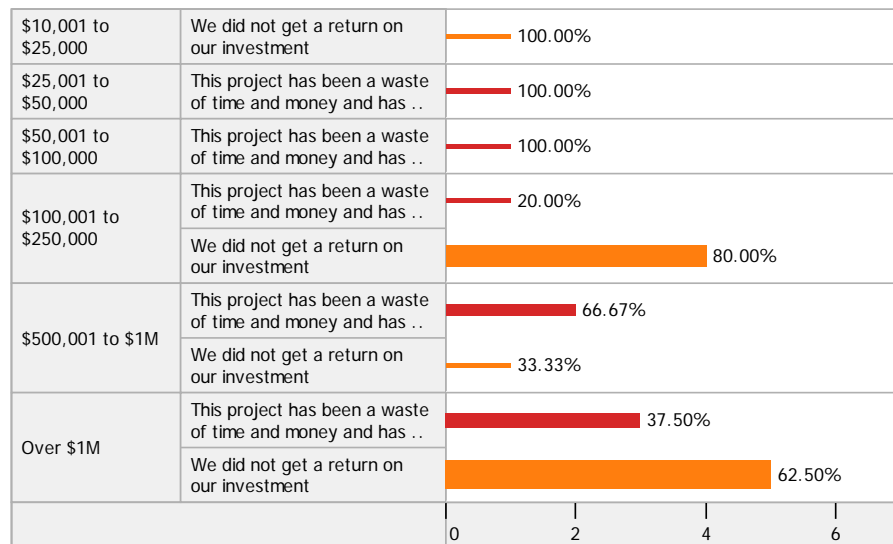
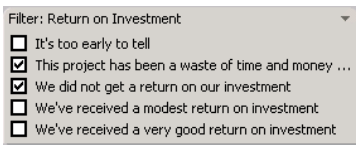


Figure 105 – Result for large corporations with a poor ROI.



And we can, in turn, see which tools members used for these projects, as shown here.

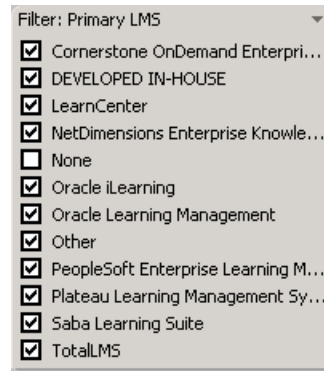


Figure 106 – Tools behind projects that did not show a return on investment.

ROI – Finding the best practices

So, some of the tools that were involved in successes were also involved in failures. What went wrong, and what went right? Did company size, learners impacted, or the industry have something to do with it, or was it a different approach to acquiring, installing, configuring, customizing, and implementing the LMS that resulted in a good ROI vs. a poor one? We will look at this in depth in “Who gets good results, who gets bad results, and why” on page 108, but let’s first look at results for other questions in the survey.

16) Barriers to success with an LMS

In this question we ask members which facets of learning management systems presented the greatest barriers to success. Note that we asked both people who have an LMS and those that do not yet have one.

Figure 107 shows the actual, or in the case of people who don’t have an LMS, anticipated barriers, to success with an LMS in corporations with 5,000 or more employees and learners.

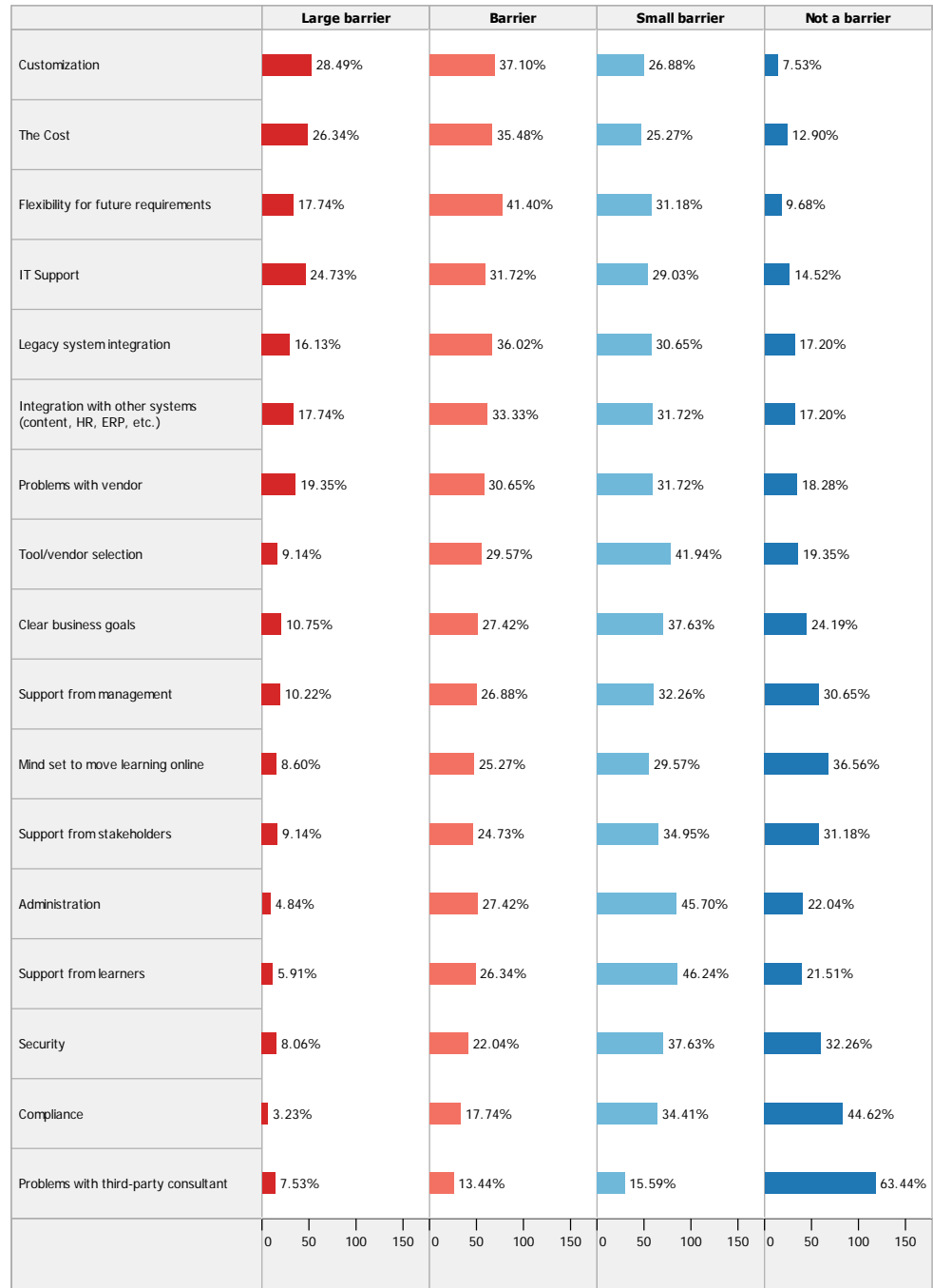
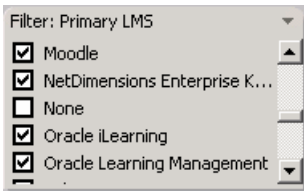


Figure 107 – Barriers to success in large organizations.



Removing “None” from the mix allays concerns about cost.

Notice that the second largest barrier is cost. If we filter out “None” from the list of LMSs, concerns about cost go down significantly. That is, if we remove people who do not yet have an LMS, cost as a barrier is much less of a concern. There are at least three possible reasons for the reality not being nearly as bad as the expectation:

- 1) The “pain” associated with the cost either was not bared by the survey respondent
- 2) The time since the purchase has deadened the trauma; or,
- 3) The cost truly was not as bad as anticipated.

Note: We strongly encourage readers of this report to filter based on the tools that interest them and see what barriers users of those tools have encountered.

Figure 108 and Figure 109 show barriers to success in smaller corporations and education/government organizations.

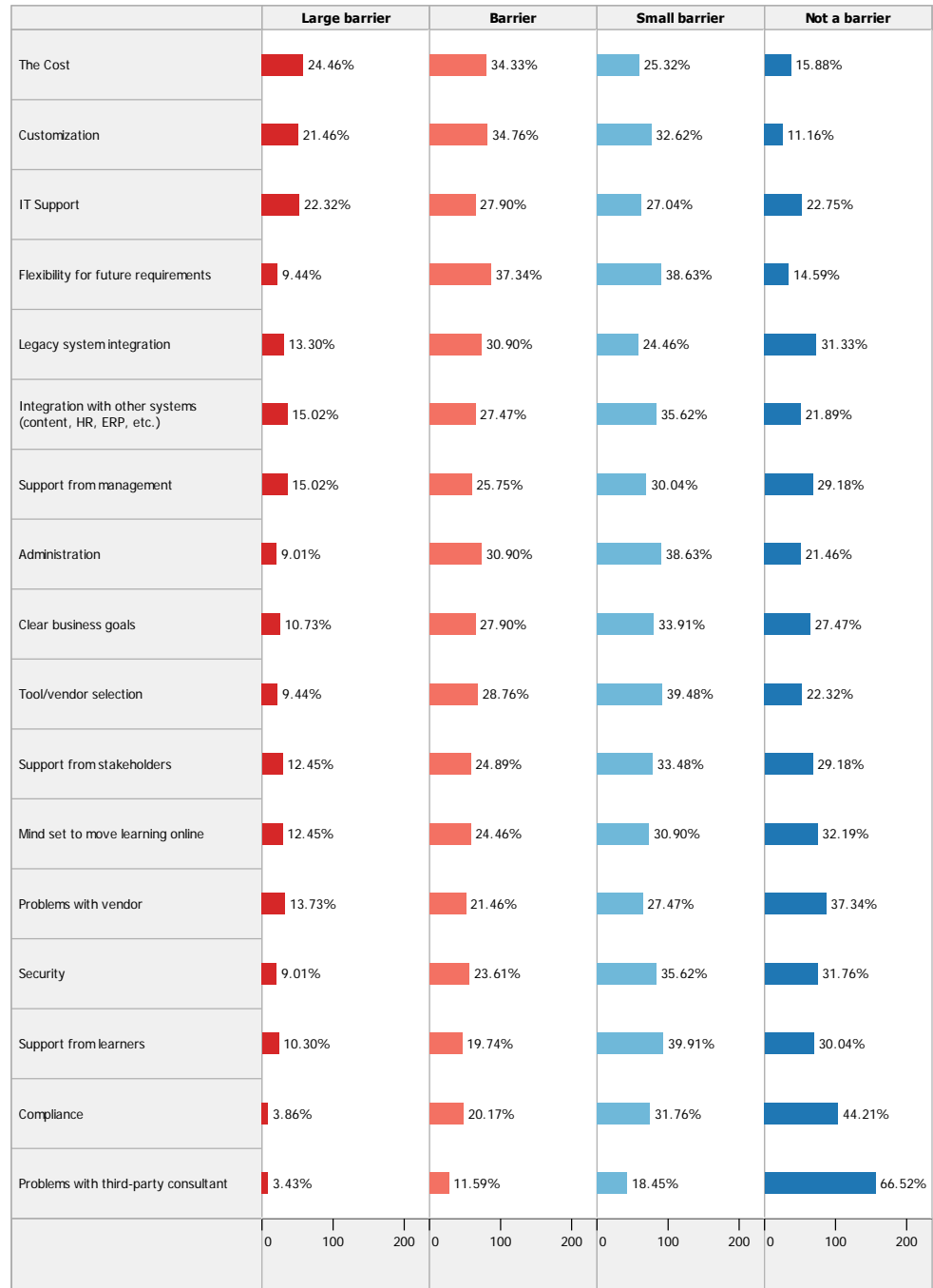


Figure 108 – Barriers to success in corporations with fewer than 5,000 employees and learners.

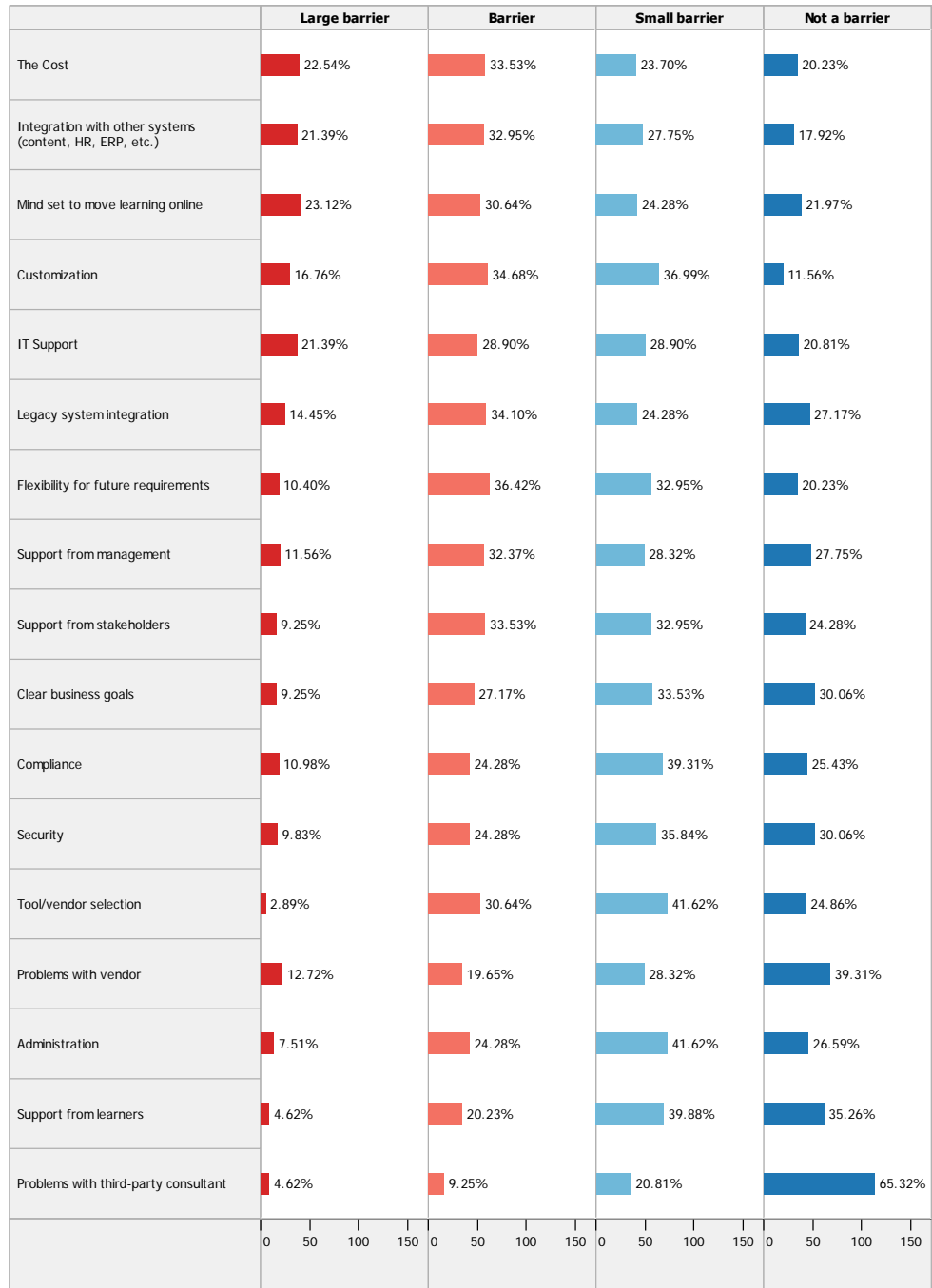


Figure 109 – Barriers to success in education and government organizations.

17) Please indicate the importance of the following LMS features

Here we ask members to tell us what features are important to them (both features that they have, and features that they wish they had.)

Several features underscore significant differences between large and small corporations (and if you drill down further, particular industries). Figure 110 and Figure 111 compare importance of features in large corporations vs. smaller corporations.

			Very Important	Important	Somewhat Important	Not Important
Tracking, reporting, and measurement	5,001 or more Employees	5,000 or more Learners	85.3%	13.8%	0.9%	
	1-5,000 Employees	0 to 4,999 Learners	84.9%	14.0%	1.1%	
	5,001 or more Employees	5,000 or more Learners	81.8%	15.3%	2.2%	0.7%
Content delivery	5,001 or more Employees	0 to 4,999 Learners	78.8%	18.6%	2.7%	
	1-5,000 Employees	5,000 or more Learners	79.7%	18.5%	1.7%	
	5,001 or more Employees	0 to 4,999 Learners	79.6%	15.1%	4.3%	1.1%
Asynchronous e-Learning	1-5,000 Employees	5,000 or more Learners	75.9%	19.0%	2.9%	2.2%
	5,001 or more Employees	0 to 4,999 Learners	74.3%	21.7%	3.5%	0.4%
	5,001 or more Employees	5,000 or more Learners	76.7%	20.7%	2.6%	
Training history	1-5,000 Employees	0 to 4,999 Learners	74.2%	22.6%	3.2%	
	5,001 or more Employees	5,000 or more Learners	72.3%	20.4%	5.8%	1.5%
	1-5,000 Employees	0 to 4,999 Learners	71.2%	24.3%	3.5%	0.9%
Assessment and testing	5,001 or more Employees	5,000 or more Learners	70.3%	25.9%	3.9%	
	1-5,000 Employees	0 to 4,999 Learners	68.8%	24.7%	5.4%	1.1%
	5,001 or more Employees	5,000 or more Learners	61.3%	29.2%	8.0%	1.5%
Ability to create an index so that people can find a particular topic and access just that topic easily	1-5,000 Employees	0 to 4,999 Learners	60.2%	30.5%	7.5%	1.8%
	5,001 or more Employees	5,000 or more Learners	73.7%	19.8%	5.2%	1.3%
	1-5,000 Employees	0 to 4,999 Learners	73.1%	16.1%	8.6%	2.2%
Blended learning	5,001 or more Employees	5,000 or more Learners	73.7%	17.5%	5.1%	3.6%
	1-5,000 Employees	0 to 4,999 Learners	71.2%	22.6%	4.9%	1.3%
	5,001 or more Employees	0 to 4,999 Learners	64.7%	28.4%	6.0%	0.9%
The ability to support different models and sequences of blended learning, including instructor-led	1-5,000 Employees	5,000 or more Learners	59.1%	32.3%	5.4%	3.2%
	5,001 or more Employees	0 to 4,999 Learners	51.1%	40.1%	8.0%	0.7%
	1-5,000 Employees	0 to 4,999 Learners	62.8%	30.5%	4.9%	1.8%
Standards (SCORM and AICC)	5,001 or more Employees	5,000 or more Learners	71.6%	23.3%	4.3%	0.9%
	1-5,000 Employees	0 to 4,999 Learners	72.0%	20.4%	5.4%	2.2%
	5,001 or more Employees	5,000 or more Learners	53.3%	35.0%	9.5%	2.2%
security	1-5,000 Employees	0 to 4,999 Learners	56.2%	32.7%	8.0%	3.1%
	5,001 or more Employees	5,000 or more Learners	63.8%	28.4%	6.0%	1.7%
	1-5,000 Employees	0 to 4,999 Learners	67.7%	29.0%	2.2%	1.1%
User and group management	5,001 or more Employees	5,000 or more Learners	49.6%	37.2%	10.9%	2.2%
	1-5,000 Employees	0 to 4,999 Learners	55.3%	31.4%	10.2%	3.1%
	5,001 or more Employees	5,000 or more Learners	73.7%	20.3%	3.9%	2.2%
User and group management	1-5,000 Employees	0 to 4,999 Learners	61.3%	24.7%	9.7%	
	5,001 or more Employees	5,000 or more Learners	61.2%	34.1%	4.7%	
	1-5,000 Employees	0 to 4,999 Learners	66.4%	24.1%	6.6%	
User and group management	5,001 or more Employees	5,000 or more Learners	59.7%	27.0%	10.2%	
	1-5,000 Employees	0 to 4,999 Learners	61.2%	34.1%	4.7%	
	5,001 or more Employees	5,000 or more Learners	58.1%	32.3%	8.6%	1.1%
User and group management	1-5,000 Employees	0 to 4,999 Learners	48.2%	39.4%	10.2%	2.2%
	5,001 or more Employees	5,000 or more Learners	51.3%	31.0%	13.7%	4.0%
	1-5,000 Employees	0 to 4,999 Learners	53.9%	34.9%	10.3%	0.9%
User and group management	5,001 or more Employees	5,000 or more Learners	46.2%	39.8%	11.8%	2.2%

Large difference in attitude towards security

Figure 110 – What’s important to LMS users, Part 1 (large vs. small corporations).

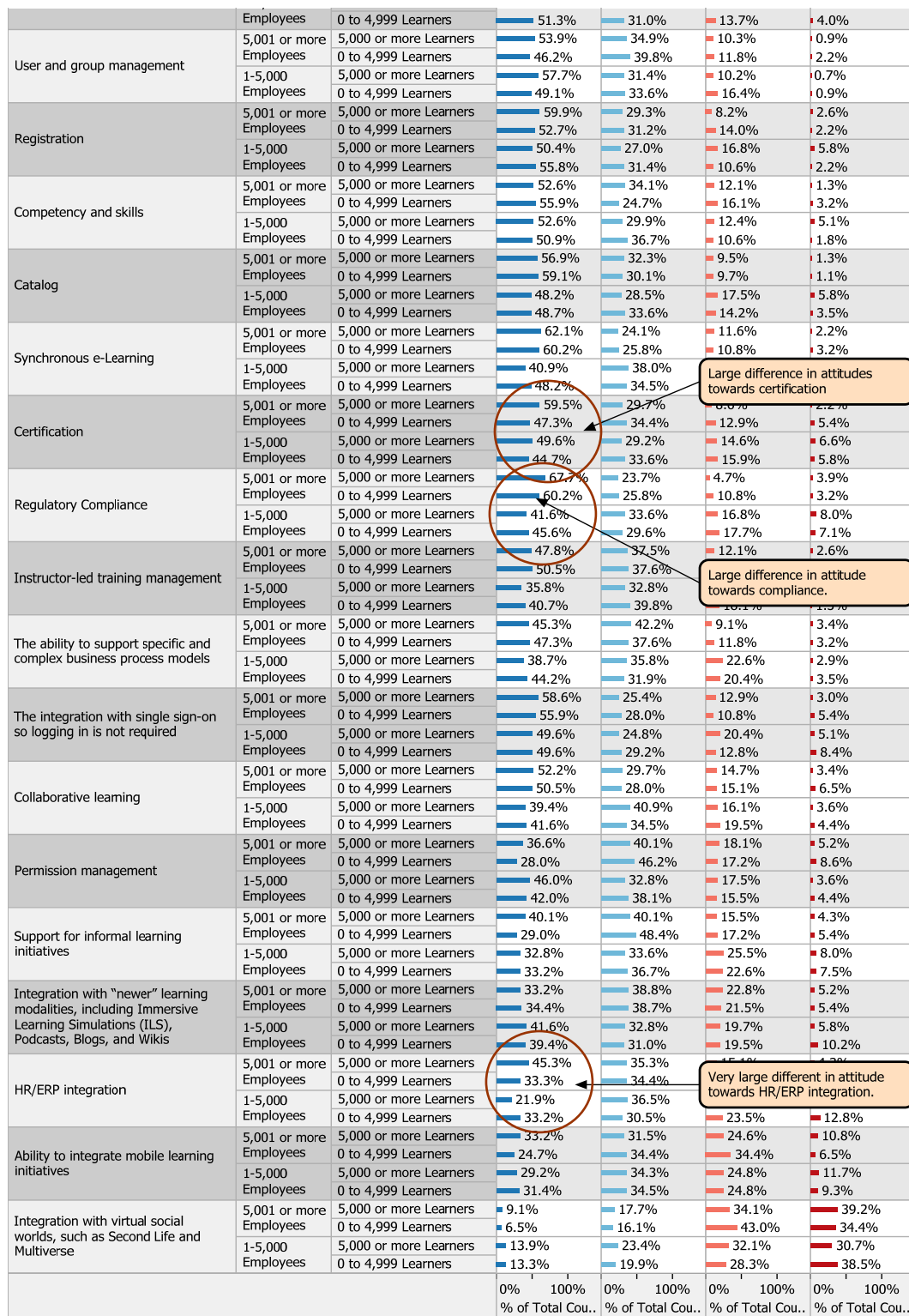


Figure 111 – What’s important to LMS users, Part 2 (large vs. small corporations).

Likewise, Figure 112 and Figure 113 show the preferences of members working in educational and government institutions.

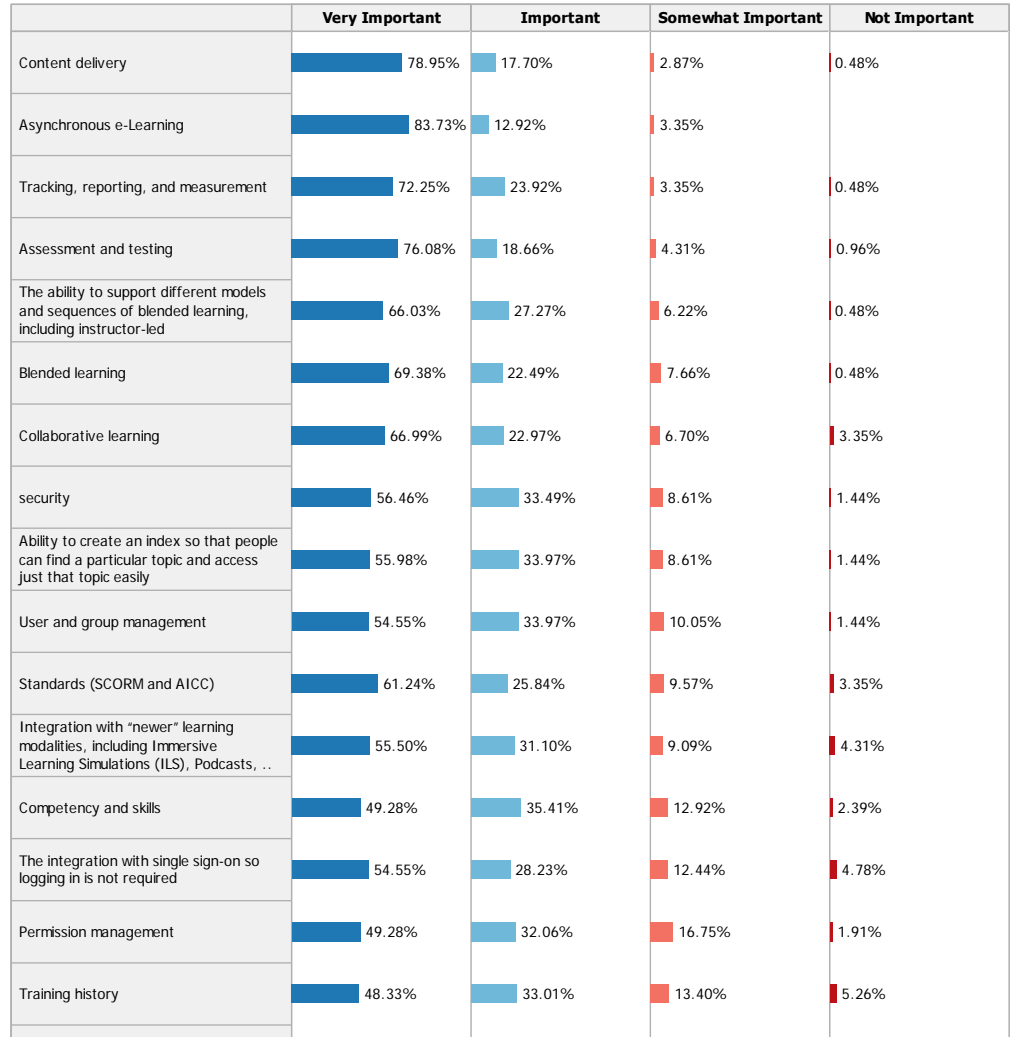


Figure 112 – What’s important to LMS users, Part 1 (education and government institutions).

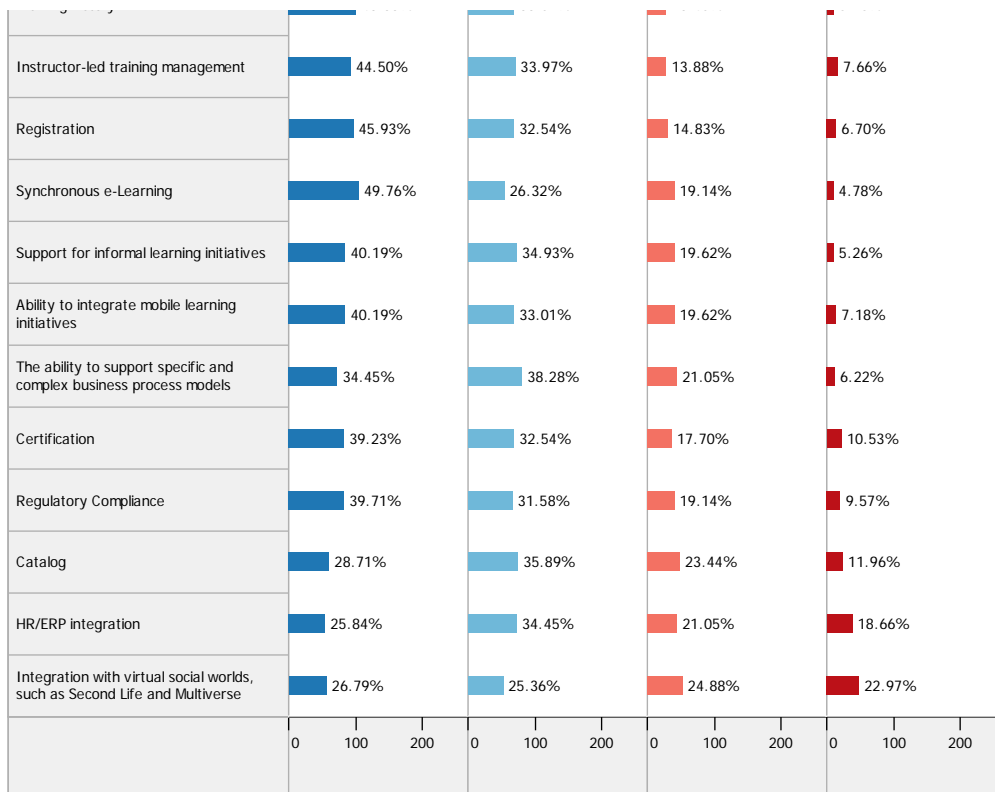


Figure 113 – What’s important to LMS users, Part 2 (education and government institutions).

Will vendors respond to the challenge?

If we examine the top of the lists shown above we won’t see any surprises; that is, we should expect to see content delivery; tracking, reporting, and measurement; and asynchronous e-Learning all listed as being very important. But what happens as some of the items towards the bottom – all of which are important; just not *as* important – start moving up? As the US catches up with the rest of the world’s better mobile infrastructure, will demand for mobile learning increase and will the LMS vendors be there when it does? Virtual Social Worlds such as Second Life, Multiverse, ProtoSphere, and the like are incubators for some fascinating forays into e-Learning (especially synchronous learning and soon, perhaps, immersive learning simulations.) Which companies in which industries will be getting good results first, and which LMS vendors will be there to help make this happen?

In addition to the “what’s happening right now” aspect of the Guild’s live interactive research, the Guild also tracks how members’ needs and preferences

Moodle users (or Moodlers) are already working to support the SecondLife virtual social world with a “mashup” called Sloodle (see www.sloodle.com). To learn more about Immersive Learning Simulations and integration with learning management systems, see the eLearning Guild’s 360 report on ILS (<http://www.elearningguild.com/pbuild/linkbuilder.cfm?selection=doc.1348>.)



change over time (see “Getting the Most from This Report – Access the Live, Interactive Component” on page 25). As part of the online component of this report the Guild will publish a monthly trend analysis on key benchmarks (satisfaction, market leadership, importance of features, etc.). We will debut this feature in late spring, 2007.

18) Please indicate which items below have been the most effective in getting learners and managers to use your LMS

Results from this question give the reader a great opportunity to see where members’ applied their greatest efforts and achieved the most success in getting people to use the LMS.

Figure 114 and Figure 115 show which items have been the most effective in corporations.

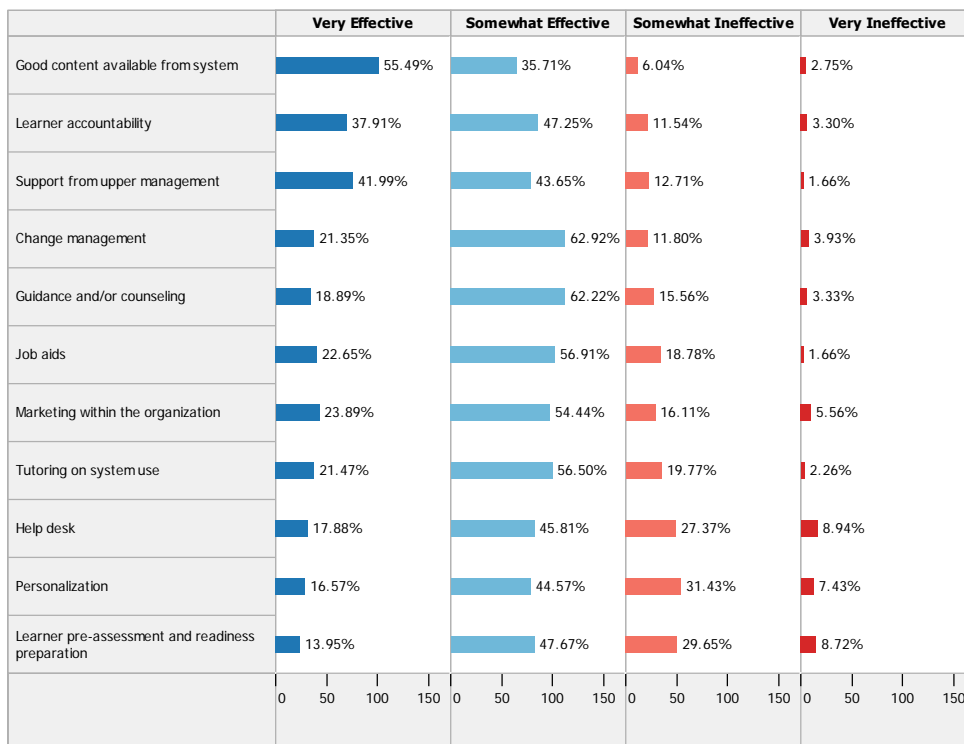


Figure 114 – Which things are effective in getting people to use the LMS (corporations with 5,000 or more employees and learners).

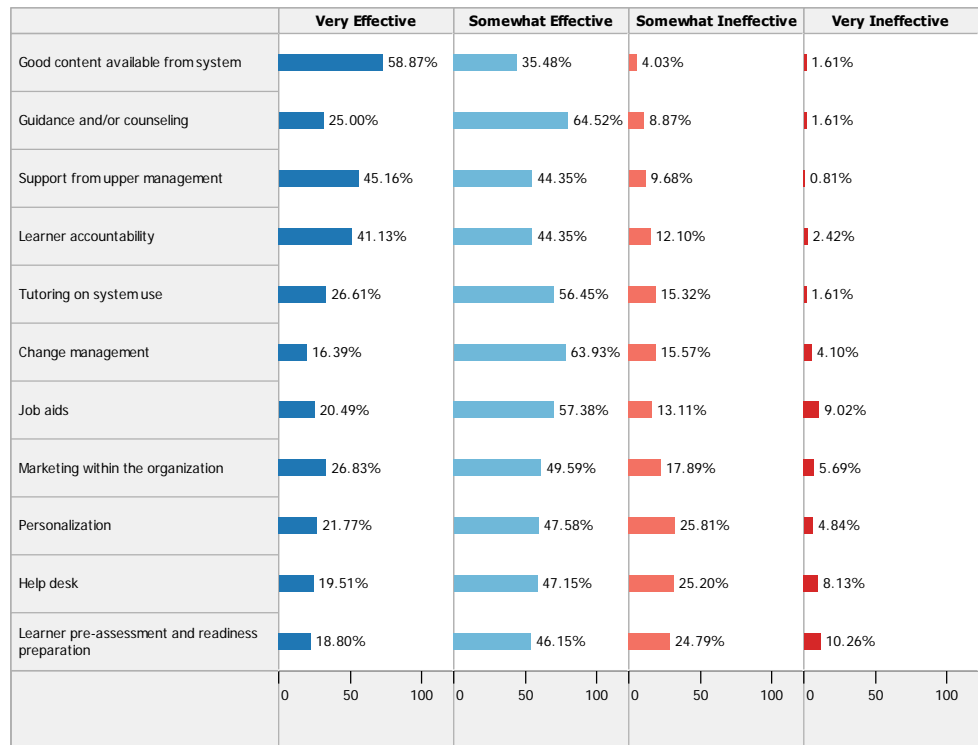


Figure 115 – Which things are effective in getting people to use the LMS (corporations with fewer than 5,000 employees and learners).

Figure 116 shows which items are effective in education and government organizations. Notice that Change Management, while effective, is not stressed as much here as in large corporations.

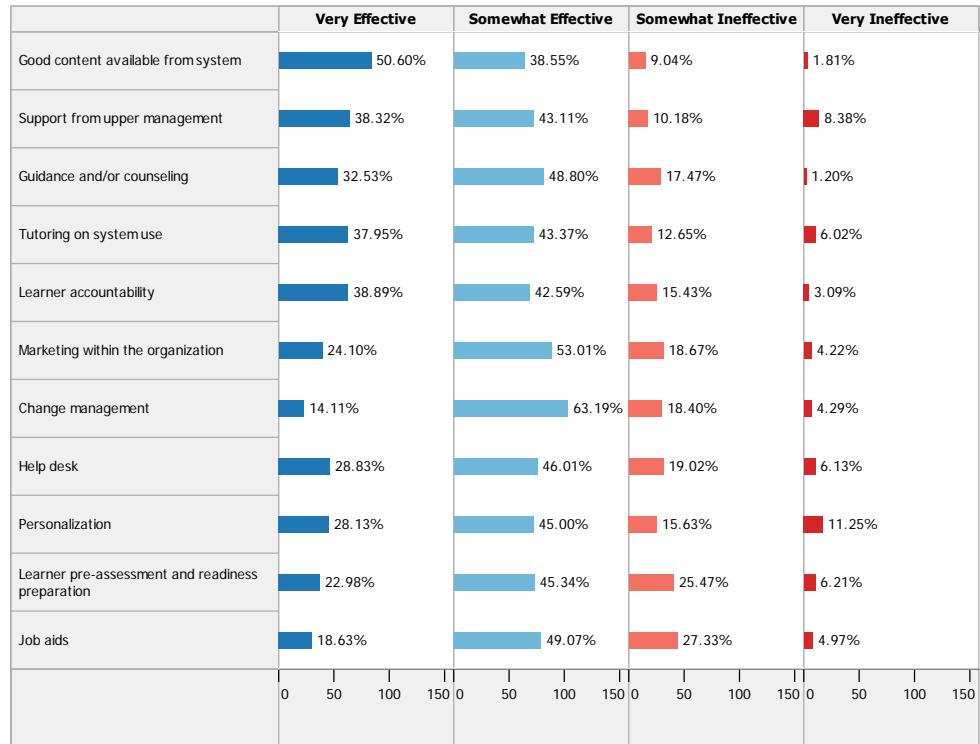


Figure 116 – Which things are effective in getting people to use the LMS (education and government organizations).

Who gets good results, who gets bad results, and why

The responses we’ve received in our survey when correlated with reported return on investment give us a great opportunity to see what things contribute to a good ROI and which may be the cause of problems.

Figure 117 compares satisfaction results among corporate users, broken down by return on investment.

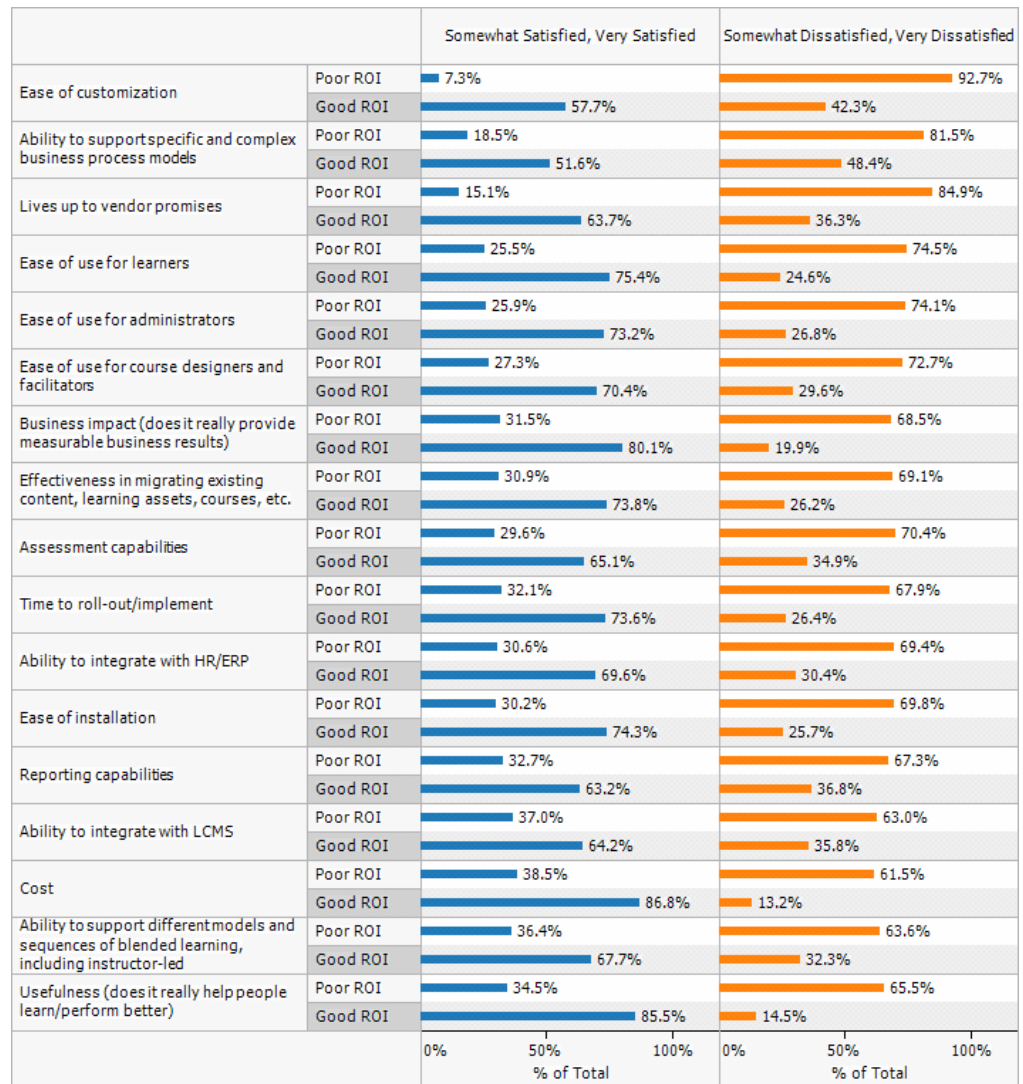


Figure 117 – Satisfaction among all corporate users, broken down by reported ROI.

Not surprisingly, people who report no ROI (or a project that hurt the organization) are less satisfied in every category than those that report a good ROI. But in some areas, the differences are very pronounced. For example, satisfaction with Ease of customization and Ease of use for learners is several multiples greater than in the poor-ROI counterparts.

We see a similar contrast in education and government organizations, as shown in Figure 118.

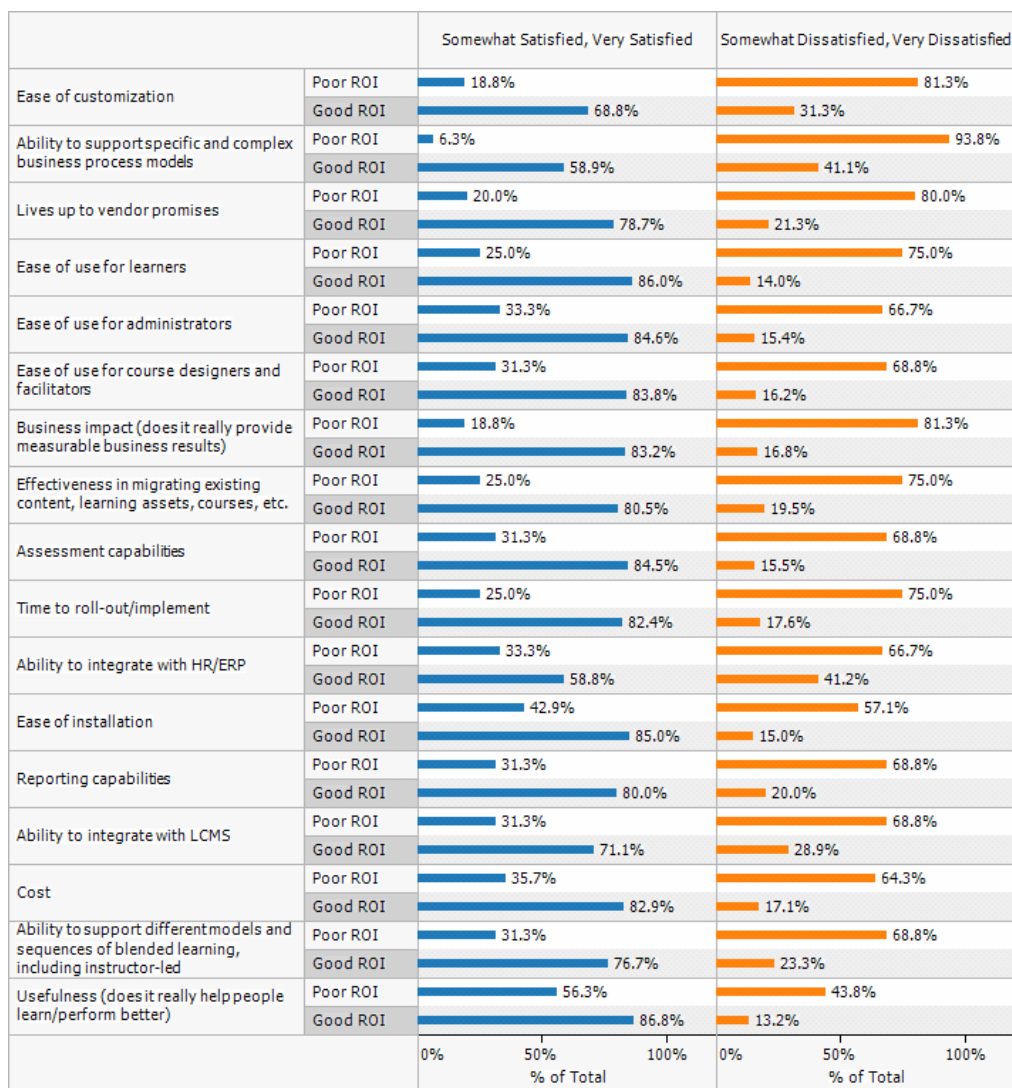


Figure 118 – Satisfaction among education and government users, broken down by reported ROI.

We will find another correlation that reveals contrasts when we look at which things are effective in getting people to use the LMS.



Figure 119 shows the effectiveness of various approaches in corporations, broken down by reported return on investment.

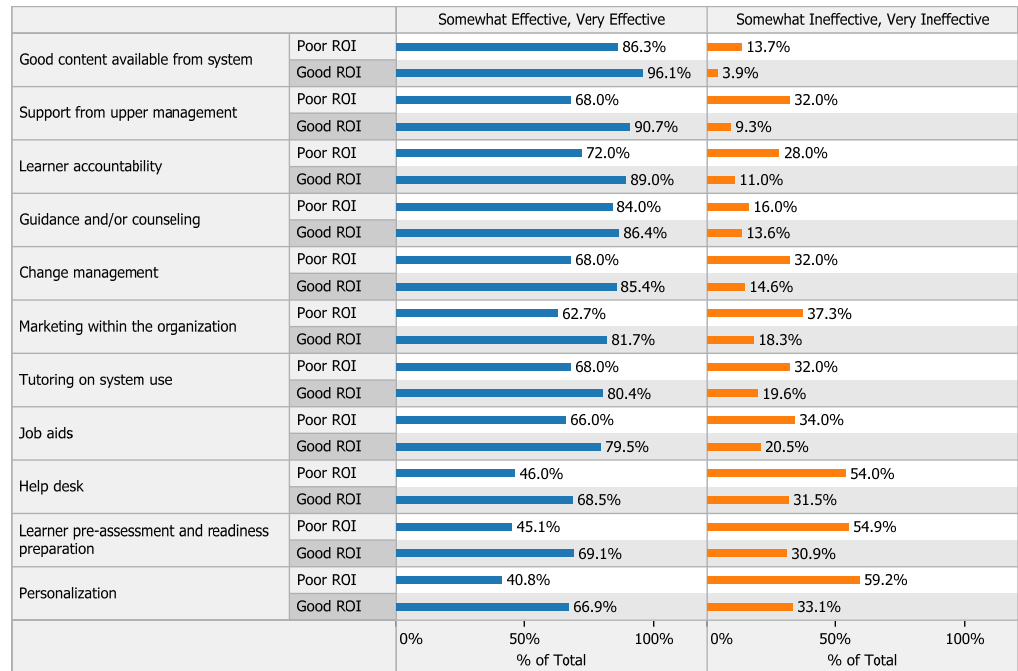


Figure 119 – Effectiveness in getting people to use the LMS in corporations, broken down by ROI.

Unfortunately, the way we phrased the survey question introduces ambiguity when we attempt to determine why there is a difference. In other words, is the reason that only 68% of people in the poor ROI group report Support from upper management as effective (vs. 91% in the good ROI group) because

1. Support from upper management just isn't that effective; or,
2. The members who report poor ROI did not apply adequate resources, or did not have the skills necessary to do this properly.

The Guild plans to follow up on this so we can further determine which practices contribute to a good return on investment.

19) What are your plans for the next 12 months?

Industry vendors and solution providers should be very pleased as a very large percentage of members indicate they plan to purchase, upgrade, or expand their use of the LMS.



Figure 9 shows what members in large corporations are planning.

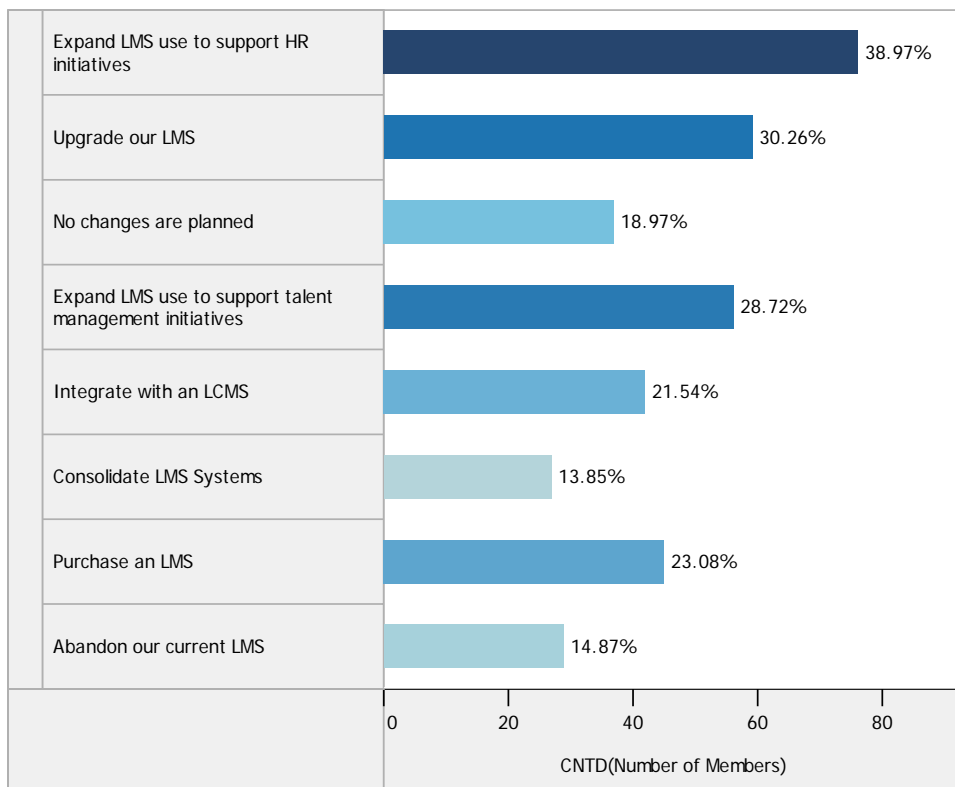


Figure 120 – Plans among members in corporations with 5,000 or more employees and learners. A lot of members plan to abandon their current LMS and purchase a new one.

Figure 121 shows plans for smaller corporations and Figure 122 shows plans for education and government organizations.

Note: All of these figures are for organizations that already have an LMS. For information on the plans of organizations that do not already have an LMS, see “Answering some questions about “None”, Blackboard, and SkillSoft” on page 44.

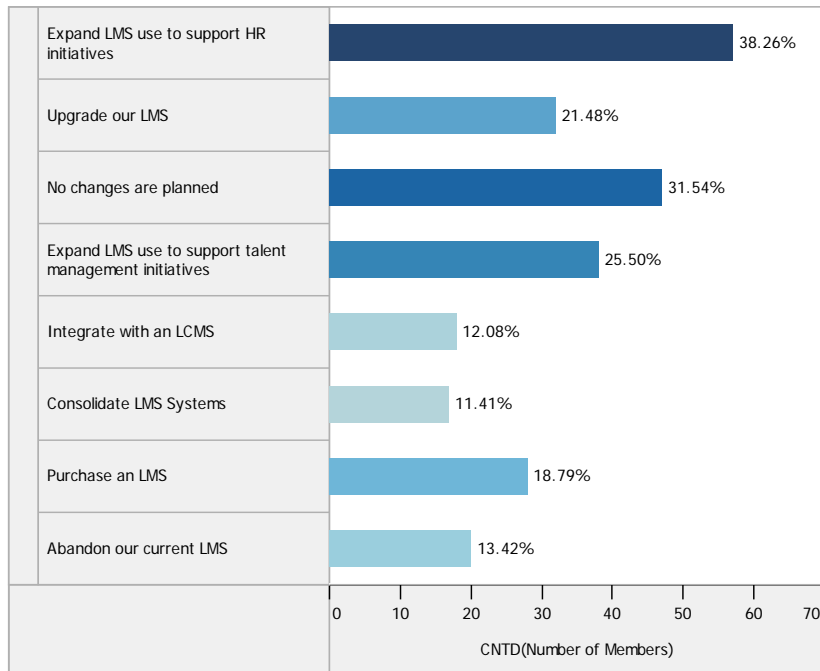


Figure 121 – Plans among members in corporations with fewer than 5,000 employees and learners.

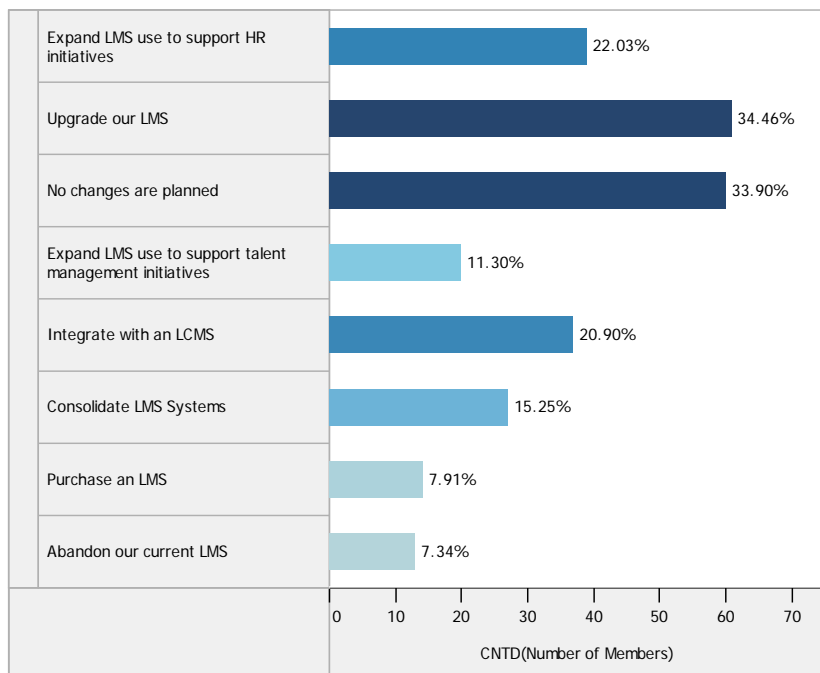


Figure 122 – Plans among members in education and government organizations.



20) If you plan to abandon your LMS and move to a new one, which do you plan to use?

Of the 76 survey respondents that indicated they plan to abandon their current LMS, 55 members have indicated that they plan to move to a new one, and have shared which one they plan to adopt.

Figure 123 and Figure 124 we show which LMS these members plan to abandon and which ones they plan to adopt. In reviewing this, please keep the following in mind.

1. 55 members representing 50 different organizations is not a large survey sample. While interesting, the data will become more meaningful as more people complete the survey (As of this writing, 916 people have completed the survey).
2. The Guild plans to follow up with these 55 members and find out what factors contributed to their making this disruptive change.

Active Learner	No Plans to Move	66.67%
	Blackboard Academic Suite	33.33%
Blackboard Academic Suite	No Plans to Move	91.78%
	Moodle	4.11%
	Desire2Learn Learning Environment	1.37%
	ANGEL Learning Management Suite	1.37%
	CampusCruiser Enterprise Portal	1.37%
ClickCourse Learning Management S..	Blackboard Academic Suite	100.00%
Cornerstone OnDemand Enterprise Suite	No Plans to Move	83.33%
	GeoLearning Talent Management Suite	16.67%
DEVELOPED IN-HOUSE	No Plans to Move	90.36%
	Moodle	1.20%
	Saba Enterprise	1.20%
	SAP Learning Solution	1.20%
	Saba Learning Suite	1.20%
	Cornerstone OnDemand Enterprise Suite	1.20%
	DEVELOPED IN-HOUSE	1.20%
	GeoMaestro	1.20%
LearnCenter	1.20%	
GeoExpress LMS	No Plans to Move	50.00%
	Training Partner™ Learning Management System	50.00%
GeoMaestro	No Plans to Move	83.33%
	Saba Enterprise	8.33%
	Oracle Learning Management	8.33%
	No Plans to Move	77.78%

Figure 123 – As the LMS World Churns, Part 1.

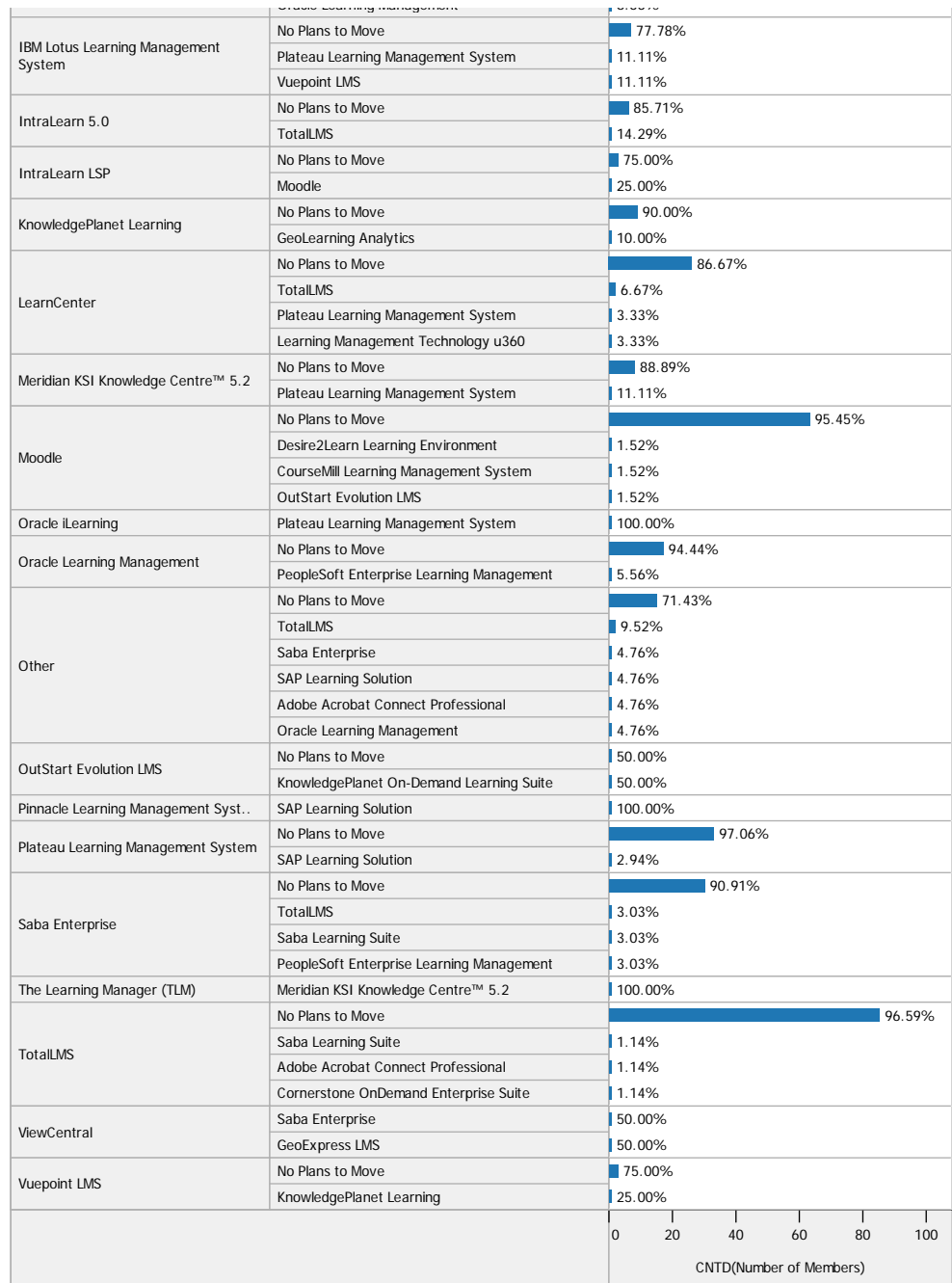


Figure 124 – As the LMS World Churns, Part 2.



21) Survey Respondents Comments

As of this writing, 258 of the 916 survey respondents have shared their praise and excoriations with the Guild. We show a portion of these comments in Figure 125.

Change these filter settings to see comments from users of a specific LMS.

Change these filter settings to see comments from people at different job levels.

The screenshot displays a list of survey comments on the left and a filter panel on the right. The filter panel has two sections: 'Filter: PrimaryLMS' and 'Filter: Job Level'. Both sections contain a list of items with checkboxes, most of which are checked.

Comments:

- * Better and more flexible reporting/ reporting tools; * Multi-level reporting; * GUI - more point and click features, especially for training resource management; * Audit trails; * Clearer End-user Navigation
- Integration of activities using Flash or Javascript with the LMS gradebook.
- Immersive learning.
- 1) Scalable, graphic, content representation interface
- 2) Communication tool (similar to discussion forums) with:
 - (a) savable, personalisable interface(s)
 - (b) ability to map concepts/knowledge, both within and between postings
- 1. Keeping corporate needs in mind like when dealing with thousands of classes and with hundreds of learners. Process to create, mark & close the classroom/virtual sessions should be as easy as possible (with less number of steps to mark attendance)
- 2. interface should be intuitive for new learners.
- 3. The final product should not look too complex to understand for new learners and administrators when they buy and start using it (i mean when they are new - it should be simple)
- 1. More freedom in combining learning activities, for example in two swimlanes on the screen (instead of two tabs)
- 2 the option for students to add (self formulated) assignments/activities in the scheme of an educational arrangement/course

Filter: PrimaryLMS:

- Adobe Acrobat Connect Professional
- Adobe Breeze
- ANGEL Learning Management Suite
- Blackboard Academic Suite
- Centra Knowledge Center
- Cornerstone OnDemand Enterprise Suite
- Desire2Learn Learning Environment
- DEVELOPED IN-HOUSE
- eCollege Course Management Solution
- Enterprise Knowledge Manager
- GeoExpress LMS
- GeoMaestro
- HealthStream Learning Center
- IBM Lotus Learning Management System
- InformaStream
- IntraLearn 5.0
- IntraLearn LSP
- KnowledgeNet Platform LMS
- KnowledgePlanet Learning
- KnowledgePlanet On-Demand Learning ...
- KnowledgePresenter
- LearnCenter
- LearnFlex™
- Meridian KSI Knowledge Centre™ 5.2
- Moodle
- None
- Oracle Learning Management
- Other

Filter: Job Level:

- Academic Faculty/Professor
- Director
- Manager
- Owner/Principal/Executive (CEO, CIO, ...)
- Practitioner
- Student
- Supervisor

Figure 125 – Screen shot showing comments from the Guild’s online interactive analytics and survey data.

Using the filters along the right side you can see comments about a specific learning management tool and/or just see comments from people at a specific job level within their organizations.



LMS Survival Guide: Evolve or Die

By Kevin Oakes

Kevin is the CEO and co-founder of The Institute for Corporate Productivity (i4cp), the premier institute for improving workforce productivity and bottom-line results within corporations.

Prior to forming i4cp, Kevin was the President of SumTotal Systems, (NASDAQ: SUMT), the largest provider of talent and learning solutions in the world, which he helped create in 2003 by merging Click2learn with Docent. Kevin has continued on the board of directors of SumTotal, and is a retained consultant to the company.

Kevin was previously the Chairman and CEO of Click2learn (formerly Asymetrix), which was founded in 1985 by Paul Allen, co-founder of Microsoft. Prior to joining Click2learn, Kevin was president and founder of Oakes Interactive, an award winning technology-based training company in Needham, Massachusetts. Oakes Interactive was purchased by Asymetrix in 1997, which Kevin helped take public a year later.

Kevin was most recently the Chairman of the American Society of Training & Development (ASTD), which is the largest association in the world dedicated to workplace learning and performance with a global membership of over 70,000 members. Kevin is also an advisory board member of Intrepid, a Seattle-based provider of outsourced workplace productivity solutions, and he serves on the advisory board of Longworth Ventures, a Boston-area venture capital firm.

You can reach Kevin at koakes@i4cpc.com.



Introduction

TEN years ago I gave a presentation at a conference in Utah, titled “The Inevitability of CMI in Multimedia Based Training.” The conference featured numerous presentations on the future of “computer-based training,” and my presentation focused on why CMI was an impending technology that would significantly change the learning landscape. And of course I was right – CMI has helped revolutionize the profession.

“Uh, what the heck is CMI?” Well, that’s what people used to call a learning management system – Computer Managed Instruction. In 1997, managing the activities of learners via software was a very new concept, and very few organizations were using any form of it. Check out this passage from the “1997 Computer Based Training Report” by (long since defunct) *CBT Solutions Magazine*:

“While most of the excitement and discussion in Internet-based CBT has centered on delivery, we found that respondents’ enthusiasm for course management and student administration is strong. In ranking the importance of a comprehensive student administration system (scale 1-5), the largest proportion of respondents (41%) gave it a five, and the mean score was 3.88.”

While the term “LMS” became more widely used over the next couple of years, 1997 was really the year when the concept of a system to manage learning started to get momentum in the mainstream.

A lot has happened in this field in the last ten years of course. The eLearning Guild’s research shows that today, 77% of organizations with at least 1,000 employees are using a learning management system. And of those, 21% are using more than one. (For these statistics and more, see “Survey Results” on page 39). More importantly though, since first being introduced over a decade ago, learning management systems have moved well beyond “course management and student administration” systems to become enterprise-wide systems.

Having spent much of my career employed within the LMS market, I must confess that I get overly annoyed when people describe an LMS as a “system that tracks courses” or as a “platform that records test scores.” Certainly that’s where the LMS market started. But, for many organizations, the LMS has gone way beyond those rudimentary applications and has helped transform the way

1997 was really the year when the concept of a system to manage learning started to get momentum in the mainstream.



these entities do business. Today the LMS is often viewed as a “mission critical” application.

Mission Critical

To highlight this, a couple of years ago I wrote about the CIO of one of the world’s largest pharmaceutical companies. He delighted several executives in my former employer (SumTotal Systems) with this statement: “Our LMS is the second most-used application in the company today ... right behind e-mail.” He went on to say that it had become “mission critical” to their organization.

I’m sure LMS critics would be surprised at this, and have a hard time conceiving that the LMS could be almost as ubiquitous as e-mail. But one aspect of an LMS platform which seems often overlooked is that – unlike many other technologies labeled “enterprise” – an LMS touches virtually every employee in an organization. And increasingly, non-employee audiences, such as distributors, partners, and customers, are also using it. Most CRM or ERP applications can’t claim anywhere near that kind of reach, let alone most other components of an “integrated talent management” suite like a recruiting platform or compensation management application (more on this subject later).

The LMS has indeed become a core application on which other business functions are significantly dependent. The range of use is sometimes mind-boggling:

- Like many pharmaceutical companies, Wyeth uses their LMS to keep their sales force up to speed on new drug introductions, and in one case, as a result of better sales training, the company was able to increase market share of one product by more than 900%.
- At NCR, the LMS serves as the primary intranet site for the employee population, making it the most accessed Website within the corporation, with well over 60 million hits per year.
- Roseville, Calif., which has a population of about 105,000, purchased a learning management system to help city officials deal with an anticipated workforce shortage. The city estimates that approximately 60 percent of its workforce could potentially retire in the next five to 10 years, so they are using the LMS to deal with the potential loss of organizational knowledge and to identify specific skills and competencies inherent in a successful performer.

I’m sure LMS critics would be surprised that the LMS could be almost as ubiquitous as e-mail.



- As is the case with most insurance companies, Pacific Life has multiple compliance requirements that are required of their entire employee base. Standardizing on an LMS reduced the time for employees to meet these requirements by 82%, which the company feels has had a marked improvement on the productivity of its workforce.
- Symbol Technologies, best known as the inventor of the bar scan device, uses its LMS to educate and certify the partner channel. As a result, Symbol has seen a direct correlation between the number of partner certifications and increases in the channel's revenue stream. In a five year span, partner revenue climbed from 59% to 75% of total revenues. In addition, Symbol experienced a 5 – 10% decrease in partner support calls.
- At Peterson Air Force Base, where the U.S. Northern Command and its air-defense partner, the North American Aerospace Defense Command are based, they are charged with defending North America against terrorism and responding to multiple threats, including natural disasters such as Hurricane Katrina. They are using a learning management system to quickly keep personnel up to speed. "That is crucial in this ever-changing world and the ongoing war against global terror," said Air Force Lt. Col. Doug Johnston, a twice-named Top Gun. "As our foes use new tactics against us, we have got to get information out as fast as we can so that people not only know about those tactics but understand how to combat them." While it's still years away, the system's logical progression would allow military commanders to identify and deploy personnel immediately, according to Johnston.
- The Institute of the Motor Industry (IMI), the professional body for individuals working in all sectors of the UK automotive industry, credits their LMS with directly increasing annual revenue by 70%, the result of a 40% increase in market share of its awarding and qualification business.

As these examples illustrate, learning management systems are often touching core areas that CEO's and other senior leaders think about every day: revenue, productivity, risk management, readiness, market share and operating efficiency.

Track scores and manage courses? That's so ten years ago.

*Track scores and
manage courses?
That's so ten
years ago.*



Too often the industry has focused on the failures of the LMS industry, as opposed to sitting back and realizing what an LMS has enabled: a much more powerful role for the training department.

Interestingly, in some organizations learning management systems have also become a tool for CEO's to affect one aspect of their companies that has traditionally been very challenging to proactively change: corporate culture. Citigroup, for example, is using their LMS to unite its employee population of 300,000+ around CEO Charles Prince's company-wide ethics program. The program came out of a need for the world's largest financial-services firm to better balance its "delivering-the-numbers" culture with a longer-term attention to reputation. "We need to change the way we do business," said Prince in response to the program, and the company is using the LMS as a primary tool to facilitate this.

One of the most powerful statements I've heard about the clout of an LMS – and Web-based learning in general – is that it's one of the very few "levers" a CEO can pull to get all employees marching in step with one another. In a very basic way, the LMS is one of the few pieces of technology where you can deliver a consistent message throughout the workforce, and not only ensure that everyone receives the message but that they comprehend it. In my opinion, many CEO's still haven't recognized this power. But once they do, it typically raises the visibility and importance of the department and individuals that oversee and manage the enterprise-wide LMS.

In fact, many people feel that the visibility and recognition of the learning function has increased in recent years. The LMS platform probably doesn't get enough credit for its role in this growth. Too often the industry has focused on the failures of the LMS industry, as opposed to sitting back and realizing what an LMS has enabled: a much more powerful role for the training department.

I've had many senior training professionals tell me that their LMS has increased the strategic value of training in their employer's eyes.

"The LMS has definitely increased the strategic value of training," said Leslie Durham Director of Global Sales Training of Symantec – now the fourth largest software company in the world. "Our sales managers rely on the employee skills information for retention and employee development. Information from the LMS ties to our performance review process to determine eligibility for the highest level of performance. As we make the data and information from the LMS available to managers in more meaningful ways, the perceived strategic value of training increases."

Rob Lauber, the VP of Global Training at YUM! Brands, was previously the executive director of learning services for Cingular Wireless. While at Cingular, he told me that "the LMS has totally increased the visibility of learning in our



business,” primarily because it is the central point of entry into all learning activities, and it is in a prominent position on the main Employee Portal pages, where before learning activities weren’t as visible to the business.

While he was Program Manager for United Airline’s Workforce Performance Systems group, Jeff Presseau told me that their LMS “is an enabling platform for business transformation. It allows us to leverage technology to support performance improvement in our organization in ways that are not possible in disparate systems.” He went on to say that “the implementation of a Web based LMS has given United new tools to boost organizational readiness and speed.”

While visibility for successful projects is typically viewed as a good thing, if the project is not successful this same visibility can be a career-wrecker. That’s why selecting the right system – and the right provider – is so critical for most organizations.

Selecting an LMS

It would be natural to assume that a great deal of due diligence goes into the selection process. And usually it does. The amount of inspection on the features of a system, its functions, its roadmap is incredible – the typical LMS RFP has a “thump” factor that rivals any college thesis.

But in my experience, there is room for improvement.

Three years ago, someone accidentally copied me on an internal e-mail string from a company that was evaluating learning management systems. Scanning the e-mail immediately reminded me of a topic that has bothered me for some time: buyers of an LMS system often spend too much time on extremely detailed feature and function issues, and not enough time on some very basic business areas that probably have more to do with long term success or failure of the LMS system.

The typical LMS RFP has a “thump” factor that rivals any college thesis.



Buyers of an LMS system often spend too much time on extremely detailed feature and function issues.

Saying that, you might think I'm about to pick on some poor unsuspecting soul who simply clicked too quickly (who hasn't?) and unwittingly exposed internal selection faults. Actually, the e-mail exchange I wasn't supposed to see pleasantly surprised me. It showed a business maturity, and that there are buyers who understand how to access various free and public sources for business information. The e-mail exchange went essentially like this (I've edited some of it to protect the people and the vendors involved, but kept much of the flavor of the actual exchange):

From: Evaluator
To: Decision Maker

Hi, just got back from vacation. This is a call that the VP of (the vendor) asked me to arrange. The purpose of the call is to insure that our mutual expectations are in alignment as we progress to the next level of the evaluation. The topics we will discuss include:

- 1) Product Gaps (High Level)
- 2) Potential Cost
- 3) ROI/Business Case (Highlights)
- 4) Procurement Expectations

We are scheduled to speak tomorrow at 9:30AM EST.

From: Decision Maker
To: Evaluator

Can you send me a quick briefing on our thoughts about this vendor to prepare for this call? Strengths and weaknesses from a business and relationship level as well as technical. Thanks

From: Evaluator
To: Decision Maker

Here it is. Also I attached their answers to our RFI questions.

From: Decision Maker
To: Evaluator

This is good stuff. Can you also do some business analysis on all 3 companies? I'd like to see that as a part of the company analysis - not just technical but busi-



ness as well. Before we could partner with a company we'd have to consider their viability, profitability, industry benchmarks (are there any Gartner-like analyses comparing the 3 vendors?), etc. I'd like to know if I am dealing with a company that will be around in 5 years.

 From: Evaluator
 To: Decision Maker

I agree. I did the earlier doc in a couple of hours. I can formalize what I did for (the first vendor) and repeat for (the other two vendors). I can get public info like the 10K. However, if you want the Gartner, IDC, Forrester reports then it will cost money. I do have contacts at IDC which can "donate" reports. I also have contacts at Hoovers for company info. Also there are E-Learning communities that I can tap into for free or at least at lower cost. I will do a matrix type so it's easier to read and analyze.

 From: Decision Maker
 To: Evaluator

We're on the same page. Get the free stuff from the rags and if there are IDC freebies available that's a bonus. Hoovers is great. 10k, annual report, news releases, and computer rags. Matrix comparison with supporting documentation.

What this exchange showed me is that this company understands the business side of selecting a partner, which surprisingly is often the most under-explored area in the vendor selection process. Buyers generally do a pretty good job drilling deep into product functionality and features, in my experience. What I think is a bigger issue is the lack of financial inspection done by the industry.

This is important because, in my opinion, more LMS projects go awry because of the financial instability of the vendor than any other factor. We've had several LMS company flame-outs because, while marketing hype was plentiful, adequate financial backing wasn't. In addition, it's easy to rattle off the names of many LMS products killed in the wake of a company sale. In an industry that has already proven to be prone to frequent mergers and acquisitions, buyers need to think about what would happen to their LMS if the vendor was acquired.

More LMS projects go awry because of the financial instability of the vendor than any other factor.



But, too often that doesn't happen. Part of the reason is that the learning community has historically not been experienced in buying technology. It should come as no surprise that the "Decision Maker" in the e-mail exchange above was a Chief Information Officer (CIO). CIOs do this all the time. They have worked with enough large and small technology providers in the past to understand where the potential risks are more likely to reside.

Financial risks aren't just limited to whether the vendor will stay in business or not. It involves the company's ability to invest in product development, fund the necessary resources to effectively implement and integrate the system, correctly staff customer service and support, and retain key employees.

Unfortunately for buyers, the learning technology industry is composed mostly of private companies, with only a few public companies in the mix. But if the buyer is evaluating public companies, they should certainly take advantage of the fact that all of the company's financial information, and a great deal more, is available for free in public documents. One of the most useful forms to review (as the e-mail exchange highlighted) is the quarterly 10Q's and annual 10K's that public companies file. These documents typically contain much more information than you'll find in a press release, and provide a wealth of information on the company's financial state. The Investor Relations page of public company's Websites usually have links to the latest quarterly earnings report and recorded management conference calls (where the Q&A by analysts can be very revealing, and at worst entertaining), as well as other financial filings and information on analysts who follow the firm.

But, given the fragmentation of the vendors in the industry today, it's almost assured that buyers will be evaluating LMS' from private companies. Like the public companies, most of the private companies also have their financials audited. Most probably also have investors and a board of directors that they present to on a quarterly basis, and regularly provide with financial and other company information. So, even though they are "private," there's nothing stopping a buyer from asking a company to provide their audited or un-audited financial statements, and other information that gives the buyer insight into the financial health of the provider.

This is critically important because selecting an LMS is usually a decision that has long-lasting effects. There are more than a few bodies buried along the road of failed LMS projects. No matter where a buyer gets financial information, it's also worth talking to senior management of the vendor in order to better understand the numbers. It's often hard to get the full story of a vendor re-

There are more than a few bodies buried along the road of failed LMS projects.



lying solely on the data, and hard to fully understand what the long range plans are for that company.

The End Game

Speaking of long range plans, another element that vendors are not often asked about is “What’s the end game?” Any venture-backed private company has one, overriding purpose: provide a positive return to it’s investors. In the history of LMS companies there are two primary ways of providing return, 1) sell the company, or 2) go public. Since going public is not realistic for many LMS companies, selling the company at a decent valuation becomes the most viable option for investors looking for a return. The pressure from venture capitalists and other investors on an LMS company’s management to do this can sometimes be intense.

Buyers need to be prepared for this event. And if history is any guide, I’d say there’s well over a 90% chance it will happen. Keeping source code in escrow, understanding what happens with the contract in a change-of-control event, and putting other provisions in that specifically cover this, is something any competent legal department can handle, as long as they receive direction accordingly.

Predicting the future though can be tough, and acquisitions often carry an abundance of unrealized promise. Anyone remember these key events in LMS history?

Predicting the future though can be tough, and acquisitions often carry an abundance of unrealized promise.

- **July 29, 1999: Lotus Buys Macromedia Pathware Training Software Business**
 - This was, according to Lotus, going to give the company the “most comprehensive online teaching and learning solution” in the LMS and e-Learning industry.
- **June 19, 2001: Sun Microsystems announced it has signed an agreement to acquire ISOPIA**
 - “ISOPIA’s industry-leading LMS system, combined with Sun’s education consulting, courseware, eLearning program and professional certifications, will help Sun’s enterprise customers better deploy new Net technologies in their IT organizations and better manage all of their corporate learning programs,” the press release said.
- **July 31, 2002: PeopleSoft To Acquire Teamscape Corporation**



After every single one of these acquisitions I had industry experts essentially tell me it was “game over” for the pure-play LMS companies.

- According to PeopleSoft’s press release, the acquisition “will make PeopleSoft the first major enterprise vendor to deliver a fully integrated enterprise learning management solution.”

After every single one of these acquisitions I had industry experts essentially tell me it was “game over” for the pure-play LMS companies. These enterprise software companies would now dominate the LMS space.⁵

In an article I wrote for *T+D Magazine* in April of 2003, I argued that enterprise software companies would actually have a difficult time dominating the e-Learning space, particularly the LMS market. The primary issues keeping them from dominating, I theorized, were focus, pricing, and business approach. I pointed out that the industry had already had several examples of large, enterprise software providers claiming to be ready to compete in the learning technology space, only to pull back a few months later.

At the time, this article generated several immediate reactions from learning industry professionals. In one open letter to me posted on an industry blog, the author predicted a gloomy future for LMS vendors when he wrote: *“Kevin, you’re right that many of the enterprise software companies have entered and exited the market many times. Unfortunately, I think it’s going to be different this time. SAP, Siebel, Oracle, and many others are actually showing up at the right training industry events – and they’re actually looking pretty good.”*

In another rebuttal article to my piece, titled “Enterprise Vendors are Good for the LMS Market,” the author had this perspective: The integration of e-Learning technology into the enterprise application suites of the large enterprise vendors such as Sun, Oracle, IBM, Siebel, Microsoft, PeopleSoft, and SAP is *“good for the industry, particularly the LMS vendors. The presence of the large suppliers validates the demand for the products. Their global market penetration will accelerate the adoption of e-learning technology. A rising tide lifts all boats.”*

While funny to look at now, I’ll cut these guys some slack – it’s easy to go back in time and prove someone’s theory wrong. But the easiest prediction to make for years – one that is as true today as it was at the beginning of the decade – is that the LMS industry will see continued consolidation. The eLearning Guild’s own data lists out 135 LMS companies in the market today. And even with all of

Acquisitions will be geared toward providing the Holy Grail for most human capital technology providers: an integrated talent management system.

⁵ Editor’s Note: Our data indicates that while the enterprise software players have made inroads, the companies that started as “pure-play” LMS suppliers still dominate this space. See “Market Share, Satisfaction Results, and Guild Members Choice Awards” on page 29.



those different providers recorded, the Guild still gets requests from its members to add more LMS suppliers to its database.

The industry can't support that many different systems. But future consolidation for the LMS space will likely be the most interesting we've seen, since many acquisitions will be geared toward providing the Holy Grail for most human capital technology providers: an integrated talent management system.

Say Goodbye to LMS

People bandy about the term “talent management” a lot these days. For most, it refers to the concept of bringing together – in a unified technology platform – the functions of Recruitment, Selection and Assessment, Learning and Development, Performance Management, Workforce Planning, Compensation, Benefits and (insert other HR related functions here). This string of functions has often been referred to as the “Employee Life Cycle,” or “Cradle to Grave” employment applications or the ability to “Attain, Train & Retain” a workforce.

The idea isn't necessarily new. Several experts were talking about this convergence just before the dot com bubble burst. In fact, it was about 6 years ago when an overly anxious CEO of an HR technology company began pitching me hard on combining his company – a recruiting and staffing company – with my company at the time, Click2learn. He was not the first to approach me with the idea of a “holistic solution,” but he was easily the most aggressive. His pitch: together, we can be the only provider to offer end-to-end HR and Learning products and services in the attain-train-retain continuum. “LET'S SEIZE THIS OPPORTUNITY NOW, AND DRIVE THE MARKET!!!,” is the way he ended one memorable e-mail.

The problem, as I unconvincingly kept describing to him, was that the potential buyers in corporations are in silos. There were very few – if any – companies in the marketplace organizationally positioned to take advantage of “a holistic solution.” In short, we can preach all we want, but there is no one choir ready to hear our message.

The preaching has begun again in earnest, but this time the choirs are a little more ready to hear the sermon. Corporations are actively working toward integrating these silos in a unified, talent management vision. And the vendors recognize it; consolidation toward an integrated talent management technology suite (ITM) has already started. As of this writing, several vendors have



purchased companies or declared partners in market spaces adjacent to their own, and are touting their ITM prowess.

The good news for LMS companies is that the sheer number of installed learning management systems, and its presence on employee desktops, leads many to predict that talent management systems will likely use these platforms as the jumping off point, or core of a broader, integrated system. Others are suggesting that the recruiting vendors may lead the consolidation due to the sheer size of the larger companies in this space, and because many view these applications as more strategic. And, of course it's quite possible the large ERP or payroll companies will be early movers in rolling the market up.

However it eventually happens, everyone should be prepared to say goodbye to the term “learning management system,” though. It's almost comical how many LMS companies have so quickly changed their company description in the last six months to get rid of “LMS.” Take a moment and read the “About Us” section of the leading LMS – whoops, I mean ITM – players in the industry. How many can realistically claim that they are the “only” fully integrated suite?

Exaggerations of capabilities always happen in the beginning, though – it's all part of a long, natural maturation process. From CMI to LMS to ITM, this industry will continue to evolve, and continue to invent new terms to describe just what it is, exactly, that these systems do. For the providers of systems that fail to recognize this evolution, unfortunately there's only one 3 letter acronym that they're likely to encounter: DOA.



What an LMS *Can't* Do for an Organization

By Bob Mosher

Bob Mosher is the Global Chief of Learning Strategy and Evangelism for LearningGuide Solutions USA, a leader in the performance support arena specializing in providing EPSS solutions which enable organizations to empower learners, systems, and processes at the moment of need.

Bob has been an active and influential leader in the learning and training industry for over 23 years and enjoys worldwide recognition for his pioneering role in e-Learning and new approaches to learning. Bob joined LearningGuide from Microsoft, where he was Director of Learning Strategy and Evangelism, a global business at Microsoft Corporation featuring innovative learning products that help individuals and organizations harness the power of Microsoft technologies. Bob helped guide and communicate the direction of Microsoft Learning's products both externally to their customers, and internally throughout Microsoft.

Before that, Bob was the Executive Director of Education for Element K where he helped direct and influence their learning model and product. He has acted as an influential voice in the IT training industry by speaking at conferences and by being an active participant within industry associations such as CompTIA and ASTD. At one time he also served as the assistant executive director of the Information Technology Training Association (ITTA), now the Technology Learning Group (TLG) of CompTIA.

Bob has received two lifetime achievement awards in the IT Training industry. In 1997, Bob received the ITTA's Eddy Award for Excellence, awarded to individuals who exemplify excellence in the IT education industry. And most recently he received the Institute for IT Training's 2006 Colin Conder award presented to a person who has made a significant and lasting contribution to the IT training industry. He is the co-author of the book *Training for Results*. Bob also spent five years as a teacher in New York's public schools, and has a Master's degree in computer education from Nazareth University in Rochester, NY.

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LMSs are one of many amazing tools available to learning organizations today. But in the broad landscape of tools and strategies which makes up the entire learning industry, we sometimes ask them to do way more than any one modality can do on its own.

Introduction

I remember the presentation like it was yesterday. I was a young new public school teacher anxious to try anything to better reach my students. We were attending a conference in Buffalo, New York which focused on the use of technology in supporting, or as they put it “revolutionizing,” the classroom. I was watching a demonstration of what was at that time considered a groundbreaking technology called the VCR. Yes, this does date me a bit. They were billing it as the next great frontier of effective education. The vision was to videotape our very best lessons, creating a digital library which my students could then consume as needed. It was a great premise which, like many tools before it, failed when applied. Why you might ask? Well, as a colleague of mine once put it, “Just buying a better hammer doesn’t make us better carpenters.”

I’d like to start by addressing a potential misunderstanding of my intent for this article. I am not disregarding LMSs and their potential. Nothing could be farther from the truth. What I will attempt to discuss is the broader issue of how the learning industry tends to be enamored with tools, and how it sometimes assumes that by simply purchasing and implementing them we produce more effective instruction. I have spent the better part of my 20 plus years in education with companies whose primary products were learning tools. Those efforts were sincere, and in many cases highly effective. I have been involved in everything from designing and delivering instructor led training (ILT) courseware to designing different forms of online instruction. To keep everything in perspective and equal, I would apply the “hammer and carpenter” metaphor to every one of those tools, not just an LMS. For me, the discussion is the same. We need to stop asking these modalities to do more than what they are built for, and thinking that simply having them is enough. LMSs are one of many amazing tools available to learning organizations today. But in the broad landscape of tools and strategies which makes up the entire learning industry, we sometimes ask them to do way more than any one modality can do on its own.

Understanding those whom we serve

Let’s start by understanding how our learners approach a learning problem. Research done within Sara Lee, one of the world’s largest brand-name food producers, employing 145,000 people, underlines how their employees learn. Figure 126 shows the results.

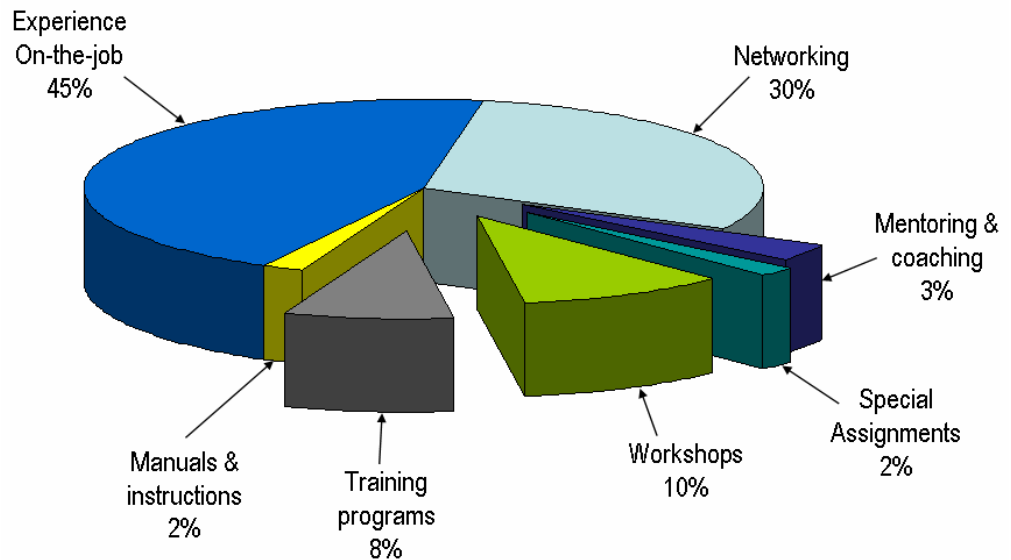


Figure 126 – Learning activity and relative importance at Sara Lee/DE (Wim Heine / Atos Consulting)

This is just one of many research reports that points to a widely known fact amongst the learners within our organizations. These studies show that most learners learn in the informal domain, represented in this particular study by “experience on the job” and “networking,” more than they do in the formal domain. Although the specificity of these numbers may be debatable, the overall findings are fairly straightforward. The irony of this research is that a majority of the learning that LMSs track and report on falls in the formal domain. This type of research begs the question, “Just because we are hitting the bull’s-eye of a particular target, are we targeting the right thing in the first place, or at least enough of the right thing?”

The data around our spending patterns only reinforces this challenge. The information below comes from Jay Cross’s work on informal learning, which shows the dichotomy between preferred learning modalities and the typical spending most organizations put forth in supporting those modalities. Tools such as LMSs fall within this spending, and to a high degree do a wonderful job of supporting the formal domain.

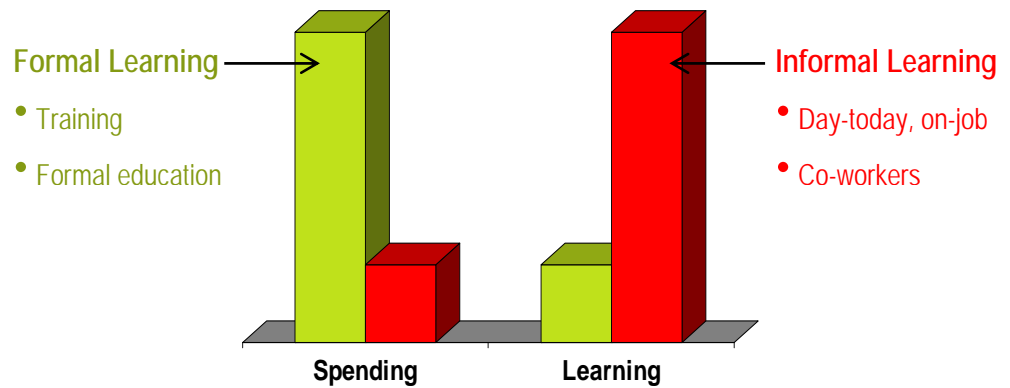


Figure 127 – Informal Learning: the other 80% by Jay Cross, Internet Time Group www.internettime.com

Again, the question becomes one of whether or not we are doing enough, or if we completely understanding all that we are, or are not, supporting in the learning process.

So where might we be missing?

Having said that, let’s take a closer look at certain learning opportunities we might not be fully addressing through a typical LMS approach. Before I proceed, let me acknowledge that there are many “typical” LMS approaches. Generalizing is always a dangerous thing, but for the sake of this article we’ll fall back on the bulk of the data which shows that in most organizations an LMS is deployed as a learning content distribution and tracking center. Over 88% of those who took The eLearning Guild’s LMS survey shared that the primary reason your organization wants an LMS is to implement e-Learning, with the next three reasons having to do with tracking, reporting, and compliance.



Figure 128 – Why organizations want an LMS (for all industries and companies of all sizes). See “Why did/does your organization want an LMS? (Select all that apply)” on 48 page for more details.)

The danger of these four areas leading the pack is that they assume that we have a solid model, approach, and toolset in the first place. Measuring and managing learning assets does not necessarily get you the learning results needed, both from a productivity and utilization standpoint.

Although an LMS is a very powerful form of learning analysis there are also other areas which you need to consider, part of which should ask the question, “Do we even need an LMS, and if so, to do what?” There are four areas a learning organization will want to consider before engaging in an LMS:

1. Analysis of the learning culture
2. Analysis of the business outcomes impacted by training
3. Analysis of our learners
4. Effectively hosting the appropriate learning assets



1) Analysis of the learning culture

What type of learning culture do you already have in your organization and what type of learning culture do you want to become and sustain? Analyzing a learning culture can mean asking questions around how valued learning is within an organization. Does the organization view it as a necessary evil, or is it something which ties into an overall company objective or outcome? Does the organization give the appropriate time and resources to allow training programs to be successful? Is training a part of the work environment, or just something to do when there's time, OR on a learner's own time? All of these factors contribute to the success of a training program and an LMS often does not measure them.

2) Analysis of the business outcomes impacted by training

What are the business outcomes we want our training programs to support? How aligned are these training programs with supporting the job roles and processes needed to achieve these business outcomes? How will the organization support these business outcomes, in both the informal and formal learning domains? Do the training programs support the total learning process a learner experiences when attempting to achieve these business outcomes? According to Dr. Conrad Gottfredson, there are five "Moments of Learning Need" which should be addressed throughout the learning process. This table outlines them:

Five Moments of Learning Need:

- *When Learning for the First Time*
 - *When Wanting to Learn More*
 - *When Trying to Remember*
 - *When Things Change*
 - *When Something Goes Wrong*
-



The first two are areas that formal training has been addressing for years. When someone learns something for the first time they have little to no background in the topic they are about to learn. They are often highly dependent learners and find classroom instruction quite effective in meeting their needs, although e-Learning has also started to find an application here as well.

When a learner moves into the second area of wanting to learn more they are still attempting to learn new information, but they now have a base of understanding to work from. They still tend to prefer classroom instruction if they can find it, but again, e-Learning has done a fine job here.

Your training programs may not be being addressing the final three areas as effectively as you may think, or would like. Trying to remember is not a learning moment as we've traditionally viewed it. It's a time when a learner simply needs some form of support, which specifically targets the process or task being attempted or applied. One defining difference here from formal instruction is immediacy and context. Many traditional programs don't address these areas as well as they should. The design of many of these programs, including e-Learning, attempts to train, not support. They are often difficult to navigate, and take learners out of the business context and problem they are trying to solve. Similar moments of need occur when things change, or when things go wrong. They fall on the support side of learning, and not on the training side. Now, that's not to say that there isn't some training involved or needed, it simply points to a different level of access and relevance when it comes to how we need to access and design the content. In all three of these cases an organization should consider a support framework which effectively addresses these very different forms of support.

Will the LMS solution you have implemented support all five areas? Many contain the information needed for the first two, which are often associated with formal instruction, but do they engage the learner at the appropriate time and in the appropriate way to meet the needs of the final three? The important thing here is to not confuse the availability of learning content with its effectiveness, both in its design and contextual application. For years we confused access with effectiveness. The five needs outlined above show that the same learning content may need different accessing or designing to be effective in all five. Just because some content is effective when we first learn something doesn't mean that it will be as effective when things change, or when a learner is attempting to apply what they've learned to their specific outcomes.



3) Analysis of our learners

Although many assessments done prior to training and throughout a training program do a nice job of assessing a learner's skill gaps associated with a particular training initiative, do they also assess a learner's disposition for learning. What are their learning preferences? How might they learn best in different situations? What is their overall view of the learning culture within your organization? What do they feel the organization is rolling out the training for in the first place? Do they understand their role in the process? Do they understand how to BEST use the learning tools available to them? The answer to these and similar questions can greatly affect the uptake and effectiveness of your training program. You do not often find this type of analysis in a typical LMS rollout.

4) Effectively hosting the appropriate learning assets

You can define learning assets as any learning tool or environment which helps a learner accomplish their business outcome during one of the five learning moments of need outlined above. Traditionally these have involved assets such as classrooms, manuals, e-Learning, and the like. An LMS can track many of these assets, but what about others, especially those found in the informal domain represented above? Is your organization effectively hosting learning communities, virtual classrooms, electronic performance support systems (EPSS), and mentoring, just to name a few? Again, it's not enough to simply make a tool available. The tools need to be taught and supported in and of themselves. Has your organization taken time to help learners understand when and how to use these assets? For instance, some common complaints regarding the use of peers as subject matter experts (SMEs) in the workplace are that, while they may know the correct answer, they may not be good mentors and coaches. Indeed they are being distracted from doing their normal work when supporting others, and they may be causing inefficiencies by creating a learning model where their co-workers become dependent on them to do their work. Does this mean that this learning asset is ineffective? No, it simply means that no one effectively introduced or taught the use of it, or provided support within the workplace. Many of us spent 12+ years of our lives learning to make the classroom an effective learning asset, why don't we give these others the same level of structure and attention? Simply putting learning assets behind an LMS and tracking them won't guarantee their appropriate level of use, and it could be ignoring a host

Does this mean that this learning asset is ineffective? No, it simply means that no one effectively introduced or taught the use of it, or provided support within the workplace.



of other assets which may be even more effective if supported, either inside or outside of an LMS.

Keeping the entire learning Landscape in perspective

An LMS is clearly an integral part of an effective learning strategy in today’s corporate world. Many of you who took The eLearning Guild’s LMS survey shared that you are gaining great things from your current LMS implementations:

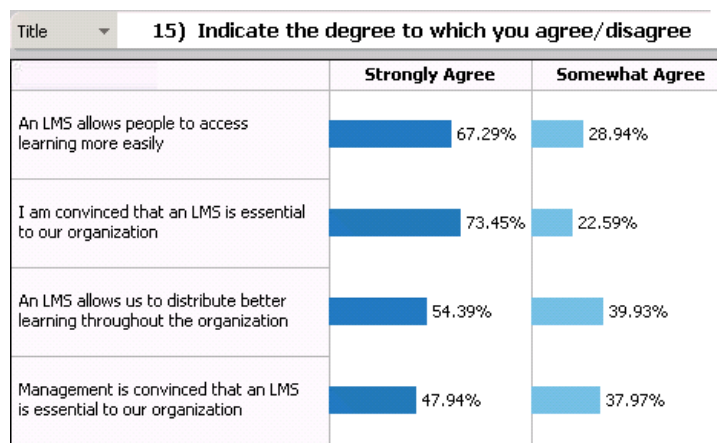


Figure 129 – Areas where Guild members agree.

But let’s be careful not to repeat behaviors of the past where we’ve put too much stock in any one solution. As your organization evaluates its TOTAL learning solution when supporting the five areas of learning need outlined above, consider learning assets, analysis, and outcomes which should remain outside the realm of an LMS. If you can find an LMS strategy which supports all five, that’s outstanding! If yours can’t, that’s fine too, just be sure you don’t stop there, and that you create solutions and learning frameworks OUTSIDE of your LMS which attempt to compensate in all five areas. LMS capabilities will continue to increase to serve more and more of the learning needs of our organizations. We just need to be sure that we don’t ask more out of them we should. Like any other learning environment or tool, few if any will ever meet the total needs of our learners. Let’s not make the same mistake with something as powerful and integral as an LMS.



Selecting, Installing, and Configuring a LMS

By Tony Karrer, Ph.D.

Dr. Tony Karrer, CEO/CTO of TechEmpower, a software, Web, and e-Learning development firm based in Los Angeles, is considered one of the top technologists in e-Learning and Performance Support. He has twenty years' experience as a CTO and leader of software development. Dr. Karrer also has eleven years experience as an associate professor of Computer Science. He has been the CTO for several start-ups, most notably eHarmony. He has a broad technical background that ranges from data mining to radar software.

His work in e-Learning and Performance Support has won awards, and has led him into engagements at many Fortune 500 companies including Credit Suisse, Royal Bank of Canada, Citibank, Lexus, Microsoft, Nissan, Universal, IBM, Hewlett-Packard, Sun Microsystems, Fidelity Investments, Symbol Technologies, and SHL Systemhouse. He has led the selection and implementation of five Learning Management Systems in different organizations and has also worked on custom LMS solutions. Dr. Karrer was valedictorian at Loyola Marymount University, attended the University of Southern California as a Tau Beta Pi fellow, one of the top 30 engineers in the nation, and received M.S. and Ph.D. degrees in Computer Science. He is a frequent speaker at industry and academic events.

You can reach Tony Karrer at: akarrer@techempower.com.



Introduction

After personally working on more than five LMS selection, installation and configuration projects, and being heavily involved in the design and development of four custom LMS implementations, my goal in this section is simple:

I'm going to try to help you avoid the "gotchas."

I've written this section with a focus on what I know best, and that's corporations with 2,000+ employees aimed at 2,000+ learners. For all of the research results cited, I've excluded companies with fewer than 5,000 employees and fewer than 5,000 learners. I've also excluded education and government. That said, much of what I'm writing applies fairly well to small- and mid-size organizations and also to education and government.

Let me start by describing a high-level process that is fairly common for the selection, installation, and configuration of a LMS:

1. Define business and learning strategy
2. Agree to process with key stakeholders
3. Capture requirements and differentiating use cases
4. Conduct initial research, select initial vendors, make contact
5. Prepare and send RFP
6. Select finalists
7. Conduct meetings and demos
8. Conduct Pilot or hands-on tests
9. Negotiate contracts
10. Final selection
11. Installation and configuration kick-off
12. Define models
13. Configuration, customization
14. Testing
15. Pilot
16. Communication

Because there is lots of information written about this process elsewhere, I'm going to focus on key risk areas or likely sources of "gotchas."



Gotcha #1 – Starting With an Unrealistic Expectation of What You Need

Selecting, installing, and configuring a LMS is a lot of work, often with a lot of pain. So, before you start, you really have to make sure you have a realistic, compelling reason for the LMS in the first place.

Consider Figure 130 which shows reasons why organizations want a LMS.

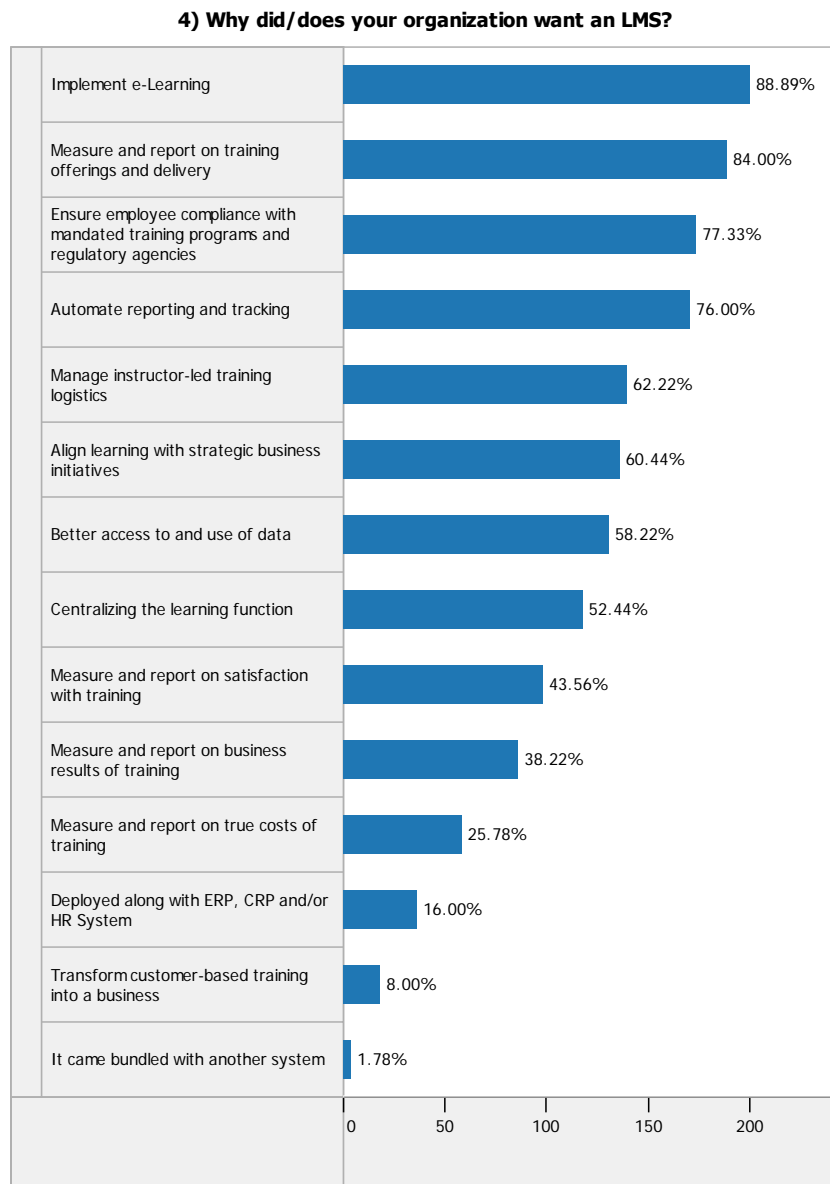


Figure 130 – Reasons for implementing a LMS (corporations with 5,000+ employees and 5,000+ learners).

If you look at the survey results, the top reasons cited for getting a LMS were:

- Implement e-learning
- Measurement and reporting of training
- Ensure compliance

However, if you compare this with the top areas of dissatisfaction among LMS users you'll find an interesting correlation.

13) Please indicate your level of satisfaction with the following:

High levels of dissatisfaction.

While the amount of dissatisfaction is high on many of the aspects of a LMS - usefulness of the LMS has high satisfaction. At the end of the day, a LMS is a useful tool.

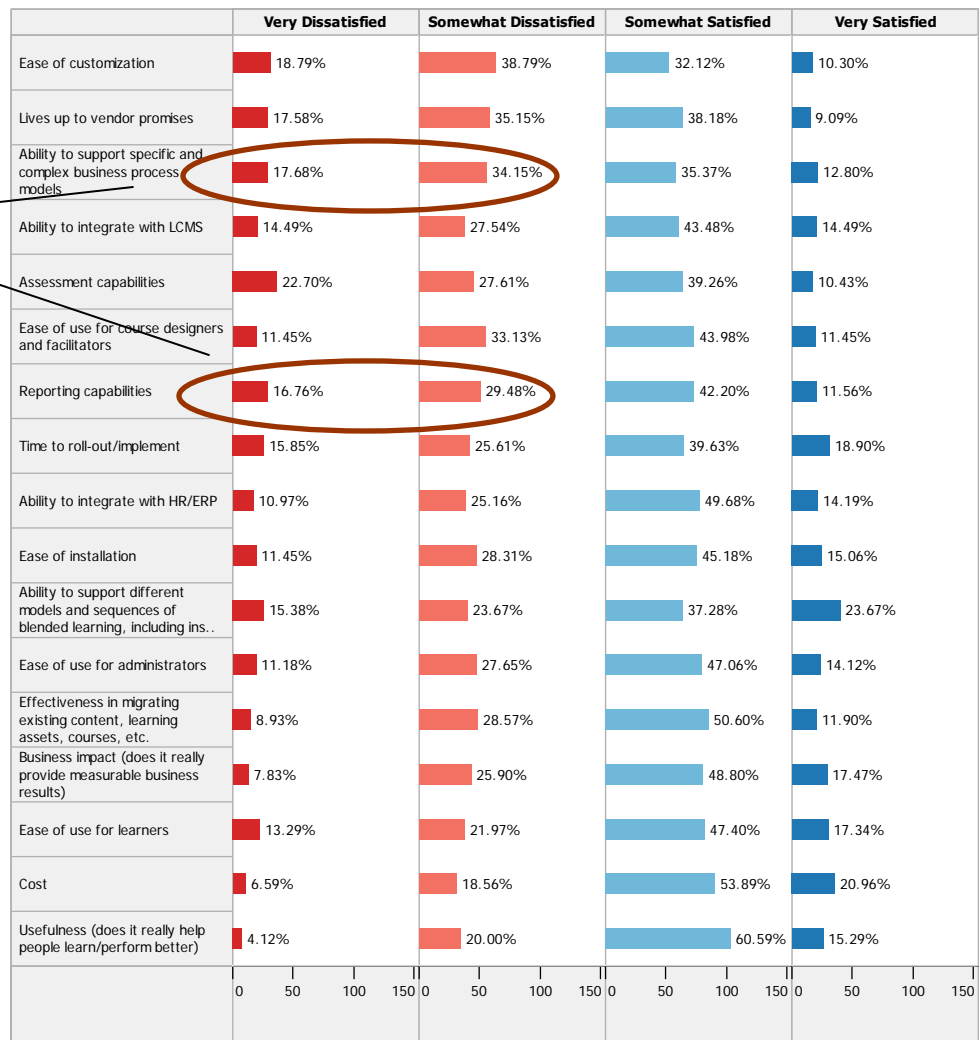


Figure 131 –Levels of satisfaction among corporate LMS users.



- 46% are somewhat or very dissatisfied with reporting in their LMS.
- 52% are somewhat or very dissatisfied with implementing business processes in their LMS, which is important for managing and enforcing compliance

So the moral to this story is that possibly the top reason you are getting a LMS may not be (and likely is not) as easy as you think it should be.

So, let me start by challenging you a bit:

- Do you REALLY need a LMS?
- Do you really need THAT MUCH of a LMS?
- Why do you really need the LMS?

Now I don't expect that you will suddenly say – Tony, you're right; I don't really need a LMS. We were silly to want to measure and report on training. Oh, that's right; we really don't need to ensure compliance. Rather, you will be like most survey respondents who have a LMS, and 88% say that the "LMS is essential to our organization." So, likely you are convinced you need a LMS for a good reason. But understanding the specific reasons why you need it and what it's really going to do for you is critical for you to be satisfied with the result – and so you aren't quickly one of the significant percentage who are looking to change to a different LMS (see "20) If you plan to abandon your LMS and move to a new one, which do you plan to use?" on page 114).

A LMS is potentially a major, complex system. Think of all the failures around ERP or CRM implementations over the past years. A LMS is smaller than these systems, but is similar in many ways. They are a lot of work, and unless you focus yourself on what you are really trying to achieve with the LMS, and have realistic expectations around the effort required to get there, you are bound to be dissatisfied. It's better to aim for smaller functionality in your LMS implementation that supports your most important needs than be sucked into a massive implementation that makes you question whether the pain is worth it.

People fairly well agree that the start of any selection process is to understand the business goals and learning strategy, and how the LMS will support these. In some selection processes there really are no business goals or learning strategy defined, so you're pretty much guaranteeing dissatisfaction with the result. Most processes I've seen do start off with business goals and a general



Note: Bob Mosher in his essay “What an LMS Can’t Do for an Organization” also warns of asking your LMS to do more than what it is designed to do. See page 215.

learning strategy. In fact, most survey respondents didn’t believe that this was much of a barrier: defining business goals was only a large barrier for 11% and a small barrier for 27% of respondents. Instead, the gotcha really creeps in along the way as you lose site of the goals and strategy. You’ll see all the things that a LMS “could do,” and you fall into the trap of wanting too much of a LMS in case you someday in the distant future need that functionality.

To avoid the gotcha of potentially focusing on the wrong things, I suggest that after you’ve defined your business goals and learning strategy in the early stages, you make sure you periodically revisit these during the process. Ask whether what you are including really will help to meet these goals, or are you starting to stray from the original purpose. I would also suggest that you periodically look back at all the red in the survey signifying dissatisfaction.

Finally, on this point, if you are at an early stage on using a LMS, you only plan to do some very simple things, and you are mostly doing it so you can deliver e-Learning, consider using a very simple hosted LMS solution or an open source solution like Moodle that you will throw away after a few years. As of this writing, 11% of survey respondents plan to replace their LMS this year. This is a fairly common strategy, and as long as you go into the process with the understood goal that you are trying it out, you will be much more satisfied with your choice and the result.

Gotcha #2 – Missing a Key Stakeholder

Consider the following experience of Kris Schultz, Senior Department Training Specialist at WPS Health Insurance:

The first time, we made a major mistake there of not involving our IS Department, in right away. It caused problems because we didn’t know if it would work with our system. The vendor would give us all this, “Oh yes, we can do this. Here’s what you can do.” but nobody in the room had an understanding of what he was talking about. Also, our IS Dept is loathe to support the product then.

The second time, we brought in IS right away, and we made offers to any other party that would have an interest in the LMS. So, that means bringing in HR, bringing in every area from training, and making everybody aware of this more, this time.



Certainly, an essential early step in the process is to understand who the key stakeholders will be on the process. In Kris' case, it was missing IS. In other cases, it's missing key user groups, HR, a business unit, or senior management.

The other thing that sometimes surprises me is when they leave future LMS administrators from different training organizations out of the process early on. I often wonder if they do this because secretly the people involved in the selection process don't want to hear the issues of making the system really work inside the organization. But, these stakeholders are indispensable during the selection process, especially as you get to hands-on testing. You need them to fully buy into any solution. And you want your expert users established early, rather than hoping that you can train them later.

Gotcha #3 – Failing to Get Agreement on the Process with Key Stakeholders

Once you have the stakeholders identified, you need to make sure that they agree on the process you will use to handle the selection process. You should walk through each step with them and get their approval prior to moving forward.

You need to know who is signing the check, who is going to do the work, who will be involved at each stage. You need to agree on how the process will proceed, who will communicate with the vendors, how will selection ultimately be made, who will prioritize the requirements, and who will make the final decision.

Without agreement on the process then, a stakeholder can come in and make side deals with a vendor, give inside information, force the choice of a vendor that no one else likes, or otherwise derail your process. You'll often also find that, as part of getting agreement on the process, issues of governance, roles and responsibilities, centralized vs. distributed management, and other forward-looking issues will surface that are really important to know now.



Gotcha #4 – Failing to Identify Key Differentiating Use Cases

Many people focus far too much of their time and effort during the RFP process on features and functions that won't really help you understand how a LMS is different for them. They write an RFP that asks about various features and functions and, surprise – all the vendors do all of them. Further, when it comes time to see demonstrations and to test the LMS, if you focus on general functionality, you will spend lots of time on stuff that will turn out to be roughly the same.

Thus, an essential ingredient in a successful selection process is identifying what I refer to as “Differentiating Use Cases.” A use case is a scenario that describes how users will interact with the system to achieve a specific business goal or function. A differentiating use case is one that is likely to have different solutions using different vendor solutions. An example might be a special structure to the business which makes assigning compliance requirements more complex. Often you will find differentiating use cases in areas such as: organizational structures, notifications and reminders, and compliance and mandatory training assignments.

To find these use cases, you will need to have detailed discussions with each of the key business and training organizations that will be using the LMS. The goal of these discussions is to understand what the LMS needs to do for the organization. It also is a good time to set expectations around what people are going to get from a LMS. You are listening hard for where there are important expectations that you aren't sure how to implement in a LMS.

You want to identify 10-20 of these use cases, and include them along with all of your basic/normal requirements that you will put in the RFP. It will likely turn out that most LMS products meet the basic/normal requirements easily. It's the differentiating-use-case-related requirements where you will find clear differences in RFP responses.

Note: the reason I still include the basic requirements in the RFP is that I don't want the differentiating use cases to stand out like a sore thumb, and I don't want vendors to feel that their response is going to do poorly against other responses. Thus, I still give opportunity for other responses that I believe will have relatively positive answers across the board.



Some use cases will turn out to be particularly challenging for LMS vendors. You should always consider whether the particular use case is really something that you need to implement, i.e., can you change your process so that it will be more in line with what a LMS provides? Or can vendors address the requirement in another way that is acceptable? Or can they customize the product slightly? You will likely want to work closely with the top few vendors to explore how you can best satisfy the needs of that stakeholder.

Gotcha #5 – Coupling Content Authoring with LMS Selection

While it appears that this is changing, I've seen several LMS selection processes that place far too much weight on the authoring capabilities built into the LMS. People within these organizations didn't understand the difference between authoring and the LMS. While there are some cases where having Learning Content Management System (LCMS) capabilities are important for quick delivery of content, in most cases, the content you are going to produce should use an authoring tool provided independent of the LMS.

Consider what Kris Schultz tells us: "We had selected a LMS, and allowed each division to choose its own authoring tool. Now that we are selecting our second LMS, I'm happy we didn't go with something completely incorporated with our LMS, because changing the LMS would have been really hard. Instead, we're using Adobe. We can just load our existing courses up into the new LMS."

If you need things like Question Level tracking of SCORM courses or you have an existing authoring tool, then you should test the integration or talk with other users who have integrated the authoring tool as part of reference checks. You also will want to do something similar for off-the-shelf courseware.

Some people will disagree with me about the complexity of getting the integration of authoring tools to happen. For example, in his interview Robert Bolling said – "Just because they're SCORM compliant doesn't mean squat." While I've seen some integration issues, it still doesn't mean that you should allow the LMS selection to hang up on this issue alone, and it easily can.



Gotcha #6 – Not Testing a LMS

For sizable LMS implementations, most LMS vendors are happy to provide a sandbox for testing. For some reason, many companies don't spend the time actually working through the use cases that they've defined in order to see what it's really going to be like when they use the LMS. Just because a LMS vendor tells you that they can support a particular requirement doesn't mean that it will be easy to actually make it happen. And keep in mind that:

Dissatisfaction among people who administer the LMS is much higher than among managers.

Most of the time, it is fairly easy to enlist the support of people who will become LMS administrators to take part in sandbox testing. Come up with a list of tasks that they will go through together with the vendor. It's often extremely telling about what's really going to happen once you get started with the LMS.

This is also a good way to find out what features the vendor is demonstrating are really smoke and mirrors in the new Beta version that no one is actually using out in the field.

Gotcha #7 – Failing to Ask a Critical Question or Two

It's surprising how after each LMS selection and implementation, I still find myself wondering how I didn't figure out to ask a question that would have avoided some pain. I'm still learning, but a few that definitely make sense to ask are:

- What 3rd party technologies do you use? In one case, we found out that the vendor was using a package that we could acquire more cheaply, and be a newer version, directly from the 3rd party.
- How and when will product upgrades be done? What will happen with any integrations and customizations during the next upgrade?
- What does your implementation process look like? Who will be involved, and at what points?
- What are all of the costs, especially post implementation costs? Software license, hosting, hardware, additional software licenses, services, annual license fees, support, maintenance, upgrades, etc? I've heard of vendors saying there was a charge to upload a course. What?



- How does escalation of issues occur? What happens if we aren't getting service levels that we expect? Probably a better way of addressing what it's really going to be like is to talk to current customers during reference checks, but you still want to know how you are going to get things resolved.

Gotcha #8 – Poor Contract Negotiations

A lot of selection processes aim at selecting a vendor, and then looking at the contracts with their in-house attorneys. Normally this puts you in a fairly tough negotiating position. And, I've seen people who lost several hundreds of thousands of dollars by not handling this part of the process right. Some things you should do:

1. Definitely, during the RFP process, you should have (a) received the vendors "preliminary pricing" and (b) received a copy of their standard software license, hosting (if applicable), and services agreements. It's a good idea to have your attorney review these standard agreements early to find out if there are particular issues.
2. Do not make a "final selection" until after you have finished negotiating. You should have a first place finisher, and a second place finisher. If you are unable to reach terms with the first place finisher that are acceptable, then you know you have the second place finisher. Note: most people don't spend significant time (other than on price) on terms with the second place finisher.
3. Pricing and terms with LMS vendors are generally fairly negotiable. While it's never a good idea to create a contract with such onerous terms that the vendor will feel compelled to get their money another way (think services and hosting), you should definitely push to get favorable terms. Find out how the vendor's business works, and how they compensate their sales people to make sure you are negotiating towards a win-win.
4. It's a really good idea to have a bad cop or a reason to push back on things. Normally it's best if it's a group of individuals that give you an easy way to say "I will never be able to get that past them." These can be real people, or imagined. Most vendors will ask to negotiate directly with the bad cop. The answer is that they have asked you to negotiate with the vendor, and they simply won't negotiate directly. I realize this



is used car negotiation tactic 101 – “I need to talk with my manager.” but the reason all car salespeople use it is that it’s an easy way to be tough in a negotiation without having to be the bad guy.

Gotcha #9 – Tripping on the Models

In many ways, the key aspects of getting a LMS to work out well is in selecting a LMS that fits pretty well, and then spending the time to configure it so that it is set up with a model that matches your organization. If you’ve done your homework well around how the organization is going to use the LMS, then you should be in good shape here, but it’s still not easy.

Learn from Robert Bowling – “It’s real easy to kind of screw it up, and when you do, you end up literally doing like we did and taking it all out and starting over.”

He is talking about how he configured jobs, groups, curriculum, etc. in the LMS. He goes on to say – “And you think, well, a clerk’s a clerk’s a clerk, and we’ll just throw all the clerks in here, and since all the clerks do the same things as the Administrative Assistants and they do the same things as the secretaries, we’ll just throw all the clerks and the secretaries and the administrative assistants in this one group of people and we’ll just call them office workers. But if you do something like that, it’ll come back to haunt you.”

The problem you’ll find is, when you go to assign some content to a particular kind of office worker, you can’t do it because the system doesn’t call them out. “We’ll rely on titles.” Good luck. Have you looked at the job titles in your organization? They appear randomly assigned.

You also need to think about security, permissions, naming conventions, etc. Jeanne Bonzon tells us that when she joined her organization that was having trouble with their LMS, they had a large number of administrators, 350, and all of these administrators had full access rights with no domains for content. Administrators were accidentally deleting each others work. What made it worse was the fact that no one had really trained the administrators.

Speaking of which, if this is where the rubber meets the road, make sure you believe that between the vendor and your team, plus any consultants, you have folks involved who are going to design this right.

Kris Schultz’s experience was that their vendor sent out “one of their programmers for three days.” That isn’t going to cut it. I’m generally suspicious of



vendor’s services teams, but having “a programmer” come out, who really only understands the product, not how people need to implement the product, is going to be insufficient. Ideally you would have access to someone who has been involved long-term with clients to understand what turns out to be big problems downstream.

Gotcha #10 – Customization

Likely everyone has heard that customization can be a problem, and certainly it’s listed as a top barrier by our survey respondents with over 65% of respondents saying it was either a barrier or a large barrier.

16) Below is a list of barriers to success with an LMS. Please indicate to what degree you agree or disagree

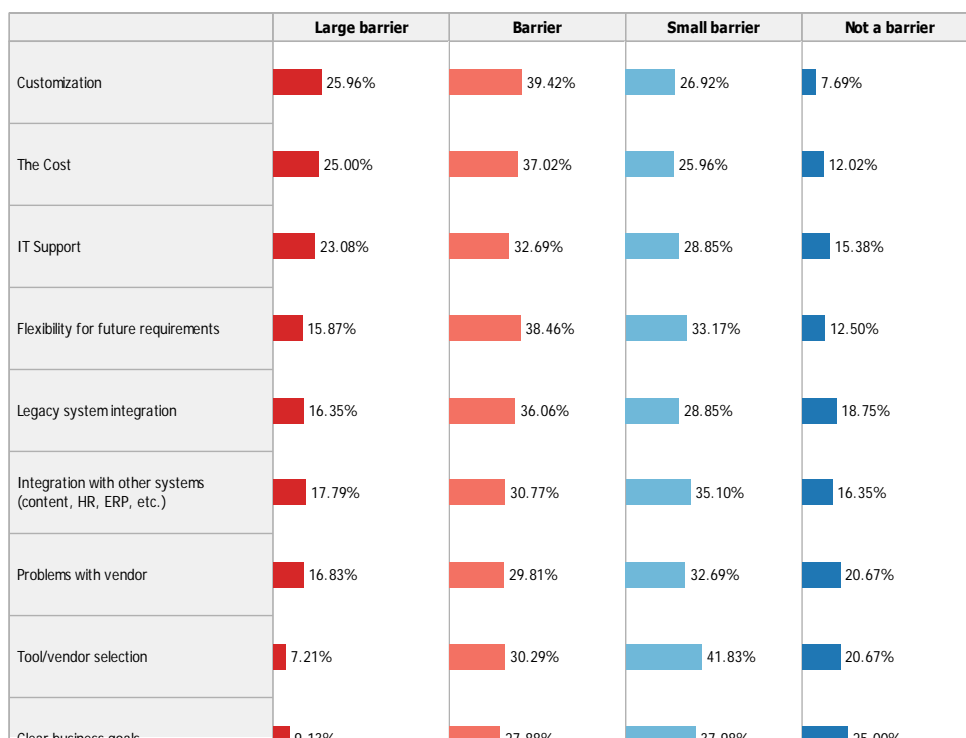


Figure 132 – Customization tops the list of barriers to success in corporations (5,000+ employees and 5,000+ learners).

Most often, people don’t really recognize the real gotcha. First, let me distinguish configuration from customization. Configuration is setting up the system in a particular way using an administrative console or adding to pre-built templates. Customization is creating new custom code, intended for you only, which modifies the existing application. The dividing line between these two is inherently fuzzy. For example, adding a new data field may be a configuration



or a customization or a combination of the two. Many enterprise LMS products are set up to easily add a new data field to something like the user object, and then have that field appear in particular screens based on settings. Other LMS products will allow you to add a new field as a configuration, but changes to the screens become “small customizations.” In other cases, this is pure customization.

The real difference between configuration and customization surfaces when its time to upgrade to the next version of the software. Configurations, generally, will come across automatically as part of the upgrade. Customizations will require new customization to copy across the changes to the upgrade. In the case of the new data field, a configuration would bring that new field seamlessly into the new version. A customization that had modified the display of users in the system would require you to copy the code across from the old version to the new version. This implies another round of testing, debugging, etc. Thus, I now define customization as anything that will possibly require additional work during an upgrade process.

Which gets us back to the real problem with customization, it’s certainly painful to deal with customization during the initial release of a LMS, but it’s even more painful to deal with customizations during upgrades. Thus, the best answer is to avoid any work that you will need to redo during an upgrade, i.e., any customization. Of course, the problem is that you will have business units that need particular business processes with the LMS. It may not cost that much to script that change into the LMS. Definitely, you need to account for additional cost at each upgrade. But, better yet, is to go through in detail with the LMS vendor, prior to selection, how that change can best be isolated so that you will minimize problems long-term.

In some LMS products, you can do certain custom scripts like reminders or notifications in ways that, while they are custom code, they really require little to no effort during upgrades. Other LMS products will require much more significant coding at each upgrade. Unfortunately, most every salesperson for a vendor will tell you “No, that customization will only need to be copied across to the new version.” This is where it’s very helpful to have technical resources available to you to understand how to really do the customization. It’s also helpful to talk to people who have had customizations, and have gone through an upgrade process.

Reports run somewhat counter to this gotcha. You likely should attack reports in a different direction, and make sure that it will be easy to create custom re-



ports that will live to survive an upgrade. It is very likely that you will need to create custom reports at some point. Some LMS products make it easy to create a custom report. Other LMS products make it hard – most often because of a very complex table structure.

The best way to investigate this is to have someone from your IS department who knows Crystal Reports be tasked to create a custom report on each of the finalist LMS products. As Robert Bowling said during his interview, “You could be the greatest Crystal Reports writer in the world, and if you don’t accurately know where your data is coming from, what you’re going to get out is just going to be garbage.” Thus, your job is to find out what it’s going to take when you need to create a custom report. You also should talk to references who have gone through an upgrade, and who have custom reports, and make sure their custom reports survived.

Concluding Thought

I’ve intended the gotchas mentioned here to provide some insight into places where I’ve personally experienced pain during a selection, installation, and configuration process. Many of these gotchas are at a tactical level, and often the real issues stem from poor overall strategy that sets a process up for failure. Certainly, looking to what some of the other authors are writing about the bigger picture is hugely important, and the first gotcha I mention about not starting from a realistic point is likely the most important. You are bound to be dissatisfied if you have unrealistic expectations.



It's About the People: The Real Key to Success with Your LMS

By Lance Dublin

Lance Dublin has been an advocate for innovative approaches to learning and change throughout his career. He went from designing a weeklong “Experiment in Free Form Education” program in high school to co-founding one of the nation’s first fully accredited “University Without Walls.” Then recognizing the impact of the intersection of people, business, and learning, he founded and built Dublin Group, a company which became a leader in providing innovative solutions for improving individual and organizational performance, and implementing large-scale change.

Lance is now an independent management consultant, international speaker, and author based in San Francisco, California and serving clients world-wide. He specializes in strategy development, program design, and implementation for corporate learning programs and organizational change management. He brings to his work more than 30 years’ experience in adult education and training, communication and change management, and organizational design and development.

Lance is a regular speaker and keynote presenter at regional, national, and international conferences. In addition, he is the author of numerous published articles, co-author of the capstone book in ASTD’s e-Learning series, “Implementing e-Learning” and a contributor to ASTD’s “Handbook of Training Design and Delivery”, Elliot Masie’s “Learning Rants, Raves and Reflections,” and Marc Rosenberg’s “Beyond e-Learning.”

You can reach Lance at lance@dublinconsulting.net.



Been There, Done That ... Again

A learning management system no matter how simple or complex, no matter how you define it, is still just an enterprise software application. Like all such applications it comes with promised and implied benefits such as increased efficiencies, improved organizational effectiveness, reduced costs, and enhanced profitability. Yet, many initiatives fail or don't live up to their expectations, leaving the organization frustrated and the project team with the task of justifying what happened. Experience continues to reaffirm that while it requires a concerted effort to properly determine your requirements, select the right application, and then install, configure and test it; the hard work is yet to come.

The implementation of an LMS represents a change in your organization and to your organization. It may seem like a small change, or people may perceive it as a paradigm shift in the way the organization and key stakeholders conduct business. Either way, it represents a change; a change in processes and practices, in roles and responsibilities, in management and governance, and in attitudes and behaviors.

Over the years, people have defined a number of best practices for the implementation of enterprise applications. These also apply to LMS implementations. The ones that stand out over and over again have to do with the challenges of gaining and maintaining user acceptance and managing change.

Just over 20 years ago global corporations were spending \$51B on a technology-driven change, supported by enterprise applications, called re-engineering. Re-engineering promised significant return-on-investment and operational efficiencies, reduced time-to-market, and exponentially accelerating growth and profits. But within just five years the term re-engineering had negative connotations. People saw it as meaning re-structuring and downsizing, lay-offs, and wasted money. More than half of early re-engineering projects failed to be completed, or did not achieve bottom-line business results. The main problem, it turned out, wasn't the re-engineering process or the new enterprise applications. It was the people. The 1994 CSC Index "State of Re-engineering Report" confirmed that over 50% of the companies that participated in the study found the most difficult part of reengineering was dealing with the fear and anxiety in their organization. And in another post-mortem benchmarking study with 150 companies over 24 months, lack of effective change management ranked in the top five key lessons.

“Our findings suggest that user commitment and motivation are critical not only for adoption of new information and communication technologies but also for their sustained use.”

**Yogesh Malhotra and
Dennis Galletta;
“Building Systems
that Users Want to
Use”; *Communications of the ACM*,
Volume 47, Number
12 (2004)**



To paraphrase Bill Clinton's 1992 campaign slogan, "It's the [people], stupid!"

The hard stuff is the soft stuff, still

"The 'hard' stuff is the 'soft' stuff." That is the mantra of IT luminaries like Mike Hammer and Jim Davenport, and should be the refrain of anyone tasked with actually implementing an LMS.

Yes, making the right selection decision is difficult. And, doing the necessary technical work to install, configure, and test your LMS is challenging. But, what is hard is managing the change. What is hard is ensuring your learners, their managers, and your entire organization has the right awareness and understanding, attitudes and behaviors to use your LMS in the way you've designed it, and to produce the intended business results. What is hard is this "soft stuff."

Those companies that get the best return on their LMS investment – and are therefore the most successful – pro-actively implement the change, not just manage it; systematically inform, engage, and motivate their learners and their managers; and, fully weave the LMS into the very fabric of their organization. They put as much time and effort into planning for and dealing with the "soft stuff" as they do everything else.

From "It Works" to "Of Course"

Successful organizations know from their experience with other enterprise applications that up-front planning and following a systematic approach helps to avoid the "ready-fire-aim" and "re-work, re-work, re-work" syndromes.

Stage 1: Installation

In this stage you do whatever it takes to make sure your LMS really "works" when you are ready to put it into everyday use. This means it not only technically functions and the installation, configuration, and testing is complete, but also the necessary management systems are in place and the roles, work-flow, and business processes have been changed to manage and support its use – by learners, by their managers, and by the supporting organizations (e.g., IT, HR, training). Often you will do internal testing in labs, and then controlled pilots out in the field. And, it's time to begin your initial communications campaign.



Stage 2: Implementation

Following installation, you are now ready to focus on making sure your learners, their managers, and your organization know the context for the LMS (e.g., the business rationale, the anticipated business results), are aware of the feature, functions, and functionality, and are able to actually “use” it as you’ve planned. This is the stage in which typically the majority of the communications and change management activities occur. Unfortunately, this is all too often where all these planned activities then stop as well. Needless to say, this is a big mistake.

Stage 3: Incorporation

Truly successful companies put as much time and attention into the completion of this third stage as they do into the other two combined.⁶ They don’t leave this critical stage to chance, or for later. They recognize it is the difference between people seeing their LMS as just another application, or embracing it as a critical business system. In this stage you work to ensure full incorporation of your LMS into the structures, processes, and culture of your organization. Your goal is to make your LMS an essential tool for the success of every employee, core business process, and critical organizational initiative. You’ll know when you’ve achieved this because your colleagues will no longer be talking about the LMS. Instead, they will be saying, “Of course, that’s just the way we do things around here.”

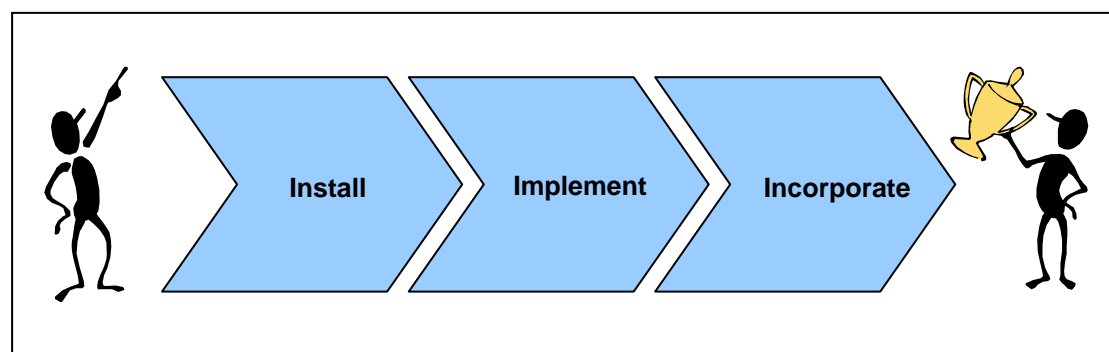


Figure 133 – Three Stage LMS Project Approach

⁶ To compare initiatives of organizations that have received a good ROI on their LMS system, versus a poor ROI, please see “ROI Correlations” on page 92.



Is Your Organization Ready, Willing and Able?

Your LMS represents a change for the entire organization; your learners, their managers, the managers of their managers, senior management, and the HR, training, and IT staff. It's a bigger change than most organizations realize, and just managing it is not enough.

This type of change requires you implement it, pro-actively and systematically, not just manage it. It requires an integrated approach founded on principles of organizational development and improvement, communications and change management, and training and education. It requires an approach that ensures all the people impacted – and that means literally everyone – are truly *ready*, *willing*, and *able* to perform optimally in this changed environment, this LMS-enabled organization.

READY

The work in this area focuses on ensuring that you have addressed the organizational and work environment issues, thus laying the groundwork for success. It includes designing or re-designing the core learning and support processes; re-defining functions, jobs, and roles; and, revising management and measurement systems for optimal performance. It also includes ensuring the technology and technological support systems are in-place and ready.

WILLING

The most powerful lever for success is a motivated workforce, and management and an organizational culture committed to high performance. It includes doing what is necessary to create the values, behaviors, and norms necessary for the success of your LMS. It includes leadership, change management, and change communications.

ABLE

This type of change often requires a shift in roles, responsibilities, and jobs within the organization. It includes building the skills, knowledge, and abilities people need to use the LMS and to perform effectively in the changed workplace immediately, and then continuously improve over time.

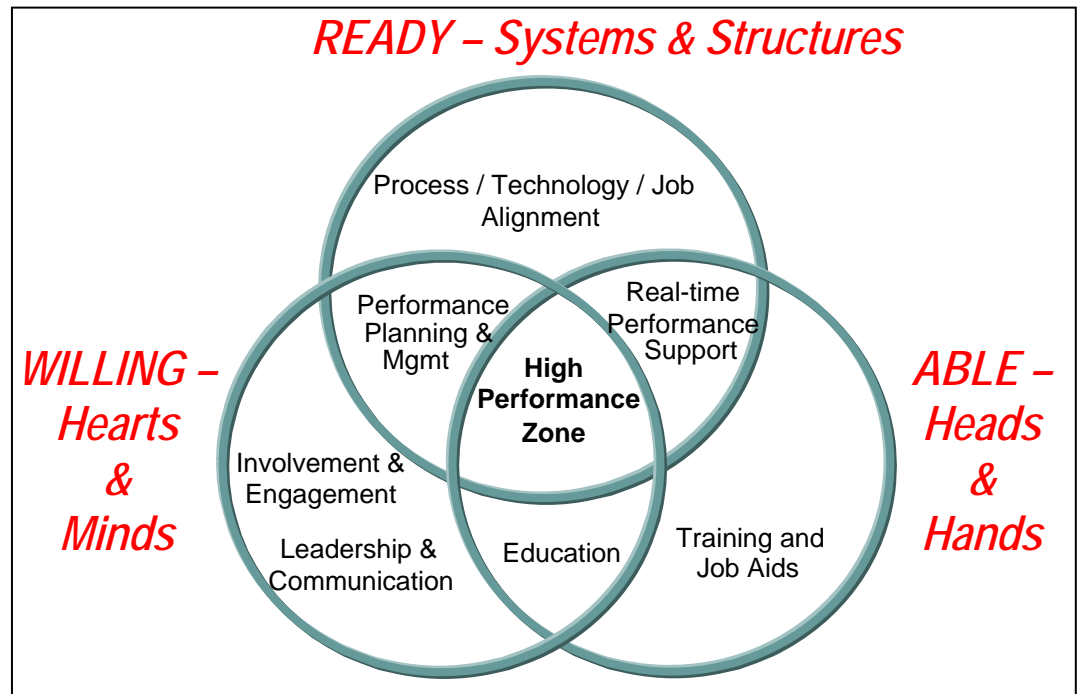


Figure 134 – *READY – WILLING – ABLE Model*

Winning the Hearts and Minds

Change is personal. Even though you may think of it as simply the automation of an existing process (e.g., online registration for instructor-led courses), or replacement of an Excel-based spreadsheet (e.g., online reports), or a new but simple function (e.g., launching an online course), it is still a change to the lives of one or more people. Learners used to classes and instructors often resent having to learn “from a computer” or learn on their own time. Trainers who feel valued for their platform skills often feel threatened. Managers who have always controlled the access to training and information often feel undermined when learners can access learning resources at any time, from anywhere. And, the organization often experiences a perceived lack of participation, as well as frustration and conflict between and among departments and staff, dooming many LMS projects to failure.

The organization must not only adapt to these changes but embrace them. But organizations do not change, people do. Learners, managers, and your colleagues change one person at a time. Change management is the combination of processes, activities, and approaches that enable you to manage the people



of the organization through the transition from the old way of thinking about and doing things to the new way. It is about communication and exchange, dialogue and questions, attitudes and behaviors, leadership and support; it's about winning the battle for the "hearts and minds" of the people impacted by the change the LMS represents.

Four Things to Know about Change

There already exists a tremendous body of knowledge about change management. These are four best practices which are particularly relevant to the development of effective change management strategies for LMS implementations.

"It isn't the changes that do you in, it's the transitions," William Bridges

Initially people may see your LMS as the end of instructor-led training and all that goes along with that in your organization. Learners, trainers, and managers may be inclined to try to hold on to the "old-ways" and either actively or passively lament their passing. They see the LMS as representing a new, but not necessarily better, way. By applying change management techniques you can give them the necessary confidence and support to make the transition from the "old way" to the "new way" a positive experience.

Change is a journey.

Change is not one event but a journey. Everyone impacted by your LMS will find themselves going through a four-phase change journey from denial to resistance through exploration to commitment. A well designed change implementation strategy guides your key audiences through this journey. It supports and encourages them during the early phases of denial and resistance so their frustrations and discomfort don't overwhelm them. It guides them through the exploration of what the LMS can do, both for them personally and the organization as a whole. And, it leads them to an internalization of the purpose and value of the LMS going forward.

Find your early adopters and tipping point.

It is impossible to have one-to-one conversations with all of the people impacted by your LMS project. So, who are the right people to focus on and how

The eLearning Guild Research shows that organizations that committed to change management enjoyed a better ROI than those that did not. See "ROI Correlations" on page 90 for more information.



many really need your attention? Everett M. Rogers laid the groundwork in this area with his landmark “diffusion of innovation theory.” He determined that people, when confronted with some event like your new LMS, fall into one of six distinct groups in a bell curve: innovators, early adopters, early majority, late majority, late adopters, and laggards. He also found that the early adopters, although representing only 20% of the total group, have the greatest influence and provide the most leverage for ensuring the success of any change. Since they typically are the opinion leaders in an organization, who adapt to new ideas early but carefully, their commitment to the change significantly influences the rest of the organization. Malcolm Gladwell, a well-respected authority in this field and author of the seminal book on this topic, calls this moment when the acceptance moves from the initial 20% of early adopters to the whole organization “the tipping point.”

Communications are Necessary but Not Sufficient

Organizations tend to confuse change management with communications. It's widely understood you have to communicate, communicate, and communicate – and then communicate some more – to get change to happen. Most often these communications are information-based and very one-way (e.g., from the organization to the various audiences) and are all too often experienced as an overwhelming flood. While communication is necessary, alone it is not sufficient, no matter how much of it you do, or how often or in what formats. What you need is a holistic and integrated approach to implementing change that develops and then sustains new individual and organizational attitudes and behaviors, and is process-based, inclusive, and two-way in nature.



I3 Change Implementation Model: Thinking, Acting, and Reinforcing

The I³ Change Implementation Model consists of three phases (Figure 135) forming a continuous cycle. It leverages both cognitive and behavioral approaches in a holistic and integrated design and functions as a reinforcing system.

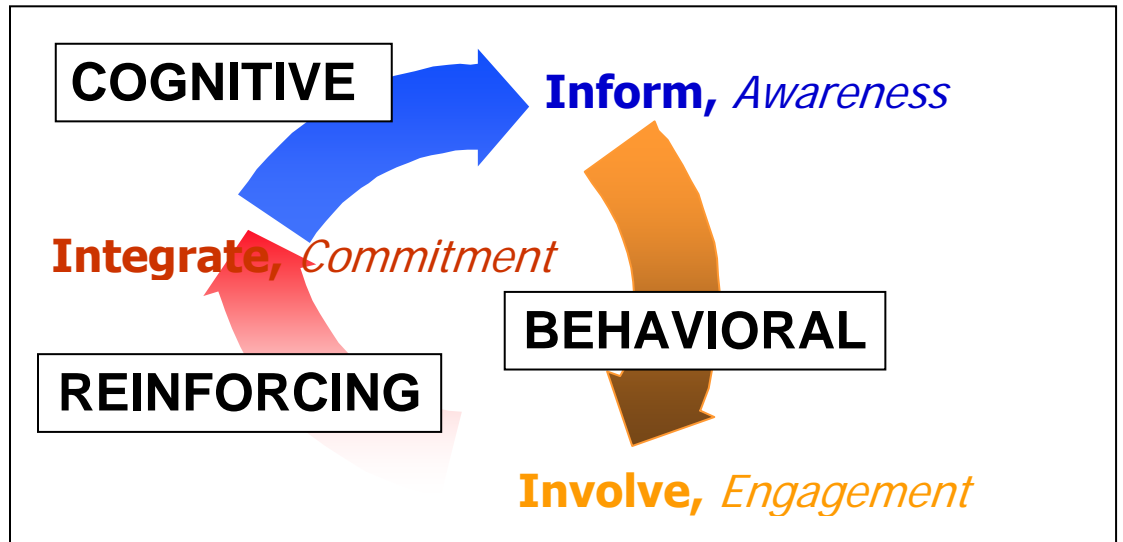


Figure 135 – I³ Change Implementation Model

PHASE 1: INFORM – Generate Awareness

Studies have shown that the most successful change management initiatives have support at all levels: senior management, middle management, and front-line employees. Through information and messaging activities (i.e., marketing communications) all levels need to understand their respective responsibilities and the reasons for the change. You must give them simple and clear answers to the “What?, Why?, How?, Who?, and When?” questions for your LMS project. And, most importantly, you must begin to communicate the answer to the “What’s in it for me?” question and then be prepared to repeat that answer over and over and over again. The goal of this phase is to generate awareness and make sure that the messages you want people to hear, they do hear, and they hear them in ways that they will recall and remember. It’s not how loud you shout or how often you speak, it’s how well placed and timed your communications and how clear your messages that makes the difference.



During this phase think of yourself as a consumer marketer and your LMS as the product. The purpose of consumer marketing is to attract and retain customers. It is an ongoing process which in recent years has focused on the value of building brand and building relationships. Technically, a brand is the “combination of symbols, words, or designs.” But, branding is not about aesthetics and “look ‘n feel.” Rather, it’s about guiding perceptions and answering the question, “Why should I do business with you?”

Branding and the development of a tag-line play a critical role in your LMS project. They are what initially engage employees, beginning the process of turning them into learners and then keeping them coming back time and time again. They re-assure supervisors and managers, and create an energy that reverberates throughout the organization. Bottom-line, your branding and tag-line quickly and visually communicate the value of your LMS in easily remembered and recognized ways.

These are excellent examples of the power of branding and tag-lines from three successful LMS projects:

- The luxury hotelier Four Seasons Hotels and Resorts uses an ASP to host their LMS and their front-end learning portal. They have branded the portal the “e-Knowledge Suite.” The tagline is “Check in 24/7; Check out a Unique Learning Experience.” The graphics on the portal are all images from Four Seasons properties, and there are standard templates for all e-Learning courses and other materials available through the “suite.” This ensures that the overall look and feel, and the learner experience, reflects the quality and standards of the company.
- John Muir Health, a leading provider of health care services in Northern California, also uses an ASP to host their LMS and their front-end learning portal. They have branded their portal, the “Learning Point.” Their tag-line is, “The Go-To Place.” Being in a hospital environment of muted colors, to truly stand-out they chose a very bright palette of colors for the logo and all the supporting graphics. They also have standard templates for all of their e-Learning courses which are complementary to this overall branding scheme.
- Sheetz Corporation, a convenience restaurant company serving six states with over 500 locations, is hosting their LMS and learning portal in-house. They have developed a brand which reflects their high-energy 12,000+ workforce. “Z-Force” is their brand. And their tag-line



is “Empowering the People of Sheetz through Learning.” They use the bright yellow and red flame graphics in the portal as well as in all their e-Learning courses and print-based materials.

The standard marketing adage is that keeping repeat customers is better business than continually having to acquire new ones; you want a “loyal customer base.” This is also true for your LMS. You want your learners and their managers to not just use the LMS when directed; you want them to see it as indispensable tool. Think of your relationship with e-Bay or Amazon or Google.

Note: In order to develop this type of relationship, you should have laid the groundwork during installation and configuration. Your LMS must be easy to use in ways that are meaningful to all its users. For example, it should have something as simple as single password sign-on and personalized standard reporting options for learners and managers. And, you should also consider proactive e-mail announcements of new offerings in subject areas, and even pushing content out to learners based on prior learning completed or accessed.

You must communicate and communicate, whenever and wherever possible, using every “channel” at your disposal. The communication effort must use both top-down and bottom-up approaches to reach the many levels of stakeholders, from learners to senior management. Various mechanisms can be used to “publicize” your LMS and generate awareness, including: mass e-mail messages and global voicemail; large group meetings and road shows; articles published on your intranet and in your company newsletter; posters and information “tents;” videos and podcasts; endorsements and Frequently Asked Question (FAQ) documents to address common questions and concerns raised; and, a Quick Reference Guide (QRG) to simplify navigation of the LMS and especially to highlight the log-in and registration processes required for learners and for reporting for managers.

PHASE 2: INVOLVE – Generate Engagement

Behaviorists believe that it is easier to act your way into a new way of thinking than vice versa. Therefore, just providing information and giving answers is not enough; you must change attitudes, behaviors, and actions. Behavior change such as this seldom happens based solely on someone passively receiving information, or even gifts.

The key to this type of change is engaging the employees, the managers, and influencers within your organization. It’s critical, therefore, to continue to use



top-down and bottom-up approaches, though typically the bulk of the activity of this phase occurs at the department level. You want as many people as possible to have a first-hand experience of your LMS, to give them a chance to take it for a “test-drive,” to ask questions, and then form their own opinions. The goal of this phase is to have them internalize and personalize the LMS; to have it become theirs, not just yours.

An LMS “super-user” group can be very influential in this phase. Not only can they reinforce the messages communicated in Phase 1, they provide that human link to the LMS and the opportunity for the touch ‘n feel. An effective super-user group can lead department and small group meetings, “Lunch and Learn” sessions, and conduct hands-on training to provide a more in-depth experience.

Additional activities during this phase might include: scheduled face-to-face meetings with key stakeholder groups; lunch-room fairs, hallway expos, and traveling “road-shows;” videos, and self-paced tutorials; and, discussion groups and instructor-led training sessions.

PHASE 3: INTEGRATE – Generate Commitment

The long-term success of your LMS is dependent upon it becoming an integral part of your organizational culture, fully integrated into the work life of the employees, supervisors, managers, and executives. In this stage, you want to identify the ongoing organizational processes and systems, as well as any critical business initiatives your LMS can support. The purpose is to ensure acceptance of your LMS as the “norm,” critical to the success of individuals and the organization as a whole, and recognized as the platform-of-choice for ongoing learning and development.

Specific activities during this phase might include: integrating your LMS with the performance management process; using your LMS to launch and track all leadership development and management training; and, using your LMS to support a new key business initiative like talent management.

The Key to Success

It’s simple. Remember, it’s really all about the people.



Moodle: Open Source Software's Quick – and Successful March – Into the LMS Market

By Margaret Martinez and Sheila Jagannathan

Dr. Margaret Martinez, CEO at The Training Place, Inc. has worked extensively in instructional psychology and design, information, and technology for the past 20 years. She has a Ph.D. in Instructional Psychology and Technology and was previously Director of Worldwide Training and Certification at WordPerfect Corporation. Martinez' professional focus has been to pioneer personalized learning research. Nationally recognized for her intentional learning research and contributions to the field of individual learning differences, her primary focus is how to use technology to support more personalized learning. She publishes, presents at national conferences, and pursues work on innovative e-Learning products that help learners improve learning abilities. You can reach Maggie Martinez at mmartinez@trainingplace.com.

Sheila Jagannathan works at the World Bank Institute in Washington D.C. in the area of using ICT for education and capacity building. Her experience is at the blend of technology and learning and has worked for over 20 years in private and public sector organizations designing and managing distance learning programs and knowledge products in the US, India, East Asia, Middle East, and North Africa and more recently in Africa. She is passionate about e-Learning and its opportunities for development and her current interests range from pedagogy and technologies, including serious games, social technologies, open source content and tools, collaborative platforms, and future e-Learning trends. For fun she loves to cook and is working on a vegetarian cookbook with an international flavor, volunteering and reading. You can reach Sheila Jagannathan at shejag@gmail.com.

Note: The views expressed here by Ms. Jagannathan are her own, and you should not attribute them to the organizations for which she works.



Should you abandon your current LMS in favor of Moodle's free open source solution? Only you can answer that, but at the very least you should be familiar with what Moodle can do for your organization.

Introduction

Since its introduction in 1999, Moodle has enjoyed tremendous growth within the higher education market. Indeed, according to the main Moodle Web site, there are over 22,000 sites offering close to 900,000 courses to over 9 million users (see <http://moodle.org/stats>).

Moodle is enormously popular among eLearning Guild members as well, and enjoys the highest overall satisfaction rating for any LMS tool.

But Moodle is used outside the education sector, too. As Guild research shows, Moodle is proving to be very popular in both large and small-to-medium corporations. But is Moodle ready to take on corporate enterprise duties? Another way to phrase this would be, within corporations, is Moodle *the* LMS, or just *an* LMS?

With a handful of exceptions, corporate Moodle use is restricted to departmental, divisional, or experimental use. And among Guild members in the education sector, Moodle rarely impacts as many learners as a commercial product, such as Blackboard.

Still, a lot of Guild members are deploying Moodle, and Moodle is impacting a lot of learners. In this essay we'll explore how Guild members use Moodle, the attractiveness of Open Source Software (OSS), Moodle's strengths and weaknesses, Moodle global appeal, and resources for getting started with Moodle.



Moodle Market Share

Whether you work in education, government, or the corporate sector, you cannot ignore Moodle’s penetration into the LMS market. While Moodle isn’t about to replace leviathan products like Saba’s Enterprise or SumTotal’s TotalLMS, Guild members are using Moodle a lot.

And they like it, a lot.

Moodle in Education

While Blackboard dominates the education sector, Moodle has made very impressive inroads, as shown below.

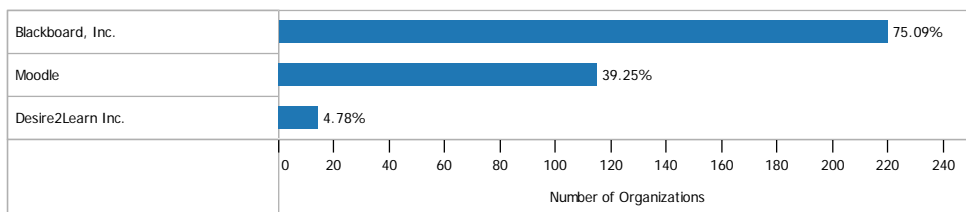


Figure 136 – Number of educational organizations using various LMS tools (minimum of ten organizations). Note that some organizations use more than one tool.

In the chart shown above, we see tool use for organizations of all sizes and for small and large numbers of learners impacted.

If we filter the results to show only educational organizations with more than 2,000 employees and more than 5,000 learners impacted, Moodle’s market-share decreases, as shown below.

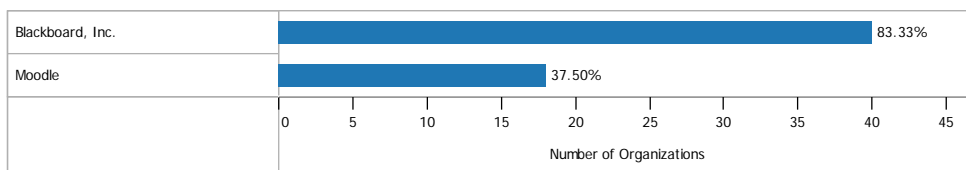


Figure 137 – Blackboard and Moodle marketshare in larger organizations with more learners impacted.

The fact that the total percentage numbers add up to more than 100% indicates that some organizations use both Blackboard and Moodle. We’ll explore this



overlap a little later on when we examine whether or not Moodle is the primary LMS within an organization.

Moodle within Corporations

While the Guild’s marketshare findings show some penetration by Moodle within large corporations, our initial findings of Moodle’s use within small and medium corporations suggest that Moodle *may* be the dominant player, as shown below.

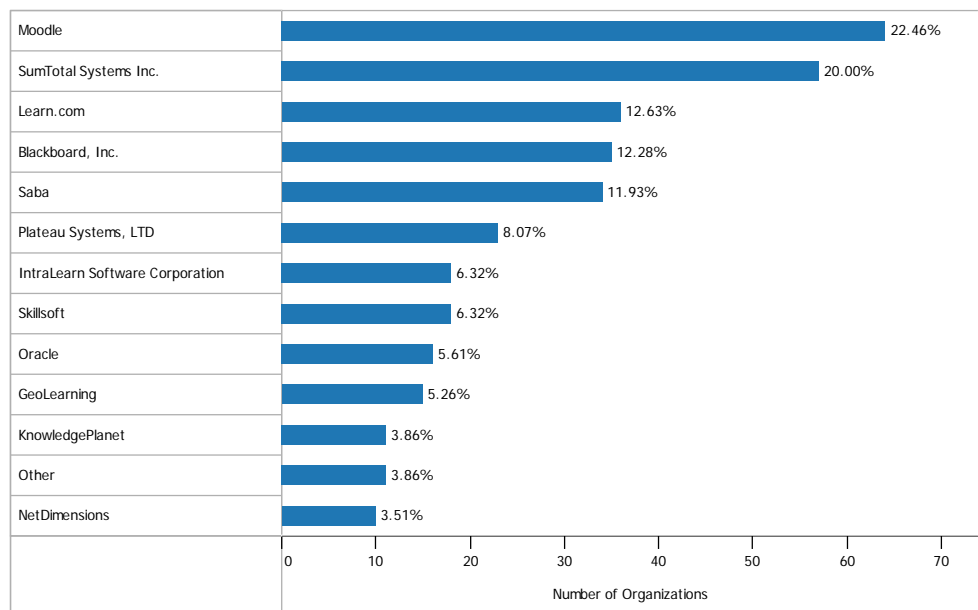


Figure 138 – LMS Marketshare for organizations with fewer than 5,000 employees and fewer than 5,000 learners.



If we change our filter settings to show only those organizations with between 101 and 5,000 learners, and change the number of learners impacted to only show 1,000 to 4,999, Moodle’s marketshare decreases significantly, as shown below.

Filter: Total Company Size

- a) 1-20
- b) 21-50
- c) 51-100
- d) 101-500
- e) 501-1,000
- f) 1,001-2,000
- g) 2,001-5000
- h) 5,001-10,000
- i) 10,001-49,999
- j) 50,000+

Filter: Learners Impacted

- a) 0 - 999
- b) 1,000 - 4,999
- c) 5,000 - 9,999
- d) 10,000 - 24,999
- e) 25,000 - 49,999
- f) 50,000 - 99,999
- g) 100,000+

Use Guild Research’s interactive online analytics to filter just the information you want.

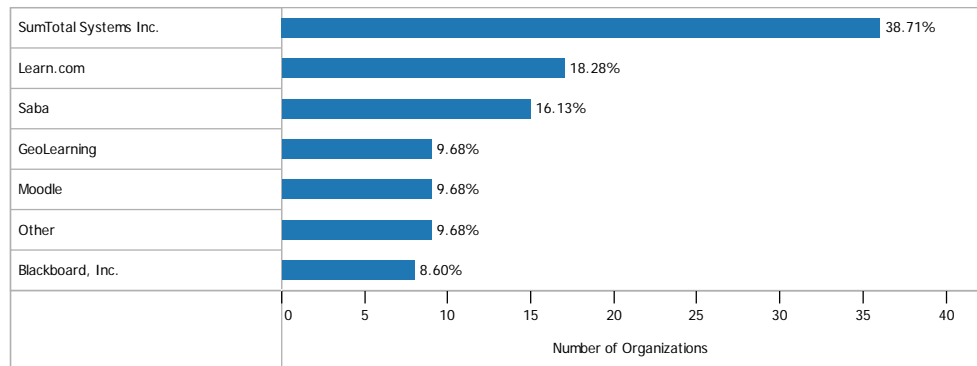


Figure 139 – Moodle marketshare in slightly larger organizations with more learners impacted.

Finally, in the Guild’s Survey on Learning Management Systems we ask Guild members (many of whom use more than one LMS) to tell us what their primary LMS is. While 7.66% responded “Moodle,” in corporations with more than 100 employees and more than 5,000 learners impacted, only 1.05% of members indicate that Moodle is their primary LMS.

Our conclusion is that while many members are experimenting with or using Moodle, Moodle is not doing much “heavy lifting” in corporations.

At least not yet. Ten years ago people weren’t doing much with Linux, either, but the attractiveness of that OSS solution did reach critical mass in the corporate sector. So let’s see what OSS – and Moodle – has to offer.

Opening the Open Source Software Gate to Achieve More for Less

It is hard to predict the future, but many of today’s programmers who are part of a rapidly growing global community of highly motivated volunteers may be changing the world, especially how we buy, use, and support software today. There is a movement going on, and it is no longer underground. OSS in the form of Learning Management Systems has already deeply penetrated higher education, and it’s starting to make inroads in the corporate sector.



Over the past few years, software development has raised OSS from obscurity, criticism, and skepticism to enthusiasm and productive use by millions around the world. OSS is a collective name for software for which the source code is freely available and distributed. In contrast to proprietary or commercial software, OSS is source code that is made available to the public, allows anyone to copy, modify, and redistribute the source code without paying royalties or fees, and evolves through community development, contribution, and cooperation. The Open Source Initiative (OSI) <http://www.opensource.org/> a non-profit corporation dedicated to managing and promoting the Open Source Definition, states that OSS will:

- Permit free redistribution
- Distribute source code
- Allow derived works
- Ensure integrity of the author's source code
- Not discriminate against persons, groups, or fields of endeavor
- Provide distribution of license

According to the OSI, the

“...basic idea behind open source is very simple: When programmers can read, redistribute, and modify the source code for a piece of software, the software evolves. People improve it, people adapt it, and people fix bugs. And this can happen at a speed that, if one is used to the slow pace of conventional software development, seems astonishing. We in the open source community have learned that this rapid evolutionary process produces better software than the traditional closed model, in which only a very few programmers can see the source and everybody else must blindly use an opaque block of bits.”

(Source: <http://www.opensource.org/>)

Critics suggest that open source software may be too risky to implement because it is not a proven product, and may be too costly to administer if it depends on a large pool of changing resources, hidden costs, and a need to manage evolving upgrades and patches. In other words, OSS can become just as inefficient as proprietary software if it is not a mature, well-tested product and if it is not managed appropriately, efficiently, and cost effectively.



People often tout many Open Source advantages, including less dependence on vendors, lower costs, ease of customization, and better security. In contrast, other critics suggest that OSS are too often works in progress, not ready for the mainstream desktop, and only suitable for niche markets of expert users with programming experience. If a particular OSS is not easy to use, does not have documentation, and is too feature rich, then it may not be ready for the mainstream user. Regardless of the extent to which these statements are true in general, there are several million enthused mainstream users who might disagree because of the many opportunities generated by the more popular and mature OSS applications.

Despite the criticism, around the world, governments are moving towards open source software, especially Linux, one of the most prominent examples of open source software. Since its development in 1991, Linux has grown in popularity to emerge as a powerful alternative to proprietary systems, and has received contributions from thousands of programmers. More and more government officials are changing to open source software. (source: <http://osddp.org/files/issues/White%20Paper%20Working%20Second%20Draft%202-26-05.doc>). “Worldwide, more than 75 IBM government customers – including agencies in France, Spain, UK, Australia, Mexico, the United States, and Japan – have now embraced Linux to save costs, consolidate workloads, increase efficiency, and enact e-Government transformation.”

As the then Mayor of Munich, Christian Ude, said in a speech in 2003, “ [we need to] control [our] technological destiny and do not wish to place the functioning of government in the hands of a commercial vendor with proprietary standards which is accountable to shareholders rather than to citizens.” (source: <http://www.mail-archive.com/clug-talk@calgary.linux.ca/msg06483.html>). In this highly independent move, the government’s computers now run on Linux.



Curious to know what “Moodle” means? The word Moodle is an acronym for “modular object-oriented dynamic learning environment.” It is constructed from “muse” and “doodle.” “Moodling is a process of creatively meandering through the various activities of a course-tinkering towards insight and creativity.”

What is Moodle?

Moodle is an increasingly popular course management system (CMS) offered as a free, OSS package with a long list of developers devoted to Moodle improvements. Moodle development started in 1999 by Martin Dougiamas. One might argue that where Linux was ten years ago, Moodle is today. The Moodle site (www.moodle.org) shown in Figure 140, states “There are 41 sites with more than 20,000 users. The site with the most users is moodle.org with 43 courses and 198,428 users. The site with the most courses is HSU Moodle with 12,288 courses and 42,121 users.” (source: <http://moodle.org/stats>). Supporters say that Moodle helps educators create an effective collaborative online learning community using sound pedagogical principles for a very low cost. It can be easily and quickly installed, can scale up to accommodate a large user base, and provides typical LMS features present in most similar commercial products. Moodle updates are common, the development community is very supportive, and its worldwide use is rising rapidly.

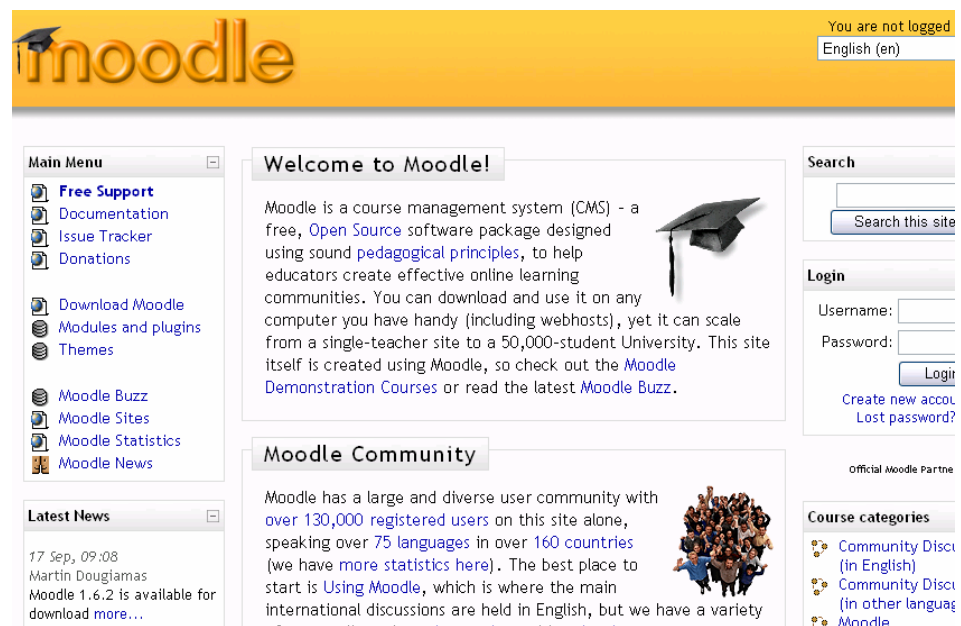


Figure 140 – Moodle Site at <http://www.moodle.org>



What are the Moodle Advantages and Disadvantages?

Advantages

Surveys describe a variety of advantages and disadvantages for using Moodle.

Advocates highlight important advantages, such as:

- Lower total cost for ownership
- Higher levels of security
- Peer review;
- Greater flexibility
- Ability to customize by modifying source code
- Auditability, and availability of the source code
- Technical support
- Updates and plug-ins

Many cite that the key advantage of Moodle is not cost savings, but rather reducing unwanted dependence on software vendors or vendor lock-in for maintenance. Governments cite security as a key issue. Others like various innovative tools that interface on the Moodle platforms. Advocates like the adherence to open standards and the promotion of interoperability, use of innovative plugins, and the support from worldwide online communities of practice with sophisticated resources and collaboration tools.

Many suggest that a large community of users fosters review, quality, reliability, accuracy, accountability, collaboration, and greater communication. Enthusiasts say that with a popular and mature Moodle, the breadth of resources available is so great worldwide that they can communicate with a developer or download a patch at any time of day. Like other worldwide developments, Moodle is helping the world set, follow, and maintain standards. Others suggest that Moodle developers are leading the way in e-Learning technology innovation because they can work as a community with common interests and foster collaboration in the pursuit of knowledge sharing and rapid development with shared code.

In an interview with The eLearning Guild, Martin Dougiamas (Moodle's founder and lead developer) discussed accountability.



Please see page 218 for the complete interview with Martin Dougiamas.

“There is this layer of accountability in that any time a coder goes into Moodle, you’re accountable to the whole community. The source is open. If you put something in the source code that is wrong or causes cancer, then everyone can see it. Everyone can see who did it. Everyone can see exactly when and how it was done because we’re completely transparent. Every single change to the code is documented and available. So, there is this accountability and it creates a self-supporting situation where we’re all accountable to each other and it forces a very high level of honesty and accountability.”

Disadvantages

In contrast, Moodle critics claim many of the same open source criticisms discussed earlier. For example, Moodle is not quite “enterprise ready,” nor able to support “mission critical” programs. Some suggest that Moodle is not really free and is only as good as the expert support available. Other common criticisms include that Moodle lacks:

- The ability to integrate with human resources or enterprise resource planning systems
- The ability to integrate well between student administration systems and Moodle student information
- The ability to support specific and complex business process models
- The ability to use a distributed administration model to support multiple “schools” and “departments”
- The polished look of proprietary software, and has a flat structure for organizing and navigating learning materials
- A sophisticated grade book, e.g., it cannot assimilate assessment data and store it in external administration systems
- Efficient use of space, e.g., a fixed block at the top that wastes valuable screen “real estate”

Additionally, an open source license intimidates corporate selection, implementation, and use.

Additional discussion about possible disadvantages can be found in “Moodle Myths, Misconceptions, and Facts” on page 190.

In this approach, learning is viewed as much a social process as an individual one where people learn together by investigating, analyzing, collaborating, sharing and reflecting. Perhaps this is a key reason why it has such a rapid



How Does Moodle Enhance Teaching and Learning?

At its core, Moodle is educational software grounded in a philosophy of collaborative learning, often referred to as social constructionist pedagogy. In this approach, learning is viewed as much a social process as it is an individual one, where people learn together by investigating, analyzing, collaborating, sharing, and reflecting. Perhaps this is a key reason why it has such a rapid uptake among the educational community.

Moodle has been build with core elements and tools that encourage people to learn and develop understanding together by embodying pedagogical principles:

- Effective learning takes place when learners are actively engaged in constructing knowledge (i.e., creating or doing), rather than passively reading or viewing;
- An inquiry and discovery based approach is an effective way to learn;
- Students learn better with supplemental materials;
- Observing and interacting with our peers and the community is also crucial for learning;
- In such collaborative environments participants are potentially both teachers and learners at the same time;
- The learning environment needs to be flexible and adapt itself quickly to learner needs, and
- Creativity and innovations are sparked when everyone has an opportunity to contribute and exercise voice.

The organization of Moodle's interface is around the learner and the learning tasks, and not technology and the tools. As an organizing framework, it offers a choice of three different course formats to cater to a variety of e-Learning experiences. For example, you can organize your course materials using the traditional Topic format, or a Weekly format, in which you organize content chronologically week-by-week, or even a Social format, which is less formal and more discussion-focused.

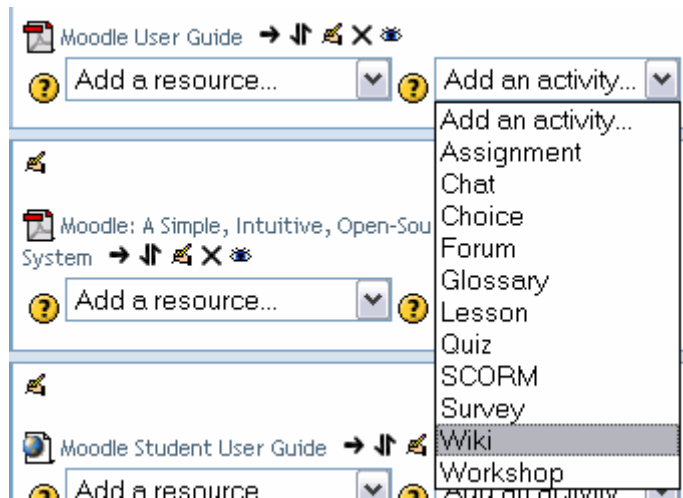


Figure 141 – A list of collaborative Moodle activities.

In terms of features, Moodle has all the standard features of LMSs that support a content-driven learning model (i.e., tools for course structuring, presenting text and multimedia, interactivity, quizzes, and assessments). Figure 141 shows a partial list of available collaborative activities. In addition, Moodle provides a suite of tools to promote interaction and social networking among people by sharing ideas, collaborating in small groups, discussing, and reflecting on experiences (and thereby meets the pedagogical principles summarized in the earlier paragraph). Discussions and dialogues are at the heart of effective online courses, and Moodle supports these through three standard channels of communication: Discussion forums (an asynchronous, public way of sharing thoughts), Chats (a more immediate and simultaneous conversation with groups), and Dialogues (a private channel between two or more people). Moodle, drawing on Web 2.0 scenarios, also promotes new channels of collaboration, such as:

- Journals to encourage participants to reflect on the course and content, to experiment in a safe haven, and to stimulate deep thinking and learning;
- Wikis as a simple, flexible way to create products (e.g., group lecture notes, papers, contributions to other wikis) collaboratively;
- Glossaries that learners create collaboratively to internalize the vocabulary of the field and negotiate their meanings, and
- As a hub for sharing, via RSS and other forms such collaborative works created by learners via blogs, videoblogs, and Podcasting, of shows created by students.



A third example of how learning can be enhanced using Moodle is by its ability to provide timely feedback and responsiveness. This addresses an important criticism of e-Learning compared to traditional face-to-face classrooms. Moodle allows teachers and students to provide both quantitative (via grades) as well as qualitative (via scales that can be customized) feedback for nearly all activities and modules. For example, the Assignment module (in which learners can upload their work in any file format), allows the instructor to provide detailed comments in text as well as audio formats. This is true of Journal and many other modules, in which feedback can be restricted or made accessible to all participants.

In addition to the educational value outlined above, like other education/learner-driven open-source systems, Moodle catalyzes a passionate and active developer community. The developers and educators are continuously innovating and adding features to enhance teaching and learning. While a core team of developers are in Perth, Australia, contributing developers are located around the world. The bottom line: tools are abundant in Moodle, but what is equally important to teach effectively using Moodle is willingness on the part of the teacher/facilitator to own and use the pedagogical principles described earlier. This approach entails a shift to focus on the learner and learning as a social process. Also, this would include a shift from being a “teacher” to a “facilitator,” as well as a shift from being just a “source of knowledge” to being an influencer and role model of class culture (M. Dougiamas).

If you want to find out more about Moodle, you can take a Moodle Features Demo course that provides examples of activities and resources at: <http://learn.newcurioshop.com/moodle/>.

Moodle Selection

In selecting Moodle you will want to follow the same rigor as you would in evaluating any vendor proposal to ensure that you choose a mature, robust product – one that has a good reputation; documentation, and a polished GUI; is an ongoing effort supported by a highly motivated, expert community; and that follows recommended worldwide standards.

The selection criteria for Moodle are similar to those developed for other proprietary or open source Learning Management Systems. Functionality, usability, configurability, interoperability, support, quality, security, performance, scalability, architecture, etc., are all important considerations.



Additionally, two organizations have provided helpful selection models for open source software, including:

- The Open Source Maturity Model™ (OSMM) – a formal process to assess the maturity level of open source software. Developed by Navica, the OSMM is itself open source, freely available for any organization to use in their open source work. (source: <http://www.navicasoft.com/pages/osmm.htm>).
- The BRR Evaluation Model (BPR) – it involves four steps: a quick assessment to draw up a short list of software packages to evaluate; the ranking and weighting of the selection criteria; data gathering for each criteria; calculation and publication of results. (source: <http://www.oss-watch.ac.uk/resources/brr.xml>)

During the evaluation and selection process, remember to take the time to clarify all conditions in the OSS license for use. The opensource.org site provides important information about OSS licenses. It is a good place to start learning about Moodle licenses and how the Open Source Initiative will certify software to attest that it is really open source software. The site lists approved licenses based on the communities' approved Open Source Definition. Most Moodle developers use an existing widely-used license compatible with the General Public License (GPL), such as the LGPL, MIT/X, or BSD-new licenses. The GPL is intended to ensure that all the released improved versions be free software. The American Bar Association provides another good source of information at: <http://www.abanet.org/intelprop/opensource.html>. Some say the key risk of using Moodle is potential liability for intellectual property or patent infringement. They suggest that

“...companies looking to build a business on open source software also need to consider the problems associated with creating derivative works. Some open source license forms, such as the GPL, require licensees to provide free copies of their derivative works in source code form for others to use, modify, and redistribute in accordance with the terms of the license agreement for the unmodified program. This licensing term is advantageous for the free software community because it ensures that no for-profit company can “hijack” the code base from the community. On the other hand, this licensing term makes it very difficult for companies in the commercial software business to use such open source software as a foundation for a business.”



Resources for Moodle Selection

- A Guide to Investing in Proprietary, In-House or Open Source Software and Services
[http://www.insight.strath.ac.uk/projects/sw_services/index.htm]
- LMS Pilot Report (Moodle)
http://www.isu.edu/itrc/resources/LMS_Pilot_Report_FINAL_Fall06.pdf
- The Open Source Maturity Model
<http://www.navicasoft.com/pages/osmmoverview.htm>
- TechWorld article about BRR
[<http://www.techworld.com/applications/news/index.cfm?NewsID=4137>]
]
- An example of BRR used to compare Moodle and Sakai
[<http://zacker.org/taxonomy/term/15>]
- The Open University VLE – a presentation by Niall Sclater
[<http://www.oss-watch.ac.uk/events/2006-04-10-12/presentations/niallsclater.pdf>]
- SourceForge [<http://sourceforge.net/>]
- Edu Tools Product Comparison Tools
[http://www.edutools.info/item_list.jsp?pj=4]
- Selecting, Integrating, and Extending Learning Management Systems, Part 1 [<http://www.elearningguild.com/pdf/2/071105mgt-H.pdf>]
- Selecting, Integrating, and Extending Learning Management Systems, Part 2 [<http://www.elearningguild.com/pdf/2/080105mgt-h.pdf>]

Moodle Implementation

Implementing Moodle is often cited as being easier and quicker than most commercial LMSs. However, a Moodle site implementation still requires a comprehensive implementation plan, and a team who has the knowledge and skills to implement an e-Learning environment that provides ample opportunities for the students, staff, and faculty to collaborate. The Resource Directory on the Guild's Web site provides many resources to help implement learning



management systems. These guides are also relevant for Moodle implementations.

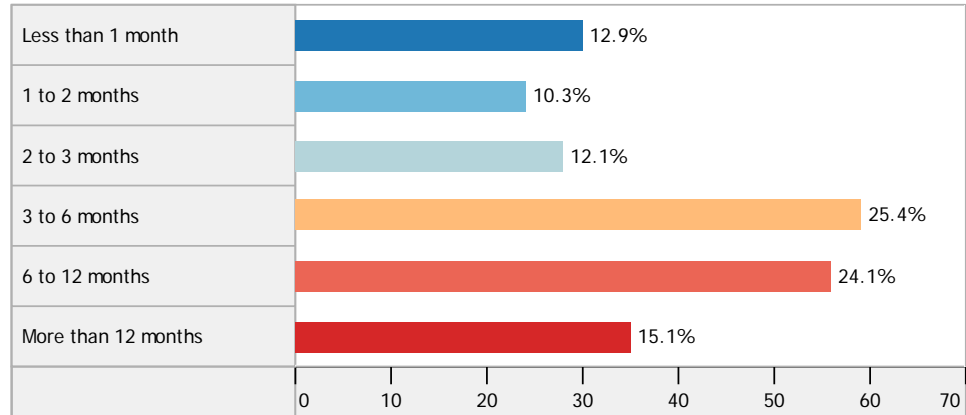


Figure 142 – Time to install and configure an LMS for 1,000 to 9,999 learners (all LMSs, all industries, and all company sizes).

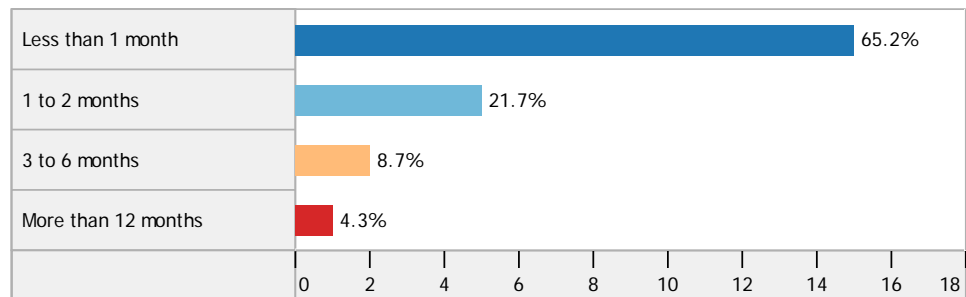


Figure 143 – Time to install and configure Moodle for 1,000 to 9,999 learners (all industries, and all company sizes).

Resources for Moodle Implementation

- Moodle Implementation Plan for Roles
[<http://moodle.com/development/plans/roles.html>]
- People’s Guide to Teaching and Learning
[<http://www.zimbio.com/portal/Innovative+Learning+and+Teaching>]
- Enterprise Learning Management System – Implementation Plan
[http://www.hrm.state.pa.us/oahrm/lib/oahrm/applications/lms/e-lms_agency_questionnaire.doc]



- Selecting, Integrating, and Extending Learning Management Systems, Part 1 [<http://www.elearningguild.com/pdf/2/071105mgt-H.pdf>]
- Selecting, Integrating, and Extending Learning Management Systems, Part 2 [<http://www.elearningguild.com/pdf/2/080105mgt-h.pdf>]
- Using Moodle in the Workplace [<http://moodle.org/mod/wiki/view.php?id=6113>]
- Noteworthy Business Sites [<http://moodle.org/mod/forum/view.php?id=2584>]
- Business Uses Course [<http://moodle.org/course/view.php?id=52>]

Moodle's International Influence, Appeal, and Acceptance

Moodle, within its short existence has already attracted a large and diverse user community – over 21,697 sites using over 75 languages in over 160 countries. Figure 144 graphs the number of downloads per month. Current statistics indicate that there are 3000 Moodle downloads a day from institutions all over the world (source: <http://www.moodle.org>). Its international appeal is obvious because it has the potential of creating cost-effective online learning communities throughout the world; in rich and poor countries alike. Moodle's popularity also stems from the academic community's values of freedom, peer review, and knowledge sharing.



Moodle downloads

Downloads per month

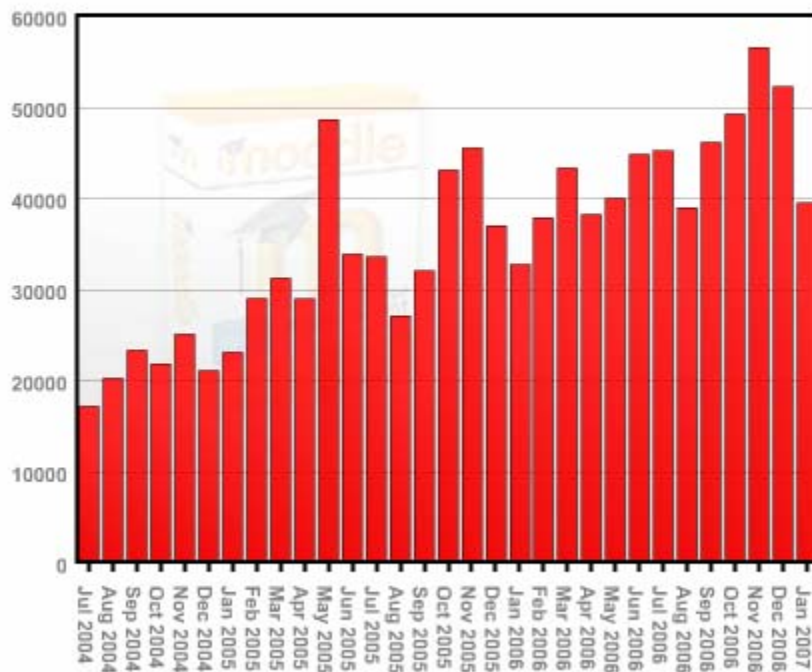


Figure 144 – Moodle sites downloaded.

Worldwide, as can be seen from the map in Figure 145 below (source: <http://www.moodle.org/sites/>) there are more than 6000 institutions using Moodle, among the large installations are the Open University of the UK, San Francisco State University, La Universitat Politecnica de Catalunya in Spain, Canada’s Open University, the Open Polytechnic of New Zealand, Beijing Institute of Technology, Université de Rennes 2 - Haute Bretagne in France, CITI-CoRD – University of Rome La Sapienza in Italy, Dublin City University, the University of Iceland, and a number of other European Universities in Germany (including Humboldt University in Berlin), Japan, the Middle East, South and Central America, etc. Moodle adoption is growing dramatically; live statistics on the numbers of sites, users, courses, teachers, enrollments, etc. are available at <http://moodle.org/stats/>.

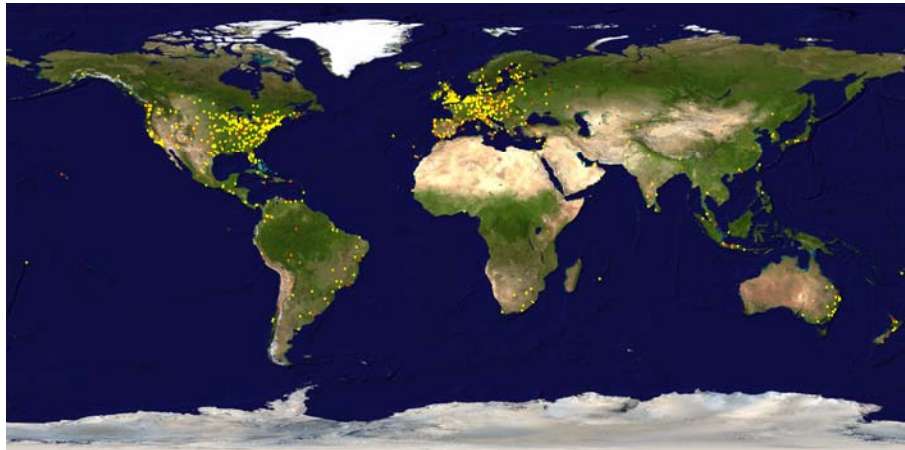


Figure 145 – Moodle sites worldwide

Worldwide institutions are deploying Moodle sites on a very large scale. A good example of a large Moodle implementation site is the Open Polytechnic in New Zealand. They have deployed Moodle across 20 higher education institutions and 10 secondary schools (source: <http://cdc.humboldt.edu/moodle/mod/netpublish/view.php?id=4§ion=12>). Their site appears at: <http://campus.openpolytechnic.ac.nz/moodle/>.

A list of the 21,942 worldwide implementation sites from 171 countries appear at: <http://moodle.org/sites/>.

In the UK, according to government-funded OSS Watch Survey, Moodle is now the LMS of choice for 56% of UK institutions. Recently the Open University has announced a \$7.59m OpenLearn initiative that offers 900 hours of e-Learning available on their new Moodle platform for over 180,000 students (see box below). Canada's Open University, Athabasca University has switched to Moodle for developing an effective learning management system that serves over 30,000 users for eleven undergraduate and graduate courses. Similar developments have taken place in several countries ranging from New Zealand to Iceland, from China to Spain as a means of minimizing costs while maximizing reach.

So, what is the source of Moodle international appeal?

Globally facilitates e-Learning – The international community interested in economic development has been particularly concerned about a perception of a growing “digital divide” between the poorest of developing countries and the



rest of the world. This has arisen because the benefits of information and communication technology (ICT) do not reach large groups of populations because the country’s Internet infrastructure (such as, the availability of high speed Internet that can transmit voice, image, and other data) is inadequate. For example, in the poorest countries, both lack of access to personal computers, and slow speed of Internet access limit wide access to knowledge and learning.

An additional constraint has been the cost of e-Learning software. Under existing business models an institution would have to spend between \$20,000 and \$100,000 to purchase the LMS, including annual license and support fees. For many educational institutions in developing countries these one-time and recurring costs are prohibitively expensive. Moodle, by contrast is free, and available for easy download by any institution, large or small. Its attractiveness is therefore obvious – it opens up learning for all. As shown below in Figure 146 and Figure 147, when Moodle is the LMS of choice, costs per learner come down dramatically for organizations that have large variability in LMS spending, and support large number of users.

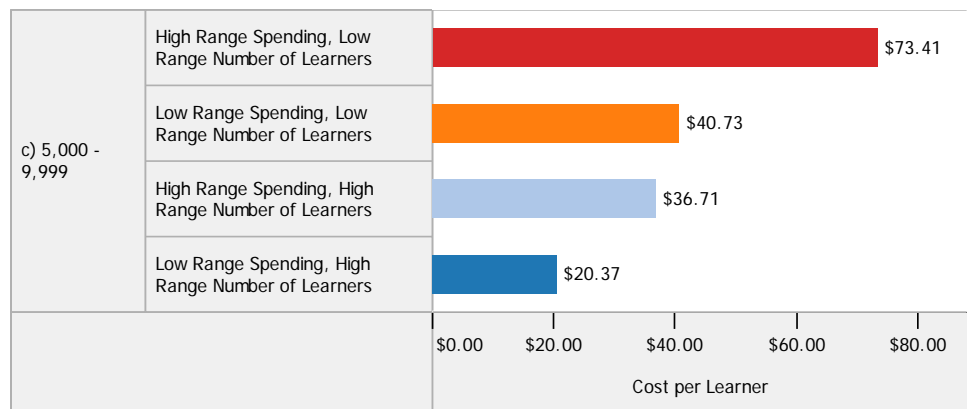


Figure 146 – Average initial costs to acquire, configure, and customize a Learning Management System for 5,000 to 9,999 learners (All LMSs across all industries and company sizes).

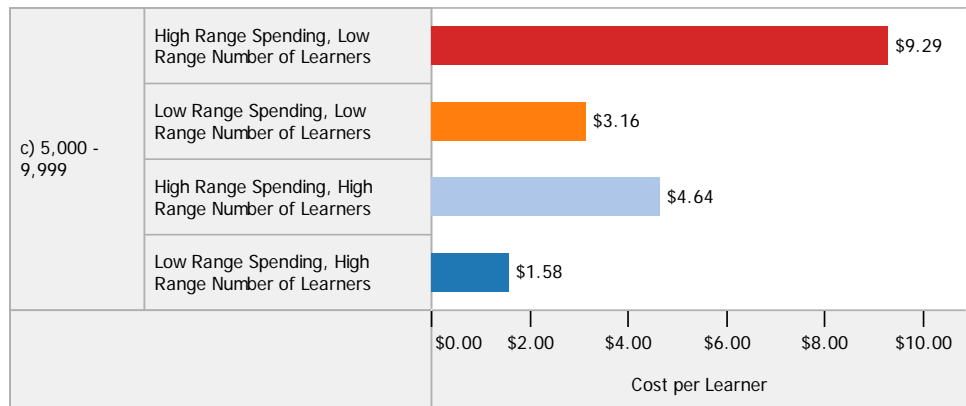


Figure 147 – Average initial costs to acquire, configure, and customize Moodle for 5,000 to 9,999 learners (all industries and company sizes).

Available in 75 languages – Another reason for international appeal is that Moodle is currently available in 75 languages, thereby greatly increasing the reach of the LMS to educators around the globe. Anyone (students and teachers alike), can choose to view a Moodle site in a different language simply by selecting it from drop-down menu on the upper right corner of the screen (see Figure 148 below). For example, if you selected Chinese, the interface of the site (i.e., menus, tabs, and other labels) will change into that language. The community with 1.5 billion of Chinese-speaking Moodle users would grow – just as it has in English, French and other languages – and through this access to learning get enhanced, based on the local preferences. Note that when switching languages, the interface changes to the language of choice. However, Moodle does not translate the content itself, and any user-generated content remains in the language it was entered in.

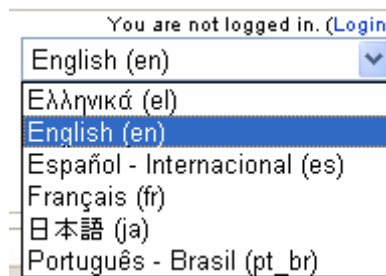


Figure 148 – Moodle multiple language capability

Setting e-Learning standards – Moodle is helping the learning world set, follow, and maintain standards for the development, delivery and evaluation of e-Learning. It addition to adhering to standards for authentication and enroll-



ment, Moodle supports popular content packaging standards, such as SCORM (Shareable Courseware Object Reference Model) and AICC (Aviation Industry Computer-based training Committee) which greatly simplify the sharing of e-Learning course materials. The big advantage is interoperability and support for the reuse of content from different sources, multiple vendors, and hardware/software solutions, allowing developers to exchange data using open industry standards. Moodle developers are leading the way in e-Learning technology innovation because they can work as a community with common interests, and foster collaboration in the pursuit of knowledge sharing and rapid development with shared code.

To sum up, as stated by Jason Cole, (of Open University and author of the O'Reilly book, *Using Moodle*), "...truly open education for a global audience, will require a combination of open content and open source software which will provide unique opportunities for educational institutions. The next generation of content repositories and Moodle tools will provide the opportunity to begin to truly integrate open content and open source."

Moodle Myths, Misconceptions, and Facts

When any product has such phenomenal uptake as Moodle has experienced in the past year, many would naturally voice caution before their organizations consider adopting Moodle. The box below summarizes these concerns.

Worries about adopting an Open Source LMS

- Is Moodle really free or are there some hidden costs?
- With Moodle, are we really on our own – no support, training or documentation? Can we afford to take this risk with mission-critical applications?
- Do we need PHP developers and other technical staff in-house to support Moodle?
- What is the guarantee that Moodle won't be put under license in the long run?
- Is open source software, such as Moodle, full of bugs and is it a security risk?



- Do we give up intellectual property rights to our content by using Moodle?
- Is Moodle appropriate for large institutions like mine?
- Is it worth the hassle of migrating courses already on another LMS to Moodle?

Is Moodle really free or are there some hidden costs?

There is often a misconception that Moodle is free, but this is not entirely true. Unlike expensive commercial systems, with Moodle, there is no license cost. Moodle costs nothing to download and install on as many servers as you want. No one can terminate a license, increase the license cost, or make you pay for upgrades. No one can force you to upgrade, adopt features you don't want, or tell you how many users you can have. However, with Moodle, as well as with commercial LMSs and other software platforms, you will still incur costs for hosting, administration, support, training, and content development and delivery (see cost comparison on page 188.)

The general experience of institutions using Moodle is that it costs less to operate than a proprietary LMS. Art Gloster, VP of information services, at Bryant College (RI), recently conducted an in-house study and found that the total cost of ownership (TCO) for open source solutions was roughly 20 percent lower than the TCO for more traditional technologies. For Bryant College, the big savings came in the form of maintenance.

Many institutions experience equally large savings in the area of licensing fees, as well as expensive upgrades to software. John Barry Walsh, Director of Indiana University's Information Systems calls this vicious payout cycle "the upgrade carousel," and notes that with open source, his school was able to save significantly by avoiding it altogether. "Upgrading is the most costly and disruptive aspect of vended systems," he says.

With Moodle, are we really on our own – no support, training or documentation? Can we afford to take this risk with mission-critical applications?

This concern takes other forms, such as:

"If the software is free, e.g., Moodle, it does not come with service and support."



“There is virtually no support except from a community that may or may not be willing and able to help”

Without any revenue stream, what is the incentive for Moodle promoters to keep up the same momentum?

Not entirely true because Moodle has succeeded in creating a community of users who support each other. Free, high quality, technical support is available from the global user and developer community, available through the “Using Moodle course” on moodle.org. This forum provides an effective venue to discuss ideas, troubleshoot, and solve problems. However, to ensure that you get 24x7 support with a guaranteed response time, you could also contract with an authorized Moodle Partner (<http://moodle.com/partners/>). Moodle.com is the commercial side of Moodle and it consists of a network of about forty companies. They also provide Moodle services such as hosting, consulting, installations, training, and customization around the world. They normally pay a royalty on their revenue and that goes into the Moodle trust, which pays for core developers. The community of Moodle support practitioners is also large and rapidly growing. In terms of training and documentation, there is good (and expanding) documentation available online (www.moodle.org) provided by the user and developer community. On this site there are forums and discussions, a documentation Wiki where people are documenting things past and present and future, and an issue tracker for keeping track of new ventures, bug reports, and suggestions. The Open University’s Jason Cole has written an excellent introduction to Moodle for teachers, available as a book (<http://www.amazon.com/gp/product/0596008635/>) from O’Reilly. In addition William Rice has written a book *Moodle E-Learning Course Development* (<http://www.packtpub.com/moodle/book>) available from Packt Publishing. Most users find the Moodle interface intuitive, and this helps reduce the training requirements.

Do we need PHP developers and other technical staff in-house to support Moodle?

Anyone running an enterprise-level LMS of any type, commercial or open source, must have some technical staff that is familiar with computers, Web, programming languages, and databases. Such staff can debug problems, handle upgrades, and design appropriate server configurations for your user load. Currently, there are plenty of institutions running Moodle, without any php developers on staff. For smaller installations, and especially for those running the standard version of Moodle (out of the box), the dependence on technical



staff is much less. However, if technical support is an issue, you do not have to run Moodle in-house, others can host it. You can use one of the Moodle authorized partners or commercially hosted Web sites to host/manage Moodle for you.

What is the guarantee that Moodle won't be put under license in the long run?

Martin Dougiamas has stated on record that he is committed to the open source philosophy, and that Moodle will always be free and under the GPL. If for some reason, this does not hold true, since Moodle's source code is public, the global community could take the latest GPL code and continue development from there.

Is open source software, such as Moodle, full of bugs and does it pose security risks?

Another common concern from IT colleagues is that using Moodle can be riskier than proprietary software because the application is neither mature nor well tested. There are fears about problems with ensuring security, or establishing liability if something goes wrong or something does not work. Moodle software may actually be more secure and reliable because of the extensive peer-review process. Since there is an active community (consisting of thousands of programmers worldwide) that is refining the source code continually, bugs and security vulnerabilities should be detected early. Abel of IMS says "It seems counterintuitive: You'd think that if something is open source, it must be easier to exploit. That's not the case, though. Open source solutions, such as Moodle have proven to be some of the safest out there today, and this has become a huge selling point that has convinced higher education to embrace them."

Do we give up intellectual property rights to our content by using Moodle?

While one should always read the fine print, the provisions of open source licenses affecting free redistribution and source code do not apply to content authored with those products.



Is Moodle appropriate for large institutions like mine?

UK's Open University's recent adoption of Moodle as their LMS for over 180,000 students is a testimonial that Moodle can support very large installations effectively. Moodle is scalable and supports small, medium, and large installation, allowing for the growth of users, content, and functionality as e-Learning in an institution evolves.

Information on other large institutions worldwide running Moodle is available on http://docs.moodle.org/en/Large_installations

Is it worth the hassle of migrating courses already on another LMS to Moodle?

Migrating from one platform to another is not an easy task. Moodle supports the importation of content in a wide range of standard formats, including SCORM, Blackboard, and WebCT questions etc. However, even if you have used the import utility to bring the content over to Moodle, considerable time and effort needs to be spent in formatting the course to utilize the features of Moodle before creating an effective online learning environment. So the short answer is that the migration of content is not seamless, and needs systematic planning, with some resources set aside for course conversion into Moodle's formats. However, pedagogically, many can gain from moving from a traditional LMS to a social, collaborative environment, such as Moodle, which is learner-centered. From a financial perspective, you can quickly recoup the costs involved in migrating courses to Moodle and training of faculty through savings on license fees.

More Moodle Resources to Enhance e-Learning Solutions

List of Moodle Developers – <http://docs.moodle.org/en/Credits>

Moodle Demonstrations – <http://moodle.org/course/category.php?id=2>

Moodle Magazine – <http://playpen.monte.nsw.edu.au/newsletter/>

Moodle Downloads – <http://download.moodle.org/>

Moodle Documentation – http://docs.moodle.org/en/Main_Page

Moodle User Guide – <https://maysportal.tamu.edu/blocks/mays/student-guide.pdf>



Moodle: A Simple, Intuitive, Open-Source Course Management System – <http://adel.cs.westga.edu/acmmidsoutheast/moodleslides.pdf>

Moodle Student User Guide – <http://remote-learner.us/mod/resource/view.php?id=137>

Moodle Tutorial – http://www.drta.org/teaches/moodle_tutorial/main.pdf

Open University's Open Learn site with free content – <http://openlearn.open.ac.uk/>

Conclusion

Is Moodle and OSS an opportunity or a waste of time? Open source software is changing the way that future software will be created, sold, maintained, used, and distributed by community driven efforts. These changes will spill over into all areas of each user's world. Mature open source Moodle software offers important advantages, such as reducing costs and development time, increasing flexibility, and avoiding dependence on a single vendor. As explained by Martin Dougiamas in a recent interview, there are many instances in which "...just one person may decide to install it (*i.e. Moodle*) and run it for one department or one class, or one small organization, and it may be alongside their official organization, and it may be alongside their official learning management system."

However, nothing is ever really free and there are some risks associated with Moodle and OSS, especially possible liability issues that may need consideration. It is therefore important to study license agreements carefully, and to make a careful assessment of risks, features, and conditions associated with requirements and opportunities. One should always check whether the application is clearly going to meet needs in a more efficient and cost-effective manner.

Moodle continues to be work in progress; one which continues to benefit from the synergies generated by its community of practitioners. In the same interview, Martin Dougiamas recognized that the Moodle community provided many of the ideas to improve Moodle: "I don't feel that Moodle is anywhere near where it should be yet. For me, Moodle has a long way to go. There's a lot of things we still want to do. I've got years of work ahead of me, from my point of view. The fact that at this point it is good enough for what people need is great, but it's going to get even better."



For example, the focus of the next version will have a “...new grade book which will assimilate assessment data and store it in a new way for us and it makes it much easier to publish that data, push it out into the external systems.” Another focus for improvement is the ability to integrate with human resources or enterprise resource planning systems. If the Moodle community has its way, we have many improvements ahead of us.

While Moodle has tremendous popularity in educational and government sectors, corporate use is largely for departmental, divisional or experimental use. Moodle’s popularity and growing success with enterprise-wide users may encourage corporate Guild members, especially small-to- medium- sized corporations, to try Moodle as a viable alternative to a proprietary LMS. Perhaps sharing corporate experiences, comments, and suggestions may mobilize the worldwide Moodle programming community to add more features that are important for corporate use.



Notes from the Field: What LMS practitioners do and don't do

By Angela van Barneveld

Angela is a Program Manager in Education Services at a global Business Intelligence and Corporate Performance Management solutions company. Her experience in the learning industry spans academic, public, and private sectors. She has presented at several symposia and conferences, covering topics such as blended learning, learning objects, and mobile learning. Angela is pursuing a Ph.D. in Educational Technology at Concordia University in Montreal, and has been a member of The eLearning Guild Research Committee for several years.

You can reach Angela at angelavb@sympatico.ca.



Introduction

In February and March, 2007, Lance Dublin, Tony Karrer, and Steve Wexler interviewed two dozen e-Learning professionals who shared their trials and triumphs with learning management systems. In this section, we'll highlight some of their observations and recommendations so that you can duplicate their successes and avoid the failures.

Topics discussed included business drivers, audience, branding, number of users, requirements gathering, IT department involvement, the selection process, installation and configuration, and implementation and roll-out.

Common Problems, Common Goals

Our interviewees come from different sectors and use different LMSs. Interestingly, the challenges that they recount are quite similar, as are the lessons learned. All have been through at least one implementation of an LMS. Most cater to an internal, geographically-dispersed audience, providing learning to employees. Only a couple of our interviewees use the LMS to train an external audience, taking on the role of a service provider. The size of the audiences serviced ranges from 500 to 26,000 learners.



The issues that unite the practitioners fall into the following categories:

- Branding
- Host location
- Business drivers
- Requirements gathering
- IT involvement
- Selection process
- Vendors
- Installation and configuration
- Implementation and roll-out strategy

Branding

We define branding here as customizing the point of access or portal so that it reflects the look and feel of the organization – e.g., customizing the interface with proprietary graphics, and renaming the LMS.

- **Advantage:** Fosters ownership by users, and an ability to maintain the interface even when changing LMSs.
- **Disadvantage:** Dave Glow, Senior Instructional Designer at a major multinational financial institution advises that you only have one chance to make a first impression. If the roll-out strategy or usability of the LMS is poor, winning back the users will not only be a challenge, but you may need to re-brand the LMS.



Host location

The options to consider are whether you host the LMS in-house, or whether you decide to have the vendor host the LMS.

	In-House Solution	Hosted Solution
Advantages	System customization is much more controllable.	Vendor looks after support for, and maintenance of, the system (and is probably more responsive when problems arise), which lightens the load for your IT department.
Disadvantages	Adding the task of maintaining and supporting the LMS system to an already stretched IT department. Also, any vendor-upgrades to the LMS may require you to re-apply your system customizations, which could be time-consuming.	Customization of the system is less likely, since several clients would probably have to request the same change before the vendor may be willing to move on it.

Mark Prasatik, Training Administration Manager for Aegis Mortgage Corporation, prefers to have a hosted system where the vendor can give the system primary attention.

Business drivers

David Glow advises that you must have clarity from your management about why you are implementing an LMS; i.e., know what you need to track, how, and why. Jim Javenkoski, Director of Enabling Technologies for Learning at the National Restaurant Association Educational Foundation (NRAEF), concurs that you need to document business need, the potential solution, and desired outcomes. The most common drivers reported include: centralized user access, the need to launch e-Learning, registration, tracking and reporting, assessment and certification (especially in the regulatory industries as it is often required by law to be able to efficiently report to governing bodies on compliance certification).

“You need to apply project management to your LMS project.”

**Jim Javenkoski,
Director of Enabling
Technologies for
Learning, NRAEF**



Requirements gathering

There were different approaches to this; some organizations hired a consultant to gather requirements and develop a suitable list of vendors. Others had one department define requirements in isolation (training, HR). Recommendations include:

- Bring all the stakeholders to the table to identify requirements – common and discrete. Frank Nguyen, Emerging Technology Manager at American Express, indicates that this could include Training, IT, Sales, Operations, and HR.
- Clearly define requirements (both the must-haves and nice-to-haves), how you will weight them, and how you will evaluate them. This will help you differentiate between vendors, especially the large ones who sometimes appear to have identical offerings unless you know what you are looking for (words of wisdom from one of our Guild members who serves as a Learning Architect with a major financial institution).
- Define terms to make sure that all parties (you and the vendor) are on the same page. A Guild member recounts an incident where, only after they purchased and installed the LMS did he realize that what the vendor envisioned as a learning plan was not what his group envisioned.

David Ward, Manager of e-Learning Business within a health care association, described a detailed process for requirements gathering that began with the formation of a matrix team composed of stakeholders across the organization. This team not only defined requirements, but also defined and weighted detailed criteria for evaluating vendor responses. They listed these criteria in the RFP, and included costs, communication, responsiveness, problem resolution, project management, expertise, and technology. Angela Vazquez, an Instructional Design Manager at AMC Theaters, indicated that her organization had 18 pages of detailed requirements.

“We need to find an LMS that most closely fits the way we do business, the way we operate.”
David Ward, Manager of e-Learning Business at a major health care association



“We made a major mistake by not involving our IT department right away.”
Kris Schultz, Senior Department Training Specialist at a health insurance organization

IT involvement

This is a key issue – a major lesson learned reported by many of our interviewees, and goes hand-in-hand with gathering requirements. It is imperative to have IT involved in the whole LMS process from the very beginning. Only a few of our interviewees specifically mentioned that IT was involved early in the process.

- **Advantage:** There are only advantages to having the IT department involved early. They can determine the feasibility of implementation, identify which features will and won't work on your current technological infrastructure, identify any need for additional software or hardware, and verify how the LMS will integrate with existing systems. Jeff Trotter, an e-Learning application programmer with DENSO Manufacturing, mentioned that his IT group was able to assess the pros and cons of at least a dozen LMSs from a technical perspective. Kris Schultz, a Senior Department Training Specialist in the health insurance area indicated that, although the IT group was not involved in the first implementation of the LMS, the IT group was in from the get-go when they were looking to upgrade. Jim Javenkoski said that his IT group actually owned the LMS implementation project. To succinctly summarize the advice of all our interviewees – include IT.

Selection process

After defining the requirements, our interviewees suggested the following aggregate process.

- Put together and distribute an RFP (Request for Proposal) or an RFI (Request for Information). Distribution can be targeting to only a few vendors (e.g., those that are appropriate for the size of your organization) or be more widespread. A consultant can be engaged to identify suitable vendors, given the requirements.
- Evaluate different vendors. If working as a matrix team, evaluate responses individually and then come together for consensus.
- Create a short list
- Request product demonstrations (not PowerPoint slides)
- Request a sandbox version of the LMS contenders so that you can test the system against your requirements and the desired and expected functionality



“Take everything that vendor says with a pinch of salt – you need to know the questions to ask and how to ask them.”
Jeff Trotter, eLearning Application Developer at DENSO Manufacturing

Vendors

Mark Prasatik suggests that you need to have a good vendor relationship, and have vendors as strong partners. Great advice, and probably one of the hardest lessons learned put forth by our interviewees. The amount of advice offered here was substantial.

- Go beyond a checkmark-in-a-box or Yes/No questions with regard to functionality. Ask how a task is accomplished, and then try it or have it shown to you.
- You need to know the questions to ask and how to ask them.
- Vendor support comes up as an issue over and over. Pay attention to the product support offering of the vendor, for administrators and end users, including accessibility to support (24/7), ways of submitting requests, and promised response time.
- Go through discovery sessions to ensure that what the vendor indicates can be done can actually be done (although there are always things come up that you cannot anticipate in advance).

Installation and configuration

Since you have selected a vendor by this point, you need to define how and who will handle installation and configuration. Angela Vazquez says that the challenge will be data migration from your current system, as well as integration between current HRIS (Human Resources Information Systems) and the LMS. Also, because hers was a hosted solution, the vendor performed the technical configuration of the system. Erin Pearson’s organization had an in-house LMS, so the IT group configured the system. Jeff Trotter advises that this will always take longer than you expect.

For Mark Prasatik, making the LMS as intuitive and user friendly as possible was of great importance, so they worked with a vendor experienced in User Interface Design. The final design of the customized interface (Figure 149) was very well-received by the users.



ASK Training Network
AEGIS SHARING KNOWLEDGE
Logged in as: Burke Allen | Beta Review

Feedback Help Log Off

MY TRAINING

Courses

Gradebook

CLASSROOM SCHEDULES

View Locations / Dates

My Class Schedule

RESOURCES

Powerhouse Training Sites

Library

Change Password & Reports

My Training

Current Position: Beta Review

My Required Training

Course Description	Course Type	Course Status	Start Course	Drop Course
ALC Fundamentals of Credit Reports	Web Based	Incomplete		
GOV 002 Code of Business Conduct and Ethics	Web Based	Not Started		
Test Joan	Web Based	Not Started		

My Optional Training

Course Description	Course Type	Course Status	Start Course	Drop Course
Aegis Mortgage Academy Tutorial	Web Based	Not Started		
AFC BlackBerry Tutorial	Web Based	Not Started		
AFC Loan Qualifying Quiz	Web Based	Not Started		
AFC Product Guidelines	Web Based	Not Started		
ALC 7 Day Solution	Web Based	Not Started		
ALC Debt To Income Course	Web Based	Not Started		
ALC Down Payment Course	Web Based	Not Started		

LEGEND

- Start/Open Course
- Enroll in Course
- Re-enroll in Course
- Drop Course
- Drop Inactivated

Figure 149 – Customized curriculum/learning plan at Aegis Mortgage Corporation.

“The roll-out left a very bad taste in people’s mouths because there was no plan for letting people know that it existed, or for giving people training.”

Jeanne Bonzon, VJC Healthcare

Tony Karrer’s essay, “Selecting, Installing, and Configuring an LMS” on page 141, lists 10 ‘Gotchas’ and gives examples and suggestions for avoiding them.

Implementation and roll-out strategy

In essence, this is your marketing and training strategy – getting users excited and ramped up on how to use the LMS. Gabe Lewall, HR Training and Development coordinator for a mid-sized California-based telecommunications company reminds us that there is not only a learning curve on how to use the LMS, but also on how to be an e-Learner, and users need to be educated on both. Our interviewees recommend that you

- Get early buy-in from senior management. This includes actual physical use of the system.



“It’s about winning the battle for the ‘hearts and minds’ of the people impacted by the change the LMS presents.”
Lance Dublin, Dublin Consulting

- Market the benefits of the LMS.
- Have training available for users on how to use the LMS. This could be provided by the vendor or in-house.
- Consider rolling out in a limited scope with low-risk, high-success potential for learners and the organization. Try to make it fun and approachable.
- Do periodic satisfaction surveys with users.

Ideally, allot time for the planning of implementation, but that is not always possible as business pressures sometimes dictate an “up and out” approach. Dave Matheson, IT Training Manager at Air Canada Technical Services, recounted his challenge of having to migrate tens of thousands of regulatory records within two weeks, after being informed that their current LMS would be decommissioned. Although they managed the feat successfully with an incredible amount of support from the vendor, the communication training strategy could not be formulated in time, and the administrators had to ramp up quickly with the user guides and a sandbox area that mirrored the real system.

Lance Dublin’s essay “It’s about People: The Real Key to Success with your LMS” on page 157 provides valuable models and processes for implementing an LMS into your organization. He discusses four things to know about change, and presents a three-phase change implementation model.

Common Problem, Creative Solution

As e-Learning specialists, we know that some learning solutions are better when presented with rich media, and are usually delivered via CBT or DVD in order to avoid connectivity and bandwidth issues that one may find with a Web-based solution. In fact, a large percentage of Guild members who responded to the Immersive Learning Survey indicated that they deliver their content via CBT. The problem is that it is difficult to track CBT/DVD progress or completion in an LMS. How do you integrate a CBT or DVD into a LMS? Uday Kranti, Business Solutions Architect at Liquid eLearning Services (<http://www.liquid.com>), shares with us a creative solution to this problem.

A product developed by Liquid eLearning Services, WebROM, can run rich-media content off of a local CD-ROM or DVD-ROM, yet retain the connectivity to the LMS, thereby facilitating tracking. A module connects with the LMS for authentication and then, at milestones within the learning, exchanges data



with the LMS. This is comparable to the parameters that are exchanged with AICC or SCORM. Just as an LMS can have AICC APIs and SCORM APIs, so can it have the WebROM API that enables this sort of connection to the LMS for tracking of learning that occurs on a CBT or DVD, and mitigates the connectivity and bandwidth issues. For more information, you can contact Uday at uday.kranti@liquid.com.

The Words of Wisdom: If only I knew then what I know now

We draw your attention to the advice most frequently mentioned by our interviewees and, if you remember nothing else but these points, you'll be starting off well.

- Engage the IT group from the very beginning.
- Clearly define your requirements.
- Test, test, test vendor products against your requirements before you buy.

When asked what other advice they have for Guild members who are or who may be involved in an LMS implementation, the interviewees offered up the following words of wisdom.

- Do your due diligence. You need to be an informed consumer of your business needs and processes, and insist on seeing proof of what vendors are promising by vendors. Don't go into it with your eyes closed.
- Always keep the business need in mind. Be a business person that happens to have e-Learning as a specialty, not an e-Learning specialist that has to put up with the business people.
- Don't forget to ask IT if there are any changes planned to the corporate IS environment.
- Know your requirements – know what is going to work in your environment and your culture before bringing any vendors to the table.
- In particular, focus on your own unique business requirements and processes.
- Make sure the LMS supports the way you do business, and that you do not adjust the way you do business to conform to the LMS.

“For those who are new to LMS, try out some of the free tools out there – or low-cost tools bought on a very limited scale – to get an idea of what you really want out of a system (e.g., Moodle, Scribe Studio).”

David Glow, Senior Instructional Designer, multinational financial institution.



- Involve IT early. It's critical to have someone on your team looking at the different vendors in the way that comes with an IT background.
- The key to making good decisions is getting our IT people involved early in the process and relying on their established relationship with software vendors to help us through some pitfalls.
- Test for interoperability if you are using more than one LMS.
- When you're building content, make sure it is standards-based.
- Make sure your content lives, functions, and operates within LMS – SCORM compliance is a must, but not a guarantee. Ensure the LMS supports the standards you are using.
- Database design is critical to ability to report and to the quality of your reports.
- Look for help in setting up your groups, your curricula, your assignments.
- Try before you buy – not on paper or in theory, but with actual hands-on practice.
- Have a return policy with the vendor – a “parachute clause” – that should extend beyond a pilot phase into actual implementation, when end users have the chance to test drive and see how requirements are being met.
- Have the vendor host – when system issues arise, it eliminates the question of “Is on our side or yours?” It's always on the vendor side, and it empowers them to be more responsive.
- There will be costs that you don't anticipate, so have a buffer in the budget, especially if you've never been through this before.
- Go to an industry show before starting an RFP – any place that has vendors, and lots of them.
- Industry reports are good guidelines, but don't put too much stock in them without actually looking at what it means for your organization.



Interviews

The interviews in this section present a fascinating study in similarities and contrasts among senior executives from eight of the most popular suppliers of LMS tools and technologies. Everyone we interviewed was passionate, competitive, and dealt frankly with difficult questions; they also had strong opinions about The eLearning Guild's market share and satisfaction results, and did not shy away from questioning whether a competitor's product deserved to be in the same "space" as their product.

In this section you will see

- Why Learn.com, Plateau, Saba, and SumTotal think an integrated package from a single vendor is the way to go;
- Why GeoLearning thinks their approach makes more sense;
- How SkillSoft's SkillPoirt is often the primary LMS in an organization;
- Blackboard's strategy for further penetrating the corporate LMS market;
- Why Moodle and open source is a good - and safe - investment;
- How each company plans to improve its products and services; and,
- The one reason why you should use each company's products and services.



We present the interviews in the order in which we conducted them, as listed below.

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Interview with Ed Cohen of Plateau

Ed Cohen joined Plateau as Chief Technology Officer in 1999 as part of a merger between Plateau and Sensory Computing, Inc. He founded Sensory Computing, which produced instructional titles, a pioneering LCMS and reusable learning objects functionality within an authoring tool. Sensory's titles became a standard in the nuclear power industry. Cohen currently serves as Chairman of the Aviation Industry CBT Committee's (AICC) Training Infrastructure Subcommittee. He is the only software executive from outside the aviation industry serving on the AICC, considered one of the two main e-Learning standards bodies. Cohen also is a regular speaker at international e-Learning seminars and a frequent contributor to major e-Learning and HR publications.



Steve Wexler, The eLearning Guild: You've seen some of the survey results and some of the Guild member satisfaction and market share statistics, and you and I are now looking at the same screen, even though we're in very different parts of the world at the moment. Is there anything that you've seen so far that surprises you, delights you, or dismays you?

Ed Cohen, Plateau: One of the things, when I first looked at this is that your definition of large is actually on the small to medium size of what we consider large. When I was looking at this – and I'm not sure if I understand this completely – you say Market Share by Company By Number of Large Corporation. So, that's by company size, but is that really by number of students being managed within that company or is it the overall population of the company?

SW A very good question. We can refine our filter for you, if you'd like, so we could just focus on companies with more than 10,000 employees or even more than 50,000 employees, or with more learners impacted. What we see is the number of different and disparate organizations that use a product versus the number of members who weigh in and say which products they use and which products they love. So, for example, if fifteen people are members of The eLearning Guild and they're all part of the same company, that counts as one organization that is using the product; likewise, if only two people are part of a company and they say they use a product, that counts as one organization. So, what we've done here, recognizing that everyone has different views of what comprises "large corporate," is indicate that the total company size has to be at least 5,000 employees and the learners impacted have to be 5,000 or more. You'll also see that we filtered out education and government from the list. If you'd like, we can further refine this, and we can just include companies that have at least 10,000 or more employees.

EC Actually, I'm more interested in the learners impacted. One of the things is – we see this, and personally, I think it's kind of misleading – you can have someone like the American Red Cross, which has 900 chapters, and you can have one LMS that manages all 900, or you could have 900 individual learning management systems. It's one thing to say, "Oh, yeah. The LMS for American Red Cross," but it's very different if you have twenty different chapters with twenty different installs. So, whenever I look at what someone calls a large corporation – this could be Motorola, it could be GE, it could be anyone. If you just do a department of the corporation that has a half million employees,



that's very different than doing the whole corporation in a single instance of a learning management system. Does that make sense?

SW It certainly does. Well, Ed. We've got the stuff in front of us. It's live and it's interactive. You don't have it at your control. You have to tell me what buttons to push at this point. So, what would you like me to change so that we can look at this?

EC So, on the learners impacted, make it 50,000 to 99,999 and 100,000+

SW So, with these particular parameters, we see Saba with 34%, SumTotal with 27%, and Plateau with 14 percent. Do you think this is an accurate reflection?

EC It's not quite what we see from our total customer base. But, as you pointed out earlier, this is of your membership, so I'm guessing that this is representative of the people that joined your group. The thing that was I looking for was to see if the other businesses like SAP and Oracle, who also tend to play in the larger enterprise businesses, fell out completely, and it looks like they did, which is also very interesting.

SW I feel very good about having the members that we have and who they represent, but we represent one thing and one thing only, and that's the opinions, loves, loathings, triumphs, trials, and tribulations of eLearning Guild members. Now, that said, there are, as of today, 24,400 members world-wide of which 65% are in the United States, and it's a very good cross-section of industries, job functions, and so on. I cannot claim that this represents the e-Learning industry as a whole, but it absolutely does represent our members.

You and I chatted informally before and we're seeing Blackboard, traditionally a tool which you see in the education arena, making inroads but very rarely with huge numbers of learners impacted.

EC Like I said earlier, we really don't see them overlapping with us. So, seeing them in particular, in corporate universities, because the whole way they manage student population is very, very different than what the traditional LMSs do. In fact, I'm not even sure that they track student results in the same way that a learning management system does. So, they're used. There's no question that they're used, and there are more, and as more corporate univer-

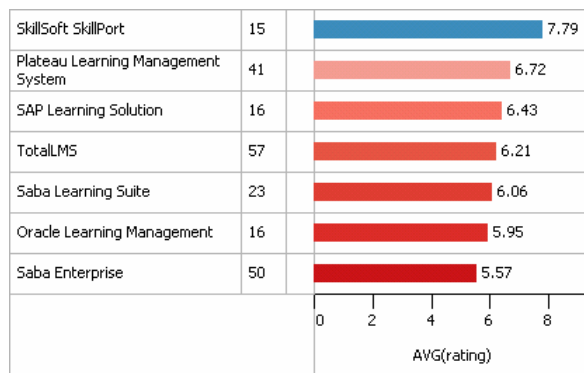


sities evolve, I think you'll see it being used in the ones that kind of follow an academic-type model for their corporate university. That's kind of what I'm saying. I would agree with you.

SW Why don't we switch now to the satisfaction statistics? What we're looking at here is how we defined "large corporate," 5,000 or more employees, 5,000 or more learners impacted – granted, we can filter that, and one of the things we very much want our members to do is avail themselves of this particular tool. Look at *your* industry, *your* company size. Look at the opinions of people at *your* job level or in *your* job position. You may not care what a LMS administrator thinks, but you may care what the director of e-Learning thinks, and our system allows you to do that.

But, right now, here are the overall ratings for LMS tools. Any comments on this that you'd like to share?

EC I think it looks great for us, because we don't really consider SkillSoft a learning management system. They're more of a computer managed instruction because it's not like you can schedule classrooms and other stuff like that. But then there is Plateau with a large number of respondents and looking very, very good as far as overall satisfaction.



SW Indeed, one of the most difficult things in this is not just making sure that we're comparing apples to apples rather than apples to oranges, but we're not comparing apples to tuna tartare.

It's very difficult to figure out for every case where you put certain product offerings, such as SkillSoft's SkillPort. Also, the intended use of a product and it's actual use may be different. And obviously, when we interview the SkillSoft people, they may say, "Oh, of course you can use our tool for X, Y and Z."

EC Your data supports something that we've thought for a long time – it kind of depends on the number of users, but I think we'll see this when we get to



the small to medium size – is as you go down size in population of the business market, the simpler products tend to get the higher satisfaction, or the easier to use products, and that’s just pretty much based on how that audience tends to use the product. For a large corporation to be able to use SkillPort, they’d be using it just for SkillSoft courses. The functionality that you get from SkillPort is fantastic for SkillSoft content. Does that make sense?

SW Absolutely, and what I think you’re saying is very fair. Although, again, there will be a separate interview with the SkillSoft management about the SkillPort tool, but traditionally it’s been known as “Here’s something that will facilitate the distribution and access to SkillSoft content, as opposed to blended learning and classrooms and all these different things that need to go into an enterprise-level LMS.”

What I’d like to do now is look at Moodle and its use within corporations, and in particular, smaller organizations. Are you surprised to see Moodle as high here, and realize that I’m not looking at education or government institutions at this point, I’ve filtered that out.

EC Actually, no. This is something we’re actually addressing now, which is that a small- to mid-market has not been served well by pretty much any of the LMS vendors, especially – and I know we’re going to talk about this in a bit – especially since all of the acquisitions of what we consider the small- to mid-market players. So, the adoption of Moodle for a thin customer who doesn’t want to upgrade, or a customer who had what was very appropriate for a small to medium-sized business and got gobbled up, Moodle is a real viable alternative to that. So, I’d say I’m not particularly surprised.

SW So, we’ve just looked at the tools use and satisfaction. Now, let’s look at the survey data as of the end of February. Our first question is to ask people to identify their primary LMS, as 22% of Guild members indicate that they use more than one. Of the responses we’ve received so far, Number one is “None.” Number two is Total LMS. Number three is developed in-house, and number four, tied, is Learn Center and Plateau. One of the nice things about the system is there’s no cut-off date on this. People will be adding to it, changing their opinions about things. We want this research to be live and up-to-date. So, we take snapshots of the data every month so we can see what has changed from month to month or from year to year, but anytime you come in and look at this,



you'll be able to see, "Well, what does The e-Learning Guild membership think right now? Who's hot, who's not? What's being used? What isn't being used?" and so forth.

I'm now looking across all industries and our second question asks how is the product being used, and if you create this giant fruit salad of apples, oranges and tuna tartare and put every LMS and every company size and all learners impacted, enterprises account for about 80% and departmental or divisional LMSs count for 20%. But, why don't we just change this and make this a single value? Look at Plateau and see how it is being used, and you can tell me if our results showing that 96% of organizations use this on an enterprise level and 4% use it either departmentally or divisionally sound right.

EC That's absolutely right. In fact, I'm surprised that departmental or divisional is even that big.

SW I'm going to skip ahead to a part of the survey where we ask people how satisfied or dissatisfied they are with their product, to a much more refined extent than that general purpose survey, and I'm listing things that have Plateau users most dissatisfied rated first, going down to things that Plateau users are most satisfied with: Business impact, reporting capabilities, which many of the other ...

EC I'll be honest. I do not understand why we rated so high in that, but go ahead.

SW I appreciate your honesty. By the way, all that means is only 30% are dinging you. 70% applaud you for this. 30% ding you. Cost, lives up to vendor promises, which I think is really noteworthy. But, now let's look at the things where Plateau users are expressing a greater degree of dissatisfaction. They're dinging you more so on assessment capabilities, ability to integrate with learning content management systems, and ease of customization. Do you think this is a fair assessment, and if so, how is Plateau going to address this?

EC Of the categories that you gave, I probably would have guessed at least two of these three. From the start of the company, we've always had testing capabilities inside, but it's been something that we haven't kept up with the rest of the application, and this year we're actually releasing a whole new revamp of that aspect of the product. So, I know that's going to change. Ability to integrate with LCMS's is something that we also saw was very high for the



whole industry and the biggest problem with that – and I have a hunch pretty much everybody who doesn't have one and sees this – is that Plateau's approach was to do this via the standards. So, we worked equally well with you name it, but the amount of information that you get in and out of our system is dictated by the e-learning standards. So, there are some things that you can do if you have a custom interface and sure, we can build one of those custom interfaces between one of these products that extend what the e-learning standards let you do, or you can be like some other competitors and offer a proprietary solution. But then it's kind of buyer beware with that, because if you ever have to migrate someplace else you'll never get your content out. Then, ease of customization, this is one of the ones I'm not sure if I would have guessed this or not, because our whole UI layer is completely abstracted from the application, which means if you know style sheets and HTML, you can change our UI any way you want. So, we don't actually customize our core code for anybody, and maybe that's where that's coming from. If only 15% of these 24 enterprises are dissatisfied, that's pretty good.

SW Well, only 15% are very dissatisfied.

EC Oh, very dissatisfied. I'm sorry.

SW 54.78% are somewhat dissatisfied.

EC But that means they're still getting their job done. So, it's once again, when you're looking at enterprise implementation, you're looking at different divisions, different departments all sharing the exact same application, and you're always going to see friction within those enterprises and it's just internal politics about "We've done it this way forever and now you're asking us to change. Well, can't you just change that for our one division or our one department?" And that goes to what I was saying earlier, which is the smaller the implementation, the easier it is to get a higher overall satisfaction because you're looking at a much smaller set of functionality for a smaller group of people. That's why I'm kind of curious if we could ever see if Oracle or SAP or the people that only play in the enterprise space, ever get anything close to a very satisfied in any of these areas.



SW Well, we can, in fact, look at that. We'll have to save that for another time and we can do it by company size and industry and whether the person is a director or a practitioner, and so forth.

You indicated that it didn't surprise you to see people not as delighted with assessment capabilities as you might have liked. You've further indicated that you're addressing that. Do you think there are other shortcomings or holes in Plateau's offerings, and if so, what are you going to do to shore it up? Are you considering any acquisitions, and we might as well talk about acquisitions, as I think Plateau just announced one within the last few days, having to do with compensation management.

EC You asked a couple of questions there. The first thing that we're really trying to focus on— and I talked about this earlier — is small- to mid-market, and to finding a solution that really works for that space because what they're actually looking for. What they need out of a product isn't necessarily any less sophisticated than what a large enterprise needs, it's just on a different scale and it needs to be. We've come up with a new product called iContent, which we aimed at the small- to mid-market. As far as other holes in our company or in our offering, to be honest with you, from the LMS side of the world, there's very little that we haven't done. We're always going to refine what we've done, but as you notice with our acquisition, it's not of another LMS company. What we're looking to do is broaden the whole suite. What that means is all the things that have to do with an employee's life cycle; essentially everything from the hiring process through retirement. So, it's really much more than learning management. Over the next couple of years, you'll see our emphasis on that.

SW You indicated the acquisition had nothing to do with learning management systems and I don't want to quote you out of context, but you said something along the lines of, "Well, everything that can be done has been done in that area." One of the things we asked Guild members to do — and we're trying to be a conduit and help the industry by creating a communication channel between members and vendors — is to tell us what features are very important, important, somewhat important, and not important. So, if you look over this you see content delivery at the top and tracking reporting measurements, training history, synchronous learning, but let's go down a little bit, and even though it's not rated quite as highly, we'll find things like collaborative learning, integration with "newer learning modalities," including immersive learning simulations, Podcasts and Wikis and one that is absolutely in its infancy



right now, but 8% of your users think it's very important and 20% think it's important or very important, is integration with virtual social worlds such as Second Life and Multiverse. So, are there plans to embrace these things that one may not as easily integrate into a LMS?

EC Well, it's actually quite easy to integrate. We do have customers doing a lot of these things. Let me clarify what I said before. Take synchronous e-Learning or collaborative learning. It doesn't make sense for us to spend R&D money developing a competitive product to, say, WebEx, or the biggest Wiki tools out there, or anything like that. That makes no sense whatsoever. What does make sense is for us to have open interfaces that you can collect and track data from, and be able to launch and index and do all of that stuff with these other new technologies.

SW You mentioned something about indexing the content so that people can access it. Is that something that you can do now?

EC Yeah, and this goes back to what we call virtual classrooms – the WebExes, the Centras, the Interwises. Essentially, what we have is a UI inside of our applications and then different connectors. They're just generic connectors, where you can point to one or as many of those as you want, because what we quickly realized was that every organization may have a couple of instructors that like WebEx, a couple of instructors that like Live Meeting and those products really are much better than what an LMS company could do given the amount of R&D dollars that they'd be willing to devote to that part of the business. So, I think from that perspective – I mean there's no shortage of R&D on our part to build these open interfaces and to take advantage of as many different technologies as our customer base would like to use.

SW In our 360-degree report on Immersive Learning Simulations, a lot of people were discussing Second Life. Given these interfaces to which you eluded, is there any reason why someone who really wanted to wouldn't be able to insert Second Life's tab A into Plateau's slot B?

EC No, but here's the tricky thing, and this is where you have to go beyond what it takes just to build an interface. If you think of something like Second Life, how a car manufacturer would use it differently than say a pharmaceutical versus an academic, and what type of information they'd want to get out of it, changes dramatically between places. This is actually one of the issues with



Wikis, where if you're in a regulated environment, the last thing you want someone to do is, before they go and perform a particular piece of maintenance, get some piece of information that may not come from a source that is 100% reliable. So, for a lot of these, what I call kind of open-ended learning technologies, building the interface to get the information from one place to another, that's easy. The hard part is displaying the information and letting someone make decisions based upon that information in a useful way or that's constructive. Does that make sense?

SW It totally makes sense. Just because you have the two things talking and playing nicely, it doesn't mean that anything useful is actually transpiring. That's one of the things that I drilled Joe Miller, VP of Linden Lab, the creators of Second Life, on: is it, in fact, possible to create what, for lack of a better term, you could call "gated communities" in Second Life? I guess what I'm looking for is to let members know that, "Hey, if you want to do this, you can."

EC Well, our customer base, to be honest, they push and pull us in all directions. So, I'm sure we're not meeting everybody's needs all the time, but for the things that are applicable to the bulk of our customers, we go after those areas of functionality right away. So, if there's one business that jumps up and down and screams and says, "Look, I really need a Second Life interface," but we're not hearing that from everybody else, but everybody else is saying, "You know what? We really need a new interface to Groove which ships with Vista," and everybody is saying that, we're going to go for the thing that the larger population can leverage.

SW But, just to clarify also, if a third party wants to create the interface, they can do it?

EC Oh, absolutely. IT Departments love this, and that's that we, as far as our API's go, and our documentation and everything, when one of our customers gets our system, they get all of the information and we build our app on top of our own ATI. So, if we can do it, then our customers have enough documentation and information to be able to do it themselves.

SW Let's talk a little bit about your plans for the next twelve months. You mentioned that, in addition to expanding your broad offerings for a large enterprise, you're also trying to fashion a lower cost and easier to deploy, man-



age, and I guess “swallow” solutions for small and medium corporations, and you mentioned that you have a relatively new product called iContent that’s available?

EC Yes. What we did is we looked at why the current e-Learning world isn’t working for small- to medium-sized businesses, and what we realized is that they want to buy essentially whole solutions, as opposed to going out and procuring titles from a bunch of different vendors and grab stuff from different areas. So iContent is really four different things all in one place. It’s an on-demand LMS for performance management. It’s an enormous catalogue of content provided by SkillSoft, NetG, PureSafety, all the major content vendors, but they packaged that content in a different way than how you would get it directly from those vendors. And then it’s hosting capability for them, essentially infrastructure, security, and maintenance on any content that they would have developed. And finally, a whole suite of services that can augment whatever aspect of e-Learning or performance or whatever, that they don’t have the staff to do. So, they really targeted it at that market.

SW Just two more questions for you, if I might, and that is, if you had to single out just one thing about your product or your company that distinguishes it from the competition, what would it be?

EC The people that I work with here are the smartest people I’ve ever worked with and that always – when customers come visit us and everything – they’re always impressed by everybody who works here. I think that kind of reflects itself in your data with vendor – what was it? You had some comments about vendors...

SW Lives up to vendor promise?

EC Right, and I think just overall customer satisfaction is something – for all the different reports that have been done on us, it’s always been extremely high. People are happy and that’s a good thing.

SW Is there anything that you, in particular, would like to ask Guild members?

EC One of the things that we see, and it’s come up in your analysis as well, is when people switch from one product to another, the reasons behind it. Did



they feel like it was a bad selection process on their part? Did the vendor mislead them? Because one of the things – this is something that’s gone on in the industry and I’m always kind of curious about this, is – people talk about, “Well, I’m on my third LMS,” or on some number of LMS, but they never say why, and to me a LMS should be a pretty integral part of your business. It’s got to be pretty traumatic to the business as a whole to switch. I’m curious if anyone knows why they make it to three LMSs. Was it because someone bought them up? Was it because it wasn’t just the right match? Did they outgrow it? What’s the reason for a switch?

SW Great question. One of the things we asked members was about their plans for the next 12 months. As of today, just shy of 12% indicate they plan to abandon their current LMS and adopt a new one. We plan to drill down into this and find out why.



Interview with Martin Dougiamas of Moodle

Martin Dougiamas is the founder and lead developer of Moodle, the open source learning management system (LMS). Born 1969 in the central deserts of Australia, Martin's early education was all distance education via short-wave radio and post. His academic qualifications include an honors degree in computer science, a Master's in Education and a Doctorate that studied the creation of Moodle and the Moodle community.

Martin also has a very practical background in support both within a large university and with commercial Moodle clients, and is the managing director of the world-wide network of over 40 Moodle Partner companies providing support, hosting, training, and other services to Moodle users.

Since its initial public release in November 2001, Moodle has gained world-wide popularity among secondary schools, business organizations, colleges, and universities. Moodle is noted for its broad collection of modules that allow a course creator to add activities such as assignments, quizzes, forums, glossaries, lessons, wikis and blogs, many of which are developed by the very active Moodle community of developers and users. By February 2007 Moodle's installed base reached over 21,000 sites in 170 countries. The large community is integral to the development and support of Moodle.

You can reach Martin at support@moodle.com.



Steve Wexler, The eLearning Guild: I guess, the first thing I'd like to start with is, I sent you a peek of what we're going to be publishing at the end of March regarding market share and satisfaction, and the likes and dislikes of eLearning Guild members regarding learning management systems. Is there anything that either surprises, dismays, or delights you in what you've seen so far?

Martin Dougiamas, Moodle: Well, I must say that one was LMS market share by small and medium corporations, where Moodle was the highest percentage of any, which I thought was interesting.

SW Indeed, I'm looking at that with you on the screen now.

MD Yes. That's an interesting result. We've been seeing a lot of interesting stats, I guess, recently out of different areas, but I don't really hear much detailed stats about corporate clients. So, yes, that's very interesting.

SW It was interesting to us, as well. We expected there to be prevalence within the education sector and possibly in government, but I think everyone who has looked at this was surprised to see just how much you've permeated the small and medium corporate market. I will point out, though, that one of the things that we're asking here is for people to tell us about *all* the different LMSs they may use. Another question that we ask in the survey, and this is based on just 606 responses so far, is "What is your primary management system?" As we look at the screen together we see statistics for all company sizes, all industries and so forth, but Moodle is still very healthy, just shy of 8%. So, certainly, Moodle is making a lot of inroads, and as we dig down a little more into the data, we'll determine where Moodle is *an* LMS versus *the* LMS.

MD That does really ring true. Because Moodle is free, it gets into a lot of companies, and we find, with universities, particularly, just one person may decide to install it and run it for one department or one class, or one small part of the organization, and it may be alongside their official learning management system for a while. Sometimes it will grow and it will become the main one, but sometimes it's just used for special purposes. So, that does make a lot of sense. Yes, the satisfaction stuff is good, too; there's no surprises there for me. The community is telling us that they're happy with it, and the things that people are less happy with are things that we know about and are working on, as



well. So, I guess it's a nice validation of the kind of data gathering we do within the Moodle community.

SW I guess there are two questions there. One is going back to “Is Moodle a large presence or is it just in one department, used by a handful of people?” and one of the things that we can do is see just how many learners are impacted by it. If and when you have access to the live interactive dashboard, you can try that for yourself and see if, in fact, Moodle is impacting more than a handful of people. We're seeing that in some places it's used quite a bit. But, have you heard of incidences where it may be an ancillary LMS, and somebody brings it in and starts to get more and more play within an organization and then eventually it sort takes over the primary role?

MD Yes. That's probably the most common scenario at universities. Universities tend to move very slowly unless they're under a great deal of pressure or experiencing problems with their operations. They tend to usually start with a champion for a new idea who is trying it out, because Moodle is free and you can download it and install it very easily, and use it. That champion will often implement one course this way, and some colleagues see it and say, “Can I have a course on your site? That looks good.” And two becomes three, becomes ten, becomes twenty, and sooner or later, someone higher up the administrative food chain notices this and they'll start a committee or something to look at the issue and they'll say maybe Moodle should be the core system. That's a very common scenario that we see.

SW Now, we were looking at the satisfaction ratings and we'll drill down on that in a moment, but you indicated that – and not with any false modesty – that it didn't surprise you to see such high satisfaction ratings. Do you think a lot of that is just due to the fact that the product is free and open source, or is it also meeting a lot of people's needs?

MD The fact that it is free and open source may start off the process. It certainly makes it easier to get into. However, I think a lot of it is due to the product itself and its community-driven development. But, I don't feel that Moodle is anywhere near where it should be yet. For me, Moodle has a long way to go. There's a lot of things we still want to do. I've got years of work ahead of me, from my point of view. The fact that at this point it is good enough for what people need is great, but it's going to get even better.



SW What we're both looking at on the screen right now is where we've asked people who have completed the survey to tell us, for about 20 or so different items, whether they're very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied with aspects of their learning management system. What we're looking at now is all LMSs.

What I'm going to do right now is, let's just zoom in and see what Moodle users have to say. So, as anyone with access to the interactive component with the report will see, (and you'll just have to take my word for it as I describe it) Moodle is scoring very high marks. We've listed things that members are most dissatisfied with, to where people are most satisfied, and again, this is across all industries. We could drill down by company size or just look at industries, but one area where Moodle is scoring relatively low is the ability to integrate with human resources or enterprise resource planning systems. Granted, you've come out of an education initiative more than corporate. The second, and this is something that dogs all of the LMSs, is the ability to support specific and complex business process models. Are there any plans on your end to address these issues?

MD Yes, absolutely. These are things that come up time and time again, and not only corporate – the same things are what we hear from, say, universities, particularly. So, the first one, about integrating with human resources, the ERP's, universities have student administration systems or student information systems which are similar and need to keep their clients' information there. They need to be able to get the authentication and the enrollment information into the learning management system. So, if you enroll or become a member of the company or become a student at a university, you need to automatically have access to the learning management system and access to courses in the areas that you're supposed to be able to access. That part we have pretty well solved, and we have a lot of different methods in Moodle for connecting to external systems, so that Moodle can be a slave to those systems. So, the courses can be automatically created, people can automatically be enrolled into courses with specific roles whether students or teachers, and so on. It's the reverse side that we've had trouble with, which is getting grades and assessment data back out into the external system, and that's actually a focus of the very next version that we're working on right now, which is a new grade book which will assimilate assessment data and store it in a new way for us, and it makes it much easier to publish that data, push it out onto the external systems. I think that's very relevant to solve that area.



SW You were just mentioning the next version. This is an open source product. Is the next version something that you and your fellow colleagues in Perth are developing, or is some other group in the open source community working on this?

MD How the product develops varies. Sometimes it is the Moodle core team in Perth. Sometimes it is through contributing developers. So, for example, Humboldt University and Open University are both working on some major new features at the moment, and there are many other individuals and groups of developers working on various parts. In this case the grade book work is actually something that we're doing here in Perth. It's a contract job that Open University is paying for largely. Part of our business model is the contract development, so the client in this case, to add that feature to Moodle, is mostly Open University in the UK.

SW And I think Open University has something like 180,000 users?

MD I think they have close to 200,000 students total and they are using Moodle as their primary LMS. They're scaling up slowly to serving that full student base. I'm not sure what they're up to at the moment, but their eventual plan is to make Moodle available to all 200,000 students.

SW It may make sense for us to jump a little bit and discuss the distinction between Moodle.org and Moodle.com. Could you describe what the difference is?

MD Well, Moodle.org is the community around the open source community. There are people contributing to it by interacting on the Moodle.org Websites. There are forums and discussions where people can discuss new features. We have a documentation Wiki where people are documenting things past, present, and future. We have an issue tracker for keeping track of new ventures and bug reports and suggestions, and we have a lot of people interacting there. We have about 200 developers in total that are contributing to Moodle that have write-access to Moodle in some way. That could be maintaining the language or a small module of some kind, and in some cases, they have access to more than that.



Moodle.com is the commercial side. It consists of a network of Moodle partners. There are about forty companies at the moment who are Moodle partners. They provide Moodle services such as hosting, consulting, installations, training, customization, and so on, around the world. They normally pay a royalty on their revenue generated that way, somewhere around 10 percent, and that goes in the Moodle trust, which is a central fund, and that fund pays for core developers that I manage. So, we have a group of core developers working on the core features that are more difficult than for people out in the community to work on. The core team works on that. Some of that work is paid for through the Moodle Partner Royalties. Some of it is, we take commercial contracts with companies to pay for specific features, and so on. So, that's a good business model that helps Moodle be sustainable into the future.

SW I wanted to discuss accountability with you for a moment. Realize that The eLearning Guild services members throughout the world. They belong to universities, to primary school institutions, corporations, governments and so forth, and as more and more people fiddle with Moodle and embrace it, and as it makes inroads into corporations, there are going to be more and more questions about accountability. What if something goes wrong? What if there's a headline in tomorrow's paper that says, "Moodle causes cancer?" Who is ultimately responsible for this? What recourse does a Moodle user have?

MD Well, there's three parts to this. At the base level, Moodle, the software, is under a General Public License (GPL), and this license basically disclaims all warranty. There is no warranty at all, so that programmers are protected from lawsuits, which are quite popular in the U.S especially! So, there is that at the bottom level. However, above that, there is this layer of accountability in that any time a programmer puts code into Moodle, they're accountable to the whole community. The source is open. If you put something in the source code that is wrong or causes cancer, then everyone can see it. Everyone can see who did it. Everyone can see exactly when and how it was done, because we're completely transparent. Every single change to the code is documented and available. So, there is this accountability and it creates a self-supporting situation where we're all accountable to each other and it forces a very high level of honesty.

Also, if there are unintentional bugs or problems, they also get found very quickly because we have a lot of people looking at the source code. A lot of eyes are finding solutions to bugs and fixing scalability problems, poor per-



formance issues, all kinds of things like that. The community is fixing a lot of bugs all the time.

Then, at a higher level yet, if you want more of a guarantee of support, that's where the commercial side comes in, and that's where you would turn to a Moodle Partner. The Moodle Partners are people who are expert in Moodle, and have contractual connections with the core developers. From our point of view, if one of my Moodle partners has a client that is experiencing a particular bug – it may not be a serious bug, it could just be some small issue – but those bugs automatically get priority over other bugs. So, we look after the paying clients first in terms of bug fixing and solving problems.

With a Moodle partner, you can take out a support contract for your site. You can have Moodle totally taken care of, maintained, and updated, remotely on the Moodle Partner's servers or on-site within your own organization, and you know you've got somebody who's always there. You can pick up the phone and call them. There's always a Moodle partner who's local to you, because we have them around the world. There are three partners in the U.S., for example. Some of these are rather large companies. Moodlerooms is the newest of the three partners in the U.S., and they have a very large data center that can support 3 million students and they have plans to grow that. They have support help desks, phone lines, and all the support infrastructure that you'd need to have some level of assurance that somebody is accountable, someone can fix a problem if it comes up.

All together, it allows people to come in at different levels. It allows a wide range of support options, and people can have that safe feeling.

SW I just want to take this one step further. You refer to yourself as the Lead Moodler. What happens if you decide, “You know, I'm finally going to finish that Ph.D. thesis and move onto other things.?” What were to happen if you were to stop supporting and evangelizing Moodle?

MD Well, let me say it would take something like me being run over by a bus to stop, because I have no intentions of it, but if that happens, because Moodle is open source, the code is not tied up by any one company. I have people who have access to everything. I have my second and third in command, if you'd like, who could take over managing a project in a heartbeat if I wasn't there. The Moodle Trust, of course, would continue, as well. We have people managing aspects of Moodle here. My wife can keep running the company (she's a



director in the company, too). So, that would work, as well. But, even if that wasn't there, because Moodle is open source, somebody can take the source and just run with it. Perhaps Open University could take it on or – we have a lot of large organizations that would probably quite happily take on that core role. Because it is GPL, they could even call it something else. Maybe it's not Moodle. Maybe they call it some other name completely. So, it would continue, and someone else could take over the development processes and it would keep going. The whole community would come along with whoever ran the whole development process well.

That's one of the reasons why people like that GPL label on it, because there is that assurance that there is no central company that could just fall over and suddenly the product ceases to exist. If Blackboard, say, suddenly ceased trading, it's not clear what would happen to the product; whereas, with a GPL license, it is clear.

SW Well, let's discuss for a minute commercial learning management systems. Do you think there's anything a commercial learning management system can do that Moodle can not, or can you think of cases where it would make more sense for someone to purchase a commercial LMS than Moodle?

MD That's a difficult question. I actually spend very little time learning about systems other than Moodle. We're quite busy enough from the inside pushing Moodle forward. People will choose commercial systems for two reasons. One is there might be some specific features that Moodle doesn't have yet and that particular system does have. Perhaps it's a very tight integration with a third system, or perhaps it's just some standard that they've implemented that Moodle hasn't implemented yet. In that case, you have two options. You might just buy that commercial management system, or you might spend that same money and get that standard implemented in Moodle by paying developers to implement it so that everybody benefits. Obviously, I prefer the second way, but a lot of people say, "That's too much trouble, and I'm not interested in working on that. Therefore, I prefer the first option."

SW Does everybody benefit? If, let's say, Moodle doesn't have this feature, but rather than spending a huge amount of money on a commercial system, I'll hire a developer to add that feature. Will everybody get that feature, or only that person who hired the developer get the feature?



MD Absolutely. The only work we do is GPL work and we put it into Moodle. I'm not interested in working on anything that doesn't help the wider community. Any modifications of GPL license source code must also be GPL. It is possible to write a module that isn't GPL, but you'd have to be very sure the code is completely separate, it doesn't touch any existing code, it wasn't based on any existing code, and that's a very difficult thing. It's usually just much easier to say that it's GPL, and once it is GPL it sometimes goes into the core distribution. Sometimes it's just made available on our Web site as an optional module that you would download and plug into your Moodle site.

SW Moodle is not the only open source learning management system. Are there any initiatives to combine with other open source LMSs with Moodle?

MD A few times, a number of us have spoken about this. It comes down to, I guess you might call it the flavor of the system. Moodle has a certain flavor. Atutor has a certain flavor. Sakai has a certain flavor. It's very good to have options, and I think it's healthy to have competition so that you do have a choice. Moodle is based on the PHP program and language, an open-source scripting language. Now, there are some people who just don't like PHP. They do everything in Java. They have Java programmers, Java expertise. Java is what they know how to run and optimize and so they would be – just from the outset, that would rule Moodle out for them because they would rather work in Java. So, something like Sakai, which is a Java-based system, it's more attractive from the outset. And, even though there are a number of open source LMSs written in PHP, they all have different architectures. They have different flavors. Moodle is very modular. Some of the other systems are not so modular, but they might be a bit more tightly integrated in some ways. So, it does come down to some individual preferences, just like anything else I guess.

SW We were speaking before about Open University and I had mentioned 180,000 users and you had said it was actually closer to 200,000 students. Has that experience provided you with any particular lessons that you think would be useful for Guild members to know about?

MD The main thing is size, I guess. They have 1,200 staff, I think, on a campus in Milton Keynes, north of London, which is a large group of people for any organization. They don't have any students on campus. They're completely distance-education based. They had huge teams of people who have been previ-



ously responsible for managing their distant learning. They have a long development cycle of courses that can take two years, and very rigid and strict parameters on things they develop and the way they deliver it. And, they have a long history. They've been putting out distance education since the 1960s; things like they broadcast courses on television late at night, radio programs and all kind of technologies before the Internet.

So, they have this long content-focused history. Now, they're turning to Moodle. Size is interesting. There's a lot of issues that are coming up about how do you move such a leviathan into something like Moodle, and their experiences have been really valuable in helping us learn how to bring educators along into this new way of thinking for them. But, purely on the technological side, also, they do have a lot of students, and they do have to cope with these large numbers, and they've been really helping to kind of smooth some of the rougher edges that Moodle had in some parts.

In terms of scalability and performance, they've been also really helpful in making Moodle run better on the particular systems. They use the PostgreSQL database. In the Moodle community, they're in the minority there. We usually use MySQL, but we now have a growing number of people using PostgreSQL, MS SQL Server, and Oracle as their Moodle database. So, they've been able to really help the performance from the database to make it work on such a large scale. They have a cluster of machines, so they've been helping with the clustering aspects, as well. We often call their cluster the *Battlestar Galactica*. Any performance problems they had are now solved.

SW Well, speaking of examples of where it's working and working well, are there are other sites or places that you'd recommend the Guild member could visit to get a good idea of just what Moodle is?

MD It's a difficult question, because they're usually private and they don't open to outsiders. There is one, actually. Open University has a Moodle site called Open Learn, which is similar to the MIT courseware initiative. So, they're making all of their content available for free and it's in Moodle form and it's open to the public. So, if you want to go and look at that, you can go to <http://openlearn.open.ac.uk/>.

Otherwise, if you want to look for specific examples, on Moodle.org, there is a sites page, where we keep our registered sites. We have over 21,000 registered sites. There are a lot more unregistered sites because we don't enforce regis-



tration. It's an optional thing. But, you can browse through the registered sites and there're links to the actual site and you can see what sites there are in the Philippines for example, and some of them may have open access for outsiders. Some may not. I can't really point to any specific examples.

Finally, Moogle.org itself is a giant Moodle site. Our community is inside a Moodle site. I very much treat our community as a learning community. So, if you want to see one way you can use Moodle, then that community is a good example.

SW In conferring with my colleagues who are working on this research report, a number of them have pointed out the great potential for Moodle in the developing world. Do you have a strategy or an approach in place for possibly reaching this market?

MD Well, I'm not sure. Certainly, from the very onset, one of the major reasons that I chose to make Moodle open source was to allow e-Learning to be implemented in developing countries. If you look at the sites pages I pointed out earlier, there are 170 countries that Moodle has been implemented in, and a lot of them are places where they couldn't afford a commercial license. There is also the Moodle Foundation that we're just starting. The Moodle Foundation is a nonprofit charity organization and it's going to be looking at ways to improve education, in general, but mostly using technology, in places that really could not afford it in any other way. We're also looking at the "One Laptop per Child" project, which is the \$120 laptop – they've nearly got it down to \$100.00. This is a Linux-based laptop that they're intending to roll out in the hundreds of thousands across places like Africa and other third-world areas. We're looking very closely to see how we can use that platform, which is an amazing platform, to implement some of the things we've learned in Moodle, to just improve the quality of education among people who have those tools. I was talking to Jim Geddys recently about some of that at his conference, and we have this network of Moodle partners who are really looking forward to doing so. So, yeah, I think overall, that's very much an interest of mine and a direction that we're heading in. It's about how can we improve education in these places.

SW Again, I'd like to thank you for your time. I also hope you will look at our online interactive analytics and survey data as we ask Guild members to ar-



articulate which features of Learning Management Systems are most important to them, where they are dissatisfied, and so on. This allows you, as Lead Moodle, to see exactly what Moodle users have to say, as well as what users of other LMSs have to say.

MD Moodle was started as part of my own Masters and PhD research, so I like to see development based on good research. The system you've got there looks very impressive. I'm looking forward to exploring your survey results.



Interview with Frank Russell of GeoLearning

Frank Russell, President & Chief Executive Officer

Under Frank Russell's direction, GeoLearning has grown to be the leading provider of Software-as-a-Service learning management platforms and training services to corporations and government agencies around the world. The company has grown over 320% the past three years, boasting more than 375 customers and an average annual growth rate better than 100%. The company's success has been recognized with several awards, including ranking on the Inc. 500 list of America's fastest-growing private companies for three consecutive years (2004, 2005 and 2006).

The *Des Moines Business Record* named Frank himself as 2006 Entrepreneur of the Year. In 2005 he was the Ernst & Young Entrepreneur of the Year award recipient in the Business Services category for the Central Midwest Region, and named Small Business Person of the Year for the State of Iowa by the U.S. Small Business Administration.

Frank has more than 25 years of experience in the training and learning technology industries. Prior to founding GeoLearning, he was president and co-founder of Excellence in Training Corporation, a leading producer of video-based training. Frank's extensive experience in the computer-based training field also includes research at the Center for Advanced Computation at the University of Illinois. He worked for Control Data Corporation in the late 1970s with the Plato System, which was the first commercially viable CBT authoring system. He has also been the director of training for a Fortune 500 company and head of training for the State of Iowa.



Steve Wexler, The eLearning Guild: As you know, the eLearning Guild is in the midst of conducting a comprehensive survey of learning management systems; their use, costs, satisfaction, benchmarking statistics and so on. As of this interview, just shy of 2,100 of our members have told us which learning management system they use. About 1,400 have rated these learning management systems and 615 have completed the LMS survey.

Right now the two of us are looking at the same information on our computer screens, which shows the data we've gathered on market share and satisfaction.

Are there any surprises, anything that you either delights or dismays you in what you see?

Frank Russell, GeoLearning: We're split up into two categories there, and I think that is accurate. We have our feet both in the large and small-to-medium corporate markets. We have some very large clients and customers who use our system. And then we also cover the mid-market. It splits us up a little bit when we take a look at market share, but it seems pretty accurate about the type of markets that we're going after.

We have users that go all the way down to a few hundred learners and some that go over a million in terms of their site size.

SW At any point, if you'd like to zoom in on a particular industry, company size, number of earners, etc., we can do that. So GeoLearning is in the top eight based on how we've defined large corporations.

Let's go ahead and look at some of the survey results. Here's where we are with the survey as of today and we've had 615 responses, broken down small, medium, large corporation, education, and government. And the question we ask first is "What is your primary learning management system?" I just wanted you to see what we've got right now. So let's take a look, and we can go to one of the questions we had which is about product satisfaction.

What things do you love? What things do you maybe not like as much about your products? I'm just going to isolate this and look at GeoLearning products. Near the top are concerns about time to roll out and implement. The second area where people are most dissatisfied is ability to support specific and complex business process models. I've got to tell you, all the LMS products get dinged in this category. And the third is the use of customization.



And I guess my first question for you is do you think this is a fair assessment? Granted, I think there are only 15 member organizations that use GeoLearning products that have completed the survey so far. Do you think these observations are fair? And if you think these are legitimate concerns, what are you planning to do to address them in the future?

FR I think that it's a little bit hard to tell. In the past, we have some of our clients that spread out over different products, as you've indicated here. And also spread over potentially different versions of our product. And I would say that if I was looking at the categories of satisfaction and dissatisfaction, it doesn't surprise me that some of the things that came up at the top of satisfaction or at the top of dissatisfaction were in these areas.

And obviously customization, I would imagine, for almost any LMS or software project is something that once you start to get into customized software, you inherently come into some challenges. And business process, too.

The time to roll out is a concern for us. We've been in a very, very rapid growth mode so it doesn't surprise me that we've been keeping up with the volume of business that we're doing. So that's one of the challenges we face.

One of the things that we're doing, Steve, that's very significant in all these areas is we're releasing a brand new version of our product that we call the GeoMaestro 5 Series, one of the most significant upgrades we've done in our history. It's really designed to attack some of these areas of dissatisfaction.

For example, the system, unlike our previous versions, is highly configurable at a granular level. Instead of having to go in and customize a system for a client's needs where you change code, you're really going in and simply clicking on radio buttons and features and configuring it directly. Either we can do this or the client can do this. And that speeds up the process both for implementation and customization. It makes it a much more stable product, and not prone to some of the inherent weaknesses if you have to customize it.

SW Also I do want to point out to people that I pulled a "Mike Wallace" and went for the things customers don't like about your products. In all fairness, you're getting extremely high marks on a variety of things, such as cost, ease of use for course designers and facilitators, ease of use for administrators, and other things as well. So there are some very high marks, some of which are unique to your product.



You pointed out that you're coming out with a sweeping new release that will really address these customizations, and in doing that you'll probably greatly improve the time to configure and roll out.

But do you think that there are any shortcomings or holes in GeoLearning's offerings, and if so, how do you plan to shore these up? And are you considering any acquisitions?

FR Well, I think that our approach is a little bit different from some of the other players that are in the market place. I think when you look at the feature sets that you offer, there are a couple of branches that you can choose.

Some of our competitors have said that as the market evolves there's a requirement for more and more features; a move to talent management and those kinds of things. Some players out there are going to go out and either acquire or build that capability.

What we've basically done in that particular area is two-fold. The first thing we've done is the new two-year project that has culminated in the 5 Series enhancing our LMS and LCMS offerings.

The second thing is partnering with some key vendors out there that we feel have the best-of-breed solutions. For example, in the live virtual classroom area, a partner like WebEx; and in the talent management area, a partner like SuccessFactors. Now, both of these particular companies have invested megamillions in the development of their products, and we believe with the advancements of Web 2.0, and really leveraging the real power and the software-as-a-service model, that it makes a lot of sense for us to partner with these kinds of players.

If somebody's looking for a very robust feature set, I find it hard to believe that some of these smaller LMS companies are going to be able to invest the millions and millions of dollars to compete with the virtual meeting capability of a WebEx, or the talent management capability of a SuccessFactors.

So, we're bringing a best-of-breed approach where we stick to our real strength in the learning management and learning development area, and then partner with those people that have the other key components. That seems to be working very well with us. The customers and clients that have picked up on that are getting the benefit of a very, very robust feature set. As opposed to saying "Yesterday, I was an LMS company. But today, mysteriously and magically overnight, I am now a talent management company."



We believe that some of those offerings are what we call a veneer approach; if you scratch down just a little bit, you're going to find that there's not much there underneath that pretty exterior.

So I think what you're going to see in the future is better integration, and this is not something where we just say, "Hey, WebEx, you're nice people." We have worked together diligently. We've had meetings at the highest levels with their CEO and myself, and really mapped out a strategy so we can provide a very robust solution set to customers going forward.

SW One of my favorite things that we do with these 360° reports is to provide a conduit between eLearning Guild members and vendors.

On the screen now we see features that members have indicated are important to them. I'm going to filter this so we just see the opinions of GeoLearning customers.

Here are some interesting things that are cropping up. For instance, collaborative learning and integration with "newer learning modalities" including immersive learning simulations; Podcasts, the ability to integrate mobile learning initiatives; and so on.

Do you believe you already address these needs, and if not, what are your plans to address them?

FR I think when we look down the list, absolutely. We have a new product that we call GeoEngage that really supports the more informal learning initiatives, the Podcasts and wiki's and blogs and those kinds of things. It's a very robust product, and we're excited about that. We've just released it, and we're putting our first customers up on that particular product. We're getting a lot of very positive feedback about that.

So we think that informal learning feature item right there will grow very significantly over the next couple of years.

Mobile learning, too. With our new product you can resize the screen almost with a click of the button, so if you have a mobile device or a PDA or whatever, it's very easy to take that and resize that based on the particular device you're going to be using to access that content or that system.

Another feature, Integration with single sign-on login so login isn't required, is something that we're attacking very vigorously and have made significant advances in our new products.



So we feel that when we look down this list, either we are already handling it with one of our feature sets, or it's coming up in our 5.0 release.

SW Here's my last question. If you had to single out one, and only one, thing that distinguishes you from your competition, what would that be?

FR We place a huge emphasis on making our software and our systems easy to use and really trying to take the hassle away from an organization so that they can concentrate on what they do well.

We offer our software as a service. We don't do behind-the-firewall implementations for organizations. The whole idea behind that is to say we'll handle the hardware, we'll handle the software upgrades. We'll even handle the support and service for that so you can administer your system and your users can then come out and take their content and you don't have to have the headaches and worry about all of those things that might go with the traditional software model.

And when you look at how we designed our new system, we use the Apple iPod as a model. That is a unique interface device that you can operate with one thumb. So we built into our software wizards, and step-by-step approaches, and intuitive kinds of things so that if I use it every day, or if I only use it once a year, I'm not going to have to have extensive training to use that system. So that ease of use, that elegance of design, is something we spent two and a half years and invested millions of dollars in to create a product that we think is going to be revolutionary in the industry in terms of learning and talent management.



Interview with Don Fowler of SumTotal Systems

Don Fowler became chief executive of SumTotal Systems, Inc. in November 2005. Fowler guides the strategy and oversees the global operations of SumTotal.

During his 45-year career, he has held executive or management posts with companies such as Tandem Computers, Bechtel, IBM, and Boeing. Fowler also served as chief executive of two start-up companies that enjoyed rapid revenue growth under his tenure.

From 1998 through 2005, Fowler was a director, mentor, and advisor to a number of early stage tech firms. He helped CEOs and venture capitalists put programs in place to develop products, address legal issues, hire and retain employees, communicate with investors, and drive sales.

From 1996 to 1998, Fowler was CEO of eT Communications, which made a communications product for monitoring alarms and remote-reading meters. He and his team secured the first of the company's customers and put the firm on a well-launched trajectory. In 1996, Fowler took the helm of Worlds, Inc., a maker of products for creating virtual reality spaces on the Internet, in an effort to turn the company around and sell it. He took sales at the firm from \$1.5 million to \$7.1 million in less than twelve months, raised \$12 million in venture capital, and sold the company.

Before that, he was senior vice president and general manager for the Solutions Products Group at Tandem Computers. During his time at Tandem, he oversaw a \$700-million global business unit with 1,000 employees. He led his group in divesting a number of companies and acquiring others. And Fowler played a key role in communicating the value of these transactions to Wall Street investors.

Don Fowler sits on the boards of Infotek, Storage Engine, and Inscape Data. He serves on the President's Cabinet at California Polytechnic State University, San Luis Obispo, as well as the executive committee. He received his bachelor's degree in mathematics and a master's degree in business administration from the University of Washington.



Steve Wexler, The eLearning Guild: Don, I sent you some snippets of some the data we've been gathering; some of it just over the last two weeks, but some of it going back to October, regarding market share, satisfaction, and drilling down deeply into certain aspects of learning management systems.

Of the stuff that we've sent you so far, is there anything that surprises you or delights you or dismays you?

Don Fowler, SumTotal: Well, I would only be delighted if each and every customer who responded felt we were doing an outstanding job, and we have a ways to go before we will have 100 percent response in that regard. But the only thing that really kind of surprised me was to see the prominence of Moodle in some of the responses for large-size corporations.

Their own press releases and whatnot emphasize their participation in the education market, and I know that as we compete for large enterprise deals we have not encountered them in that market.

SW Well, we'll look at that a little more thoroughly. We were surprised as well, and Moodle was surprised. But it comes down to is, is Moodle an LMS or the LMS?

For those who are reading this, Don Fowler and I are looking at the data and we can interact with it in real time. If I change a filter to show systems that impact a minimum of 10,000 learners, or 25,000 learners, use of Moodle falls off significantly.

If we return to the initial settings we see that SumTotal has the largest number of separate and distinct companies that use it within what we've defined as large organizations, and this excludes both education and government.

Likewise, if we look at small and medium-sized corporations, SumTotal also appears very prominently. This may, perhaps, be due to the adoption and assimilation of Pathlore users, and the like.

Let's look at overall satisfaction numbers. And again, we're looking at large corporations, meaning more than 5,000 employees and more than 5,000 learners impacted.

Don, any comments, concerns? Do you think this is an accurate measure of things?

DF Well, first of all, I think on the whole the rating is indicating that our customers are satisfied with our products. As I say, I'm not happy until we get 100



percent response to saying they are very happy with the service. I think your ratings are very fair.

There is no question, as I look at a customer base made up of people who use the Legacy products from the three companies in the learning space that now comprise SumTotal, and they use our news platforms. There are various considerations in migrating from Legacy products to the current product. Some customers haven't migrated at all. The existing products very well meet their needs.

So we have a mixed bag of technologies and customer situations, and to come away with a reasonably satisfied customer base in that environment is fine. Although, as I say, I wish we had 100 percent of people saying they were extremely satisfied. But I think the survey's very fair.

SW I'm going to shift gears for a second. Two weeks ago we posted a survey asking members to give us very pinpoint and specific information about their use, loves, and loathings of learning management systems.

The first question we asked people is, "What is your primary LMS?" About 78 percent of guild members use one and only one learning management system. But if they use two or more, we're asking them "Which one is your main one."

So far, of the 665 respondents, 72 use Total LMS, and in all fairness, four or five members said, "Well, I don't use Total LMS. I use Pathlore." But for the vast majority, we're talking about TotalLMS usage.

Now, let's drill down on satisfaction ratings for specific LMS features. There are things that your customers like quite a bit. Members are indicating satisfaction with cost, ease of use for learners, ease of use for administrators, for course designers, and so forth.

So these are the areas that TotalLMS users are indicating they're most satisfied. Now let's look at the top three areas where TotalLMS users are least most dissatisfied. I'm saying most dissatisfied, but with the exception of the first two, most members are, in fact, satisfied. The three things being time to roll out or implement, lives up to vendor promises, and ease of customization.

Don, would you like to comment on these things? Do you think this assessment is fair? If you think it is fair, what is SumTotal Systems doing to address these concerns?



DF First of all, any time the customers speak, it's fair. I look at different situations among the customers who have adopted SumTotal 7, the Total LMS. So when I look at companies who have come across with relatively little customization and who are moving over to the new platform to use compliance or other capabilities of that platform, then I think those are the ones that we probably are seeing more highly satisfied with the product.

The product has included in it requirements that we picked up over the years from our different customer sets in Docent, Click2Clearn, and Pathlore, and we've worked very hard to include the right kind of features and functions and the right emphasis on performance. It's rewarding to see that recognized by people in that situation.

On the other hand, when people utilize some of the customization capabilities, for instance, of the Docent platform, then that adds to the complexity in switching to a new platform and highlights any areas of functionality that were not carried forward in the first release of the new platform, and you'll only catch up with that functionality over two or three releases.

Then the satisfaction level suffers accordingly. When they talk about the time to implement, as an example of a problem area, I think most customers that do not need much customization would experience pretty rapid implementations. I know several sources outside of our company, as well as us in the company, measure our number of projects, what percent of our projects are completed on time and on budget, and we're quite proud of industry-leading statistics in that regard.

SW Well, you started to touch on something. We're looking at satisfaction metrics and these are Total LMS users weighing in at this point, and you've already talked about the number of acquisitions and trying to accommodate all these users and make sure that whatever customization they may have done with other products is addressed in the current platform.

Do you feel that there's still any holes or shortcomings in your products? How are you planning to address that? I guess the question that goes hand in hand is are you considering any other acquisitions?

DF We are always talking to people in the industry. But it is not our strategy to try to go take on more LMS-type customers through acquisition. We would like to attract them with our product line and maintain our leadership in the



industry in terms of numbers of customers and revenues, but do that with our existing product set and our existing format.

So we're not looking particularly for adding more LMS vendor acquisitions to our slate. Then in terms of the platform and the functionality, the thing about customers that's really great is they find such creative uses for the product. We went from simple training systems to systems that are very sophisticated in the metrics that they keep and the applications that customers use in order to deliver new products and services; to do on-boarding, to do things never even conceived of in the early days of LMS.

With new applications come new requirements. So we constantly are in discussions with our customers about where they're going, what their needs are, and making sure that we have development plans oriented to it.

I'll give you a couple of examples. Reporting was not a strength of the legacy platforms that we had, and so we worked very hard to create a strong report manager capability in our SumTotal 7 series. We continue to look for ways to improve reporting, to expand the capabilities and flexibilities of it, and you can expect to see more emphasis on this area as we go forward.

We just added electronic commerce capabilities in our most-recent release. And each and every release, we'll see new functions and features come out, and many of these are things that respond to the emerging requirements as customers use the system for more and more advanced applications and applications that have higher return on investment for their companies than just saving training dollars.

SW There seems to be a move afoot to go beyond learning management and embrace talent management and succession planning and compensation management and the like. Is this something that SumTotal is looking to do to a further extent, and would you do this via partnering with other organizations or possibly through an acquisition?

DF We're seeing considerable interest on the part of our customers to integrate their learning system, for instance, with performance management systems. In the end, I believe that they will take the whole idea of employee skills and competencies and look at the entire cycle and seek integrated solutions for them so that we'll start with acquiring skills and competencies in the image of your best performers in those functions.



It will involve the managing of performance and assessing of performance. So how well are they doing with their skills and competencies against the job requirements? What are the skills and competencies of the jobs that they could move to in the future? How do they remediate the deficient skills and competencies with learning, or develop new skills?

Then, how do you compensate them for new skills and competencies? We think all of these things, based on what we're seeing from our leading-edge customers and their thinking about systems in these areas, we think all of these will come together with data flowing back and forth between the systems involved so that they can really track and measure and compete more effectively in each of these aspects of talent management in the war for talent that's going on in the industry worldwide, especially in the U.S.

So having said that, we are constantly looking for ways that we can expand our suite of offerings. In November of last year, we acquired Minesoft, which is in the performance management space, with compensation planning capabilities as well.

Now there are a number of reasons that we acquired Minesoft, but suffice it to say that they have very, very leading edge technologies and a business model that fit ours very nicely. We constantly look for partnership opportunities as well, including in the performance management area where our system integrates in some customer shops with companies like Success Factors, Authoria, and other vendors as well.

Some customers will choose our integrated suite, and some will chose components from our integrated suite and integrate them with other packages that they have in their shop.

So, in terms of future plans, we will continue to look for partnership opportunities and/or acquisition opportunities in other spaces.

SW Well, this leads in well to the next thing that I'd like to ask you, which is you're talking about expanding the offering, providing richer capabilities to meet more and more needs in various markets, in various facets of corporations and organizations. One of my favorite questions is "What is important to you?"

The specific question in the survey is, "Please indicate the importance of the following learning management system features, features that you have or wish you had."



Let me change the filter so we just focus on SumTotal users.

At the top of the list is tracking, reporting, and measurement, then training history, then asynchronous learning, then blended learning, then content delivery. As we go further down, even though these things do not list as being as important, they're still important. Synchronous learning, instructor-led training management, collaborative learning, the ability to support specific and complex business process models, integration with newer learning modalities, Podcasts, et cetera.

Where do you think you stand right now in terms of meeting these things that are important to SumTotal customers?

DF If we look at the top of that list where the most important things were, I think we work very hard in those areas to make sure our offerings are competitive and full-featured.

Standards are a good example of something that often presents problems, and it's very important for content purposes. But it's an area I think the whole industry struggles with. So that's an area we keep our eye on very carefully.

SW Don, I only have one more question. I realize there are so many wonderful things about SumTotal System and its products and services. If you had only one thing that you could use or mention that would distinguish your product offerings and your company from those of the competition, what would it be?

DF Well, that is a very difficult thing. But I tell you one thing that I am very pleased with that I really have seen happen, and that is we have a large number of global customers that use it globally. And so there's a challenge facing every vendor as to how you support a wide variety of languages.

We've been fortunate enough, through many of our global customers that have banded together with us, to create a language club to be able to utilize our product with the data and the screens and whatnot in their native language for a whole bunch of languages, over and above those provided with our system.

As companies do business more and more in different parts of the world, leveraging everything from manufacturing resources to other technical resources, to distribution capabilities around the world, it's very important for vendors to respond in kind and give them the opportunity of localizing the solution for each of their locations.



Now I'm not going sit here and tell you that we have every language in the world, nor do we desire to do that. But we have a very broad library of languages that have been created with the assistance of global customers and the prioritization set by global customers, and I'm very proud of what the company's done in that area.



Interview with Lee Ritze and Jeff Bond of SkillSoft

Lee Ritze, Senior Vice President, Marketing

Lee Ritze is the senior vice president, marketing and corporate development for SkillSoft. Ritze was an original founder of SkillSoft and is responsible for SkillSoft's product marketing, strategic alliances, and corporate development activities worldwide, as well as marketing communications for the Americas and corporate.

Prior to joining SkillSoft, Lee worked for NETg from 1985 to 1998, holding sales, sales management, and marketing management positions. From 1995 to 1998, he served as director of product marketing at NETg and earlier in his career held key positions in engineering, customer service, and marketing management roles with Unisys and Control Data Corp.

Lee Ritze has 30 years experience in the information technology and technology-based learning industries, and is a 1974 graduate of the Ohio State University in Columbus, Ohio, where he graduated cum laude with a Bachelor of Science degree in computer science from OSU's College of Engineering.

Jeff Bond, Vice President, Product Marketing

Jeff Bond is responsible for execution of the company's product strategy. Jeff has been with SkillSoft for 8 years. Before serving as vice president, he focused on the software infrastructure of SkillSoft's offering. He brings more than 15 years product marketing experience from several companies including General Electric and Johnson Controls. Jeff Bond holds a bachelor's degree in mathematics from the University of Florida, and an MBA from Nova Southeastern University.



Steve Wexler, The eLearning Guild: At the moment, the three of us are looking at a screen having to do with market share for popular learning management systems amongst e-Learning Guild members. We're looking at corporate penetration, the number of different organizations that have e-Learning Guild members as employees who use different LMSs, and in a moment, we'll comment on where SkillSoft is, both in terms of market share and in terms of customer satisfaction. The three of us were chatting informally before this, and we were trying to understand where SkillSoft fits within the market place. You were stating that how SkillSoft came about is quite different than the other learning management systems. Would one of you care to elaborate on that?

Lee Ritze, SkillSoft: I would be glad to comment. What I was sharing was that as I look at the list of LMS suppliers, I see organizations for which LMS may be their primary product and main source of revenue. What's different about us, that causes us to make a number of different decisions in terms of our priorities, is that while LMS is important to us, and we have about 1400 customers using our SkillPort LMS, it's just one thing in our mix. In our overall business mix, about 80% of our revenue comes from various kinds of e-Learning content product lines. This LMS software platform probably makes up about 12% of our revenue, and the remainder comes from services of various sorts. So with LMS fitting into that mix, with content being such a large part of our business model, I think that sometimes takes us different directions, than I believe, for example, a SumTotal or a Saba or a Plateau, which I see at the top of your list, would go.

SW Well, let's in fact talk about the list at the moment. We have filtered this based on a minimum of 10 different organizations. We are not including higher education, K-12, and government, and company size has to be at least 5,000 employees and at least 5,000 learners impacted, and we see SumTotal, Saba, Plateau, but a very healthy showing from SkillSoft. Now, realize we're asking people to tell us all the Learning Management Systems they may use, not the Primary LMS. Now, is it fair to say that if someone is using the SkillSoft SkillPort that they're almost certainly using the content that your company supplies?

LR In virtually all cases where our customers use our SkillPort LMS, they are also using at least some portion of our content product line. We would very



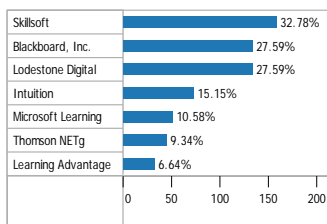
rarely bid on business from a customer who was looking for a LMS only without also looking for e-Learning content.

SW I'm going to switch for a moment to satisfaction ratings, and we see SkillSoft SkillPort rated extremely highly. In fact, within the large corporate sector, at least what we define as large corporate, anyone with access to this interactive dashboard can change any of these filters and look at just their industry as they want to, or the company size as they want to. In looking at the things I sent you in preparation for this interview, were there any things that surprised you? Delighted you? Upset you in any way?

Jeff Bond, Skillsoft: I don't think there is anything that dismayed us. It certainly was gratifying to see, of the customers or respondents who identified themselves as SkillPort users, that the remarks seemed to compare favorably compared to the industry as a whole. I think we also did note that knowing that we have 1,400 customers, and knowing that our business focus historically has been almost entirely the large corporate space through field sales around the world, it looks like so far the survey is capturing a relatively small amount of our SkillPort customer base. We know we have 1400 customers. We are aware that Saba and SumTotal claim similar numbers of customers for their platforms, so it's interesting to note those organizations coming through at three and four times our customer count. I don't find it dismaying. I note it as a difference from our experience with the market.

SW Well, we're also looking at a number of disparate organizations, which is what we're doing here. We can also look at the number of individual members who have weighed in on a product, just so that you understand how what we're looking at right now works. If you've got 20 different members and they belong to one organization, in this particular chart they count once, and if you have only three members who belong to one organization that only counts once. For the most part, though, we've seen a good one-to-one correspondence between the number of members individually weighing in on a product or company, and the number of separate organizations weighing in.

But that begs another question, then, and let's look at – shift from our general use of tools and use and satisfaction. That was the first set of numbers we were looking at, where I believe we've had 2100, or at this point more than 2100 members have weighed in and said, "Here are the LMSs I use.", and about



Skillsoft is the leading provider of content and e-Learning courseware to Guild members.



1,200 have rated them and said, “Here’s what I think of them.” Right now what we’re looking at is the survey that we recently published. Currently, we have 681 responses to it. We expect to have close to a thousand by the time we first publish this report, and the first question we ask people is, “What is your primary LMS? You may use more than one, but what’s the thing that is doing the heavy lifting?” About 20% are not using one yet. Next is TotalLMS, followed by developed in-house, and I’m looking at this extremely highly rated product, which is SkillSoft SkillPort, and of the 681 Guild members who have weighed in so far, only 10 indicate that they use this as their primary learning management system. To me, this suggests they use some other learning management system in tandem, or it is performing a larger role, and that SkillPort is working hand-in-hand with that learning management system. Do you think that’s a fair assessment?

LR I understand your interpretation of it, and I can’t disagree with that as an interpretation. I would say this. Of 1400 customers that we have that use our SkillPort platform, our experience has been that about 1000 of those customers are using SkillPort in a way that is not connected to another LMS system, at least as far as our customers have ever found it relevant to talk to us about. We are aware of about 400 of our SkillPort customers who are absolutely using it in combination with another LMS, and then something else I think worth noting is that of the 600 or 700 customers of ours that use other LMS products and don’t use SkillPort, one of major R&D efforts over the last few years has been to create Web-based service approaches that allow customers to leverage certain features of SkillPort that they find attractive without having to think of switching LMS platforms from their main platform in order to use the particular feature or service they find attractive.

So, many of those customers might not even think of themselves as a SkillPort customer at all, and yet could be using the search feature, or the blended-program feature, or the targeted learning portal feature that we first built into our SkillPort platform and then, through the Web services approach, they found a way to offer that to the other customers that have another LMS as either their only LMS or as their primary.

SW Well, let’s travel down that road a bit. Indeed, a lot of the other players in this market have in fact partnered with SkillSoft as a provider of content, and they want to make your content available through their LMS, but when I’ve interviewed your counterparts in these other organizations, and they’ve seen



SkillSoft up at the top, and they tell me, “Well, SkillSoft really isn’t doing what we do. They’re providing a wonderful, well-created, and well-managed front end and making it so that this content can be available in a variety of fashions, both formal and informal, but they don’t really do everything that a full learning management system does, or everything that we do, so you’re comparing a somewhat less complex product with a more complex assessment,” on their part.

JB We think that’s a fair characterization. It’s never been our goal with the SkillPort platform to match those Enterprise LMS platforms from providers, like you mentioned, feature for feature. In fact, our original vision with SkillPort when we started it eight years ago was to provide a light LMS that could do the core of e-Learning content delivery, management, and reporting. Over the years as we’ve expanded the system, both to respond to various kinds of customer requests for more LMS functionality and expanded it to support more advanced content offerings that we’ve created, it’s gradually grown into being a fairly robust LMS that can meet the needs of many customers. But there are also many customers that may need one or more of extra kinds of functionality that companies like SumTotal and Saba and others have gone on to do.

LR So we very much think our customers need a strong LMS in order to get maximum value out of our content, and we’re pleased when they choose our LMS. We’re also pleased when they chose another LMS, if it provides the capabilities they need in order to make our content a better fit with their business problem. So we live out there in a world that we see as a real mix, and I was giving you some stats a few minutes ago, Steve, that you could roughly say would be that two-thirds of our customers are using our LMS, and about one-third of them are not using our SkillPort LMS.

When I look at it from a revenue perspective, we live in a world where about half of our revenue comes from customers who use our LMS, and about half of our revenue comes from customers who are using another LMS, so we value our relationships with those other providers and think that it’s very critical with our products to make sure that we’re prepared for all those different scenarios that the customers may choose to implement, LMS-wise.

JB Just to add to that, Steve, the other thing is it means that our approach to our LMS and how we spend our R&D budget and the things that we focus on developing for the product means that, as opposed to trying to compete with another LMS platform, we can focus right in on the things that our customers are telling us they need that are going to help them add value to their pro-



grams. So, as opposed to building a complete ILT module that handles when the donuts show up and everything, we can focus on just those capabilities that are going to give our customers the greatest value.

SW So, would a fair characterization be that someone who comes to you probably because of your content, that you have an LMS for them, and if it meets their needs, great, but if it doesn't, your tab A will fit very nicely and snugly in another LMSs slot B?

LR We're trying to do that in a couple of ways. One is make sure that our content products work well with those other LMSs they may choose to implement. But we're also, through our open-learning services technology direction, striving to make features of our LMS interoperable so that a customer using a SumTotal or another LMS could choose to implement one or more of the features that we consider SkillPort features with their LMS without having to think of themselves as directing their users to two LMS platforms. You get all those services through whatever they consider as their primary LMS.

SW In our survey we ask all our members, "Which features, either ones that you have now or ones that you wish you had, do you consider very important, important, somewhat important, or not important?" And we can filter this by individual LMS, so we could see, "What do SkillPort users think?", "What do SumTotal users think?", or "What do Plateau users think?" and we can do this by company size, because a member of a small company with fewer than 100 employees has different needs from a company with 50,000 employees.

So let's just filter this on SkillPort users for the time being and we're seeing some things crop up, some things more important than others; the ability to support specific and complex business process models, the ability to integrate mobile learning initiatives, integration with newer learning modalities, including Immersive Learning Simulations, Podcasts, blogs and Wikis, etc. Do you feel that you're addressing these things now? Or if not, do you have plans to address them down the road?

JB I can give you a little bit of a perspective of how we approach introducing, say new technologies or new capabilities within a platform. One of the ones I happen to be looking at on the chart talks about Wikis, blogs, and things of that nature, and in fact, it is obviously one of the new technologies that has grabbed a lot of people's interest. You see it out on the Internet a lot. One of the things,



though, we are fortunate that in our model what we can do is work with our customers to make sure we understand how they're going to utilize those to generate a real benefit to their business. At this point, while we do have customers that are saying, "Well, can we introduce Wikis and blogs and those types of capabilities into the platform?" we ask them, "What are you going to try and accomplish? What's it going to do for you from a business standpoint?" even they struggle a little bit with exactly how they're going to use them or how they're going to manage them, and so we continued through our café events, our prospective events to keep close to our customers to understand how they'll really use these things before we actually implement them within the platform.

I think you can draw the same parallel with blended learning. If you go back two or three years ago with blended learning, our customers told us we absolutely need to support that. When we ask them what it was they wanted to accomplish and what we could do to help them support that, they came back and said, "We don't know." It took them about a year, a year-and-a-half to figure out, "Okay. Here's what you can do. You can introduce blended learning tools that we can utilize off the shelf. You can introduce technology into your platform to create programs that we can use to manage the blended-learning offerings within our company, and you can introduce instructor-led, classroom, that type of capability.", and all of those things we delivered within our offering, so I think you'll see the same kind of thing taking place here with some of the new technology areas, as opposed to just, "Let's run out and build it, because we've got to compete with the other platforms." We want to understand how it adds value to our customers.

With our large number of customers, we have so many different kinds of requests for so many different things that any given point in time when we're prioritizing things we'll take those things that we hear from the broadest range of our customers, and we'll also do things that we know are critical to leveraging new things that we've added to our content product lines and so forth. And while we see ideas just beginning to gel from our customers, we'll usually choose to keep listening, rather than jump in and develop what they may turn out to need a couple years from now, because there are always a considerable number of things on our plate at any given point. When we have greater confidence that a lot of customers need a certain thing that can be defined right now, and will solve a business problem that both they and we understand, we'll focus on those things.



SW Players such as Plateau and Saba and SumTotal are now touting their capabilities beyond learning management systems. “We do talent management; we are about human capital management; learning management is an important but small component. We now have succession planning and performance management and compensation management” and so forth, and there seems to be these moves amongst some of the players to move into more sophisticated, human resources and business operations functionality. How is SkillSoft going to address this?

JB I think our approach to this market coming from our content core causes us to make some different decisions than the pure LMS players that are probably both seeing opportunity in that talent management realm and are probably also feeling – they could be feeling – some attack from that direction in that companies that have started more in that talent management arena or human resource information systems management arena with software, have gradually moved more and more towards a LMS as an extension of those companies’ product lines. You know, SAP and Oracle would be examples of those kinds.

LR Steve, our focus to a greater degree is on the learning space and between the range of e-Learning content in courseware and online book collections, and now we did an acquisition of an online video content company. Our concentration in learning content, and a LMS to complement it and other tools ,keeps us more in that arena as opposed to feeling the need to leap out and cover a broad range of talent management. We had extended into a competency management capability through an acquisition of a company called Skill-View approximately a year ago. That’s one aspect of talent management that we feel is closer to our learning core than other aspects of talent management, like compensation management and things like that. So we don’t really, at this point in time, see ourselves wanting to try and extend our software out into that space and would look more to interface with those types of systems. And I think we’d continue looking at it that way unless and until we hear some much stronger demand or mandate from our customers to move more aggressively into that space. We’re not hearing it right now.



Interview with Mark Frost of Saba

As Chief Operating Officer, Mark Frost is responsible for providing the strategic and future direction of the company's growing set of Human Capital Management (HCM) solutions. He manages the outcomes of Saba's Engineering, Global Support & Hosting, Education, Product Management, and Product Marketing teams.

Frost joins Saba with over two decades of experience in building and leading enterprise technology companies. Most recently, Mark served as the group vice president and general manager of the Human Capital Management (HCM) product division at PeopleSoft. In that role, he provided the strategic leadership that grew the PeopleSoft HCM business more than 20% within a 12-month time frame.

Prior to PeopleSoft, he served as vice president and general manager of Product Operations at Documentum, where he helped the company to establish and maintain market leadership. Frost has also served as the chief operating officer at Objectstream, as well as having held vice president of engineering roles at several companies including Neovista, Envirotest, and Systems Control. Additionally, he has held management positions at EDS and General Electric.

Frost holds a BA in Computer Science from the University of California, Berkeley.



Steve Wexler, The eLearning Guild: As you know the Guild is currently conducting a major study and research report on learning management systems, and I showed you some of the data that we've gathered so far, including data having to do with market share, satisfaction, and then some of the survey data. Right now you and I are looking at the same screen together, and we're looking at market share amongst the players in the learning management system arena for how we have defined large corporations. In industry we've excluded education and government, and we're just looking at companies with a minimum of 5,000 employees and a minimum of 5,000 learners impacted. We see SumTotal listed first, then Saba, and then Plateau. For what we have on the screen and what I sent you earlier, were there any surprises? Were there any things that delighted you, that dismayed you?

Mark Frost, Saba: Well, I think it's important to understand that the providers on this chart and in the second chart are in three distinct categories. So in a sense, this chart compares apples and oranges. The first category is learning management systems provided by, on this chart, Saba, SumTotal, Plateau, SAP, Oracle, GeoLearning, and Knowledge Planet. The second category is courseware management systems, which support managing courses for higher education divisions, provided by, on this chart, Moodle and Blackboard. And then the third category is learning content, the actual courses and learning materials provided by Thompson, Net G, and SkillSoft. So the vendors in the different categories compete within their category, but often partner with vendors from the other categories to provide solutions to customers. So Saba, for example, partners with both Blackboard and with Thompson, Net G, and SkillSoft to provide solutions to our customers.

SW A very good observation. You used the term "comparing apples to oranges." As I've said before, when trying to deal with this particular segment of the industry, I feel like I'm comparing apples to tuna tartare. This is something we will explore deeply in our report as many of the vendors often cited as having "thin" offerings will state emphatically that they offer more than a course management system.

MF Well, I think there's another important aspect of this, and you touched on this when you were applying the filters to the graph, and that is that different vendors address different market segments. So, for example, Saba enjoys tremendous success meeting the needs of the larger enterprises. More than 5,000 employees, revenue over a billion dollars, as well as what I would describe as



mid-to upper-mid market – medium size enterprises with 1,000 employees and revenue over 500 million. In fact, our average learning installation is 25,000 users and our average performance installation is 10,000 users. So we actually don't see some of the vendors in the chart because they provide solutions to smaller customers.

SW What people reading this won't be able to see is that I'm now changing the parameters and am now filtering this so that we're looking at companies with at least 10,000 employees, and with number of learners impacted of at least 50,000. We now see Saba listed first, followed by SumTotal, and then by Plateau.

MF You see that Saba is dominant when you focus on the larger corporations, which is our traditional strength. I'd also say some of our competitors have acquired other LMS vendors and have sort of aggregated companies that traditionally focused on smaller departmental solutions. So I think part of the reason we have the best sales and revenue trajectory right now in the business, is that many of those departmental solutions are actually being consolidated into enterprise solutions. And Saba has the most scaleable, robust enterprise solution. So a lot of those departmental solutions are moving over onto our platform.

SW Well, it sounds like what we should be doing, if we're talking about where Saba has its greatest strength, is focusing on these larger implementations?

MF Well, two of our fastest growing sectors are the upper-mid market and the on-demand business, so much of our growth is coming out of the mid market.

SW We've now looked at market share, and depending on how you define a large corporation, who gets listed first varies. We saw SumTotal before, followed by Saba, and now we're seeing Saba followed by SumTotal, followed by Plateau Systems. Let's look at satisfaction ratings. We're focusing on just industries outside of education and government, minimum of 5,000 employees, minimum of 5,000 learners impacted. And we're asking lots of different people to weigh in. We have different job levels here – director, manager, owner, practitioner, etc. Here are the results that we're seeing, and Saba is showing



lower on these things. What's your reaction to this? Do you think that this is a fair representation? And if you do think it's fair, how might you be addressing some of these things?

MF I note in some of the categories, integration with our LCMS, reporting feasibilities and others, that we rate very high. So it's nice to see that customers like that aspect of our solution. I should mention that we traditionally continue to provide mission critical systems to some of the largest and most demanding customers on the planet, and consider making those customers, all of our customers, happy and successful our highest priority. That's why we devote so much effort and budget to giving our customers the best experience we can. Our investments in developing the best architecture in the industry, in overall product quality, in engineering and quality assurance best practices, in customer support, professional services expertise and capability, and in our user interface and in ensuring that we have the best scalability and performance available are resulting in a very steady increase in customer satisfaction. We're putting a lot of effort into making it as easy as possible for our customers to upgrade or migrate to our latest releases and get active for all the benefit of that work, and so they can increase the value of their investments. I think part of the reason that we're the number one learning and talent vendor is that we're putting our money where our mouth is, and we're totally committed to our customers' success.

SW Since you were talking about places where your customers are speaking very highly of you. I'm going to go ahead to what was Question 13 in the survey, "What's your satisfaction with the various elements of the LMS that you use?" Let's just focus in on Saba's products. And you're the beneficiary of me having conducted a few of these things. Let's look at the stuff that people like about your product. You're rating very high on usefulness. It really does help people learn and perform better. Effectiveness in migrating existing content, learning assets, and courses, business impacts, and does it really provide measurable business results? And people are either somewhat satisfied or very satisfied. You're scoring quite high in ability to support different models and sequences of blending learning, including instructor led. Ease of use for learners, all very important things, and so let the record show that there are a lot of e-Learning Guild members using Saba that are very pleased with these things.

Okay, now it's time for the root canal. I'm just going to look at the three areas where users of Saba products are less satisfied than the areas we looked at be-



fore. And the top three in terms of causing more pain is ease of customization, lives up to vendor promises, and ease of installation. Do you think this is a fair assessment? And if so, what is Saba going to do to address these issues?

MF I think we need to add a little perspective to this. Keep in mind that a large percent of the respondents were small to medium sized businesses, and that the satisfaction rating on the larger enterprises was high. Saba continues to produce a system that's highly customizable, and the reason for that is that most of our customers want our system to support their business practices. They became successful by developing their own best business practices in their specific industry or vertical, and they want a system that's going to continue to support those, while also benefiting from the built-in functionality and best practices that exist in the system. So in order to support the level of configurability that those customers demand, we had to include a pretty sophisticated set of configuration tools. That's a two-edged sword.

It requires some degree of sophistication within the IT department of the customers, and some involvement from professional services or a competent system integrator to configure the system based on the customer's needs. So that's good for larger customers that have business practices that need support. For smaller customers who don't need that degree of configurability, historically that's been a negative. The good news is that we've come out with a product called Fast Track specifically preconfigured for our smaller customers. So that's going to go to relieve the potential frustration of those smaller customers, who don't have the degree of IT sophistication or budget to spend on professional services to configure the system to the degree that they may have in the past. So I think your statistics reflect that.

SW Well, just to follow a little bit further while we were chatting, I just changed some of the parameters, and now we're just looking at companies with at least 5,000 employees and learners impacted of at least 10,000, and we're still seeing similar levels of dissatisfaction. In particular the one at the top is "lives up to vendor promises." Do you think this is a fair assessment that you're getting here, and if so, what are you planning to do to address this?

MF Since I joined Saba, and I believe even previous to my coming on board, one of our most important values has been to live up to our commitment to our customers. And I'm engaged on a daily basis, as are the other executives and team members at Saba, in ensuring that we live up to our expectations. I would have to dig into your specifics and find out what they reflect, but I can tell you



there is an absolute commitment to quality, to supporting our customers and ensuring their success.

SW Let me go ahead to one of my favorite questions, which allows The Guild to be a conduit between Guild members and e-Learning solution providers. We ask members to tell us – and you – what is important to them. For Saba users, at the top of the list we see content delivery, reporting, training history, and so forth. I'd be very surprised if you don't handle these things well right now.

MF The items at the top of that list are core competencies for us. We handle those very well.

SW Let me go to the bottom of the list and these are things that are still important, but they just rated as being somewhat less important than the items at the top. Here we have ability to integrate mobile learning initiatives, collaborative learning, integration with newer learning modalities, including immersive learning simulations, Podcasts, blogs and wikis and so forth. What are your thoughts on this? Do you think that you're able to supply this now? If not, what are your plans for supplying this type of functionality in the future?

MF Everything that's displayed on the screen now, we either have functionality today or functionality in our roadmap. I'll give you two examples.

I think Saba has an extremely strong collaborative and informal learning solution today. If you look at, for example, the combination of our virtual classroom technology, which we got through our Centra acquisition, our learning systems, our social networking capabilities, our strong integration and interaction with desktop applications like Microsoft Outlook, our integration with things like blogs and wikis, all within a single easy-to-use user interface and all on the same integrated platform, give us a very, very useful and effective collaborative learning platform supportive of informal learning. So there's no question in my mind that we're the pioneer and the leader in this space.

You mentioned some of these features and functions that are in lesser demand, Podcasts, mobile learning, things like that. I think items like that are going to become increasingly important for a couple of reasons. If you look at the macro-economic picture that's affecting our industry, in many countries and regions across the globe we're faced with a dwindling workforce, a shrinking workforce. For example, the U.S. workforce is going to shrink by about 4 or 5%



over the next 20 years, and the same in the U.K. and France. Japan's workforce is going to shrink by about 8% over the next 20 years.

What that means is that there's going to be more and more fierce competition to retain, to attract and retain good workers, competent workers, and highly skilled workers. Therefore, it's going to be more and more important to have a means to communicate and to convey learning and information to the different demographic or age segments within that workforce. And so some of the things on your list here like mobile learning and Podcasts and so on, which aren't in super high demand now, are going to be in the future because elements of the workforce are going to be able to consume learning using those channels more readily than they do today. So we're incorporating support of those features into our products today in anticipation of that.

SW Well, you mentioned something interesting, and in a way are anticipating one of the areas I wanted to explore with you, and that is retention of employees, recruitment of employees, dissemination of knowledge. A number of the larger players are starting to make forays into areas outside of just learning management. Indeed, I believe Saba fashions itself as an expert in human capital management. And I'm wondering if you can tell me a little bit about your plans and what's going on with that, as you move into areas outside of just learning management into, for lack of a better term, human capital management or integrated talent management systems, as well as if there are any plans for any more acquisitions and the like in the near future?

MF We're seeing very high compound annual growth rates in the learning management space, but as you suggest we're also seeing very high compound annual growth rate in the larger strategic human capital management or talent market, as well. And I think the reason for this is pretty straightforward. The solutions that we've been talking about are really useful. Customers are able to extract a lot of value from them. Learning systems, especially when integrated with performance and talent systems, can have a very profound, measurable, positive impact on a customer's business. They enable their customers to fundamentally manage their people better and therefore to compete more effectively.

That's why so many customers are buying our system, and that's why so many new vendors have been entering the space. Our intention is to continue to invest in our historical strength, which is learning management. I think you saw that with the addition of our virtual learning technology. We'll continue to fo-



cus on the benefit of combined learning and talent solutions, by investing in our performance and succession planning products. To continue to invest in informal and collaborative learning, and then to continue to invest both organically and in terms of strategic acquisitions in expanding our footprint over time, so that we have a completely integrated, end to end suite of strategic human capital management products to offer the marketplace.

SW I have a diagram that I want to show you. I'm showing recruiting management and performance, and compensation management and HR, and workforce management and then learning management system. And indeed anyone going to the Saba website will see that you're offering compelling solutions in all of these areas. My question is, let's say that someone is using SAP or Oracle, would it still be possible for them to insert your learning management system at tab A into their everything else slot B? Or do you not see that as being a good way to implement your system?

MF From time to time you will find heterogeneous environments with different strategic Human Capital Management (HCM) elements present, and we do provide a universal API for integrating in such situations.

But I think it's important for customers and Guild members to understand that there's tremendous value to extract from an integrated set of best-in-class applications. So for example, if you bought Saba's learning and performance, and succession and career planning systems, you'd reap essentially a non linear benefit. You know $1 + 1$ equals more than 2, because they're integrated, and they support business processes across both applications. Specifically, having direct access to learning from within performance career or succession, gives you faster, greater impact and results. You can be an operations manager and address performance gaps in your staff by assigning training directly from within a performance plan. Employees working on their performance plan, for example, can identify and fill knowledge and experience gaps using the learning application directly. It's very important for potential customers to look at the benefit of a combined learning performance and talent solution, rather than just selecting individual components and piecing them together, as in the puzzle diagram on the screen now.



SW I've got one more question for you and that is if you had only one reason that you could give somebody for using your company's products and services, what would it be?

MF Saba is absolutely committed to our customers' success.



Interview with Tim Hill of Blackboard

As president of professional education solutions, Timothy L. Hill leads the overall sales and marketing efforts for corporate, government, and for-profit education clients.

Tim joined Blackboard in 2004 as senior vice president, global marketing. In his two years at the marketing helm, Blackboard launched a global rebranding effort including a new Web presence, introduced BbWorld™, the company's global user conference format, expanded the BbConnections™ client community initiative/Web portal, and launched corporate marketing and demand creation programs internationally. With more than two decades of experience in sales and marketing strategy development and execution, Tim has been named one of the "Top 10 U.S. Marketers" by Crain's Business Marketing; one of the "Top 100 Executives" by Ad Age, and won "Product Launch of the Year" award from Marketing Computers (for the Iomega Zip Drive).

Prior to joining Blackboard, Tim served as principal of Hill Partners, Inc, a consulting firm specializing in the development and implementation of corporate branding, identity, strategy, product marketing, and international expansion. Before founding Hill Partners, Tim served as vice president of worldwide marketing and international sales at SAGA Software (Software AG Americas.)

Among his many notable career achievements, Tim was instrumental in repositioning SAGA from a legacy mainframe software provider to a leading business solutions software provider resulting in a successful IPO on the NYSE. While chief marketing officer & vice president of worldwide sales at Iomega Corporation, Tim was the driving marketing force behind the development, marketing and success of the Zip, Jaz and Ditto personal storage products.

Tim holds a BA in Business Administration from Taylor University, Upland, Indiana, and serves on the advisory board for the Washington region Technology Marketing Alliance.



Steve Wexler, The eLearning Guild: Tim, in preparation for this I have sent you some information that we've been gathering. You and I are now both sharing a screen, along with Lisa, showing market share of e-Learning Guild members in large corporations, or what we define as large corporations. I have filtered out education and government, so we are looking at organizations with at least 5,000 employees, at least 5,000 learners impacted. With what we're looking at on the screen, and the other information I've sent you, is there anything here that surprises you, or dismays you?

Tim Hill, Blackboard: Well, we were definitely very interested in the content of the research and also the quality. It is extremely well done. Nothing really surprised us overall. The past decade, through Blackboard's dramatic growth, we've focused on the Higher Ed marketplace worldwide. Academia definitely has taken the lead in distance learning and e-Learning in general that has now spread aggressively to the corporate world and to other sub-verticals like associations and federal government. Now we're really focusing on what we call professional education solutions more than ever. We have dedicated resources across the traditional functions of a business that can focus on bringing to market best-of-class solutions that really compliment Blackboard's solution, which has been adopted, again, in a lot of marketplaces, including corporate America and other corporations worldwide.

SW Well, we'll drill down a little more deeply into this in a moment, but would you say that what we're seeing here is a case of people using Blackboard as an LMS, or possibly the LMS? My colleagues, who were working on this report and others, were just surprised to see the prevalence of Blackboard within the corporate space. When I increase the number of learners impacted to 25,000 we start to see Blackboard fall off, though it's still in the top seven. So I guess what I'm looking at is I tried to put this in context that you'll often see Saba, Sum Total, Plateau, SAP, Oracle together, but you don't usually see Blackboard in that company. Would you say that you do all the same things that these other products do, or that you do?

TM I think we do some of the things that a lot of those solutions providers do, except some of those things we do we do much better, meaning traditionally our strength in Higher Ed translated into people having familiarity with the technology platform from either undergraduate or graduate school, or even in the case of older executives their own children in K/12 or in college using Blackboard. So for us, we see the market as almost beyond a fragmented mar-



ket. It's almost like a splintered market because there's so many ways to approach training, learning, staff development, talent management, etc. Where we've had success, specifically in this market, is around our ease of use, speed to market, the breadth and depth of the market, acceptance of the platform, the fact that we're a course management system.

So we don't bring to bear today all of the traditional LMS features and functionality, but the beauty of our solution is when there's an executive at a large Global 5000 corporation that is managing a specific function, it might be somebody who's the head of manufacturing for a durable goods product, and they decide, "We need a quick solution here to train a sales team or a group of distributors or channel partners on our new product." We're very, very easy to deploy, to get up and running, and to get results and assess the results versus a lot of the larger LMS. They're almost ERP, CRM, monolithic, very complex solutions where that might be overkill for a division head or a particular group leader of a larger corporation. So that's where I think you see Blackboard fits in pretty easily.

SW Those are interesting observations, and it leads to one of the areas I wanted to explore with you. We'll go back to looking at the education space, but I'm skipping ahead to the separate survey that we're conducting right now. I'm just going to focus on Blackboard and see where Blackboard is within this. We're seeing Blackboard very heavily used for the enterprise, but let's see what happens if I filter out education and filter out government.

TM This validates a lot of the research we've done as well. This is great technology that you can drill down like this on the research results because it's starting to pop up the same way that we see it, where the large corporations who are using a full LMS deployment across all the different functionalities an LMS can bring to bear. We don't show up as much because we don't have that functionality, number one, and the value we do bring to bear where people use it is on a departmental level because of the ease of use, ease of deployment, and the speed to market.

SW Right. In fact, what we're seeing is that if we ask people what their primary LMS is, and we ask them within the corporate space, we see that they are not using it that heavily as the one and only LMS.

TM Right. Exactly.



SW We are seeing it very heavily in a departmental or divisional sense, so that makes sense. So we skipped ahead a little bit. We were talking first about penetration within the corporate space, and we both agree it's almost certainly on a divisional or a departmental base, just the attractiveness of, "I need to get something up and running quickly. Let me use this." And if we look at education, what we see here is that Blackboard dominates with 75% of the organizations indicating that they use Blackboard, and this is just in the education space.

TM Right.

SW We also see a very large percentage of people using Moodle. Any comments about that? Any concerns for your organization about it?

TM Not really. Moodle represents one of many competitive solutions available in the marketplace. As we said earlier, it's a very fragmented market today, especially when you consider corporate, government, education, etc., all the places where e-Learning is taking place. Moodle has strength at the low end, particularly in smaller K/12 school districts because their cost of deployment at the front end appears to be less expensive, but nothing is free. If you're not buying packaged software, you typically have to buy a lot more services. Either you build them internally or you outsource them to another supplier. So we have a lot of competitors.

Our competition looks different in every segment in which we compete. So in Higher Ed this would look totally different if you sliced it that way. We really, really have in-depth research on that part of the market, pretty good research on K/12, and just starting to assemble research on the other sub-verticals like corporate, government associations, etc.

SW Well, it's interesting as we're now focusing on, let's say, larger companies so we're getting rid of the consulting firms that are helping institutions and we focus on the larger number of learners impacted. I'm just looking in the higher education space at the moment. We see an even greater percentage penetration by Blackboard. By the way, if you're wondering, "Hey, how is it we got 84% for Blackboard and 56% for Moodle," it's because some members use more than one LMS.



TM In academia people like to experiment and try different things. Inside of a major university like a research university, you might have up to 12 different schools who will each license what they want. For example, the individual who's responsible for e-Learning in the Med school might say, "I want Blackboard and Moodle and Sakai." The undergrad school across all the disciplines might say, "We're only going to Blackboard. We're not messing around with two platforms." So it gets fragmented inside of that market, but, at the same time, we definitely have the lion's share of the marketplace in Higher Ed.

SW Let's look at satisfaction instead of market share numbers. If we go to the small and medium-sized corporations – and this is where we say it may be unfair to compare a Blackboard with a SAP or Sum Total, where these products are arguably doing more difficult things. We see Blackboard a bit further down. Where it was at the top of the pack for larger organizations, it's at the bottom of the pack for small and medium corporations.

Let's look at education where Blackboard has the lion's share of the market but is not scoring highly in satisfaction. Moodle seems to be a most beloved product. It being free certainly adds to its allure. What I'm showing you at the moment, do you think these are fair representations? Is it what you've seen? If you do think these things are fair, how do you plan to address some of the shortcomings and so forth?

TM You have to really look at this in context. In Higher Ed, they're very hard graders, very, very difficult graders. You're going to see higher ratings in academia for the open source solution. It just kind of fits their psyche as educators.

At the same time, we have also dramatically enhanced the breadth and the depth of product and services offerings, hence our growth in revenues, profitability, and market expansion. So a lot of times when you do that, what the client sees as a drop in satisfaction and/or client support is really because you're giving them much, much more. You're giving a broader product assortment in which you have to keep them happy. So you're servicing them with more and more technologies and consulting services and then, of course, you got to follow that up with client support. So we're always working very, very diligently to improve the client satisfaction on every product, as well as the basic Blackboard learning system platform.



We also just went through a pretty significant acquisition which, for the past 18 months, has thrown people into a little bit of disarray in the marketplace. We've really tried to focus on shoring up our support and our products. Any time you go through an acquisition there's going to be some upset in the customer base.

SW We've asked our members to tell us, "Please indicate your level of satisfaction" with a variety of different things; ease of customization, integration with an LCMS, lives up to vendor promises, etc. I'm looking across all products, all industries, all company sizes. Why don't we just focus on Blackboard and see where you score well and maybe where you score not as well.

Let me know if you think that this is fair or not, and if you think it's fair, what you plan to do about it. You're scoring very high on ease of use for course designers and facilitators, ease of use for learners, ease of use for administrators, time to roll out and implement, ease of installation, and lives up to vendor promises. So that's impressive. You're not scoring as high on a variety of things and maybe it's not even fair to rate you on this. The very top one is ability to support specific and complex business process models. Is that something that really anyone would be using Blackboard for – or the ability to integrate with an HR/ERP system?

TM Historically, no, because, like I've mentioned, we've focused on the Higher Ed market. As we now are going after emerging markets like the corporate and government sub-verticals, obviously we're going to want to address any product opportunities that we see that will allow us to get growth in these areas. So things like complex business processing, software as a service, integration with back-end systems, we do have a content management system, are things we will be addressing so we can have further success in this marketplace beyond a traditional departmental level deployment.

So I'm not saying it's unfair. I'm just saying it's the reality. It has not been our focus historically, and that's our job is to change that.

SW Well, let's discuss that a little bit. We've been looking at these different players and how they're repositioning themselves and we're seeing an emergence of Blackboard within the corporate space. We're also seeing how some of the other players who have been in the corporate space are trying to redefine themselves as being not learning management systems, but involved with



human capital management – and the talent management systems, etc. and that they’re looking at their learning management system as being just a component of this larger offering. Are you feeling pressure to go in that direction, or are you going to focus on a best-of-breed solution within your learning management system offering? Is it possible that someone could just insert your learning management system, slot A, into a larger enterprise’s, slot B? So if someone wants to use an Oracle or a SAP or even a “talent” management system from somebody else, but they want to use Blackboard to do a certain specific function, would they be able to do that?

TM Our strengths and our track record in teaching, learning, training, and outcomes we think are complimentary today to a traditional LMS. In other words, we could be integrated, regardless of what a corporation is using, as kind of the ease of use, speed to market, teaching and learning course management system or solution inside of a broader LMS that offers human capital management, retention, talent management, succession planning, compensation management, etc. So there’s a reason why a lot of the LMS players have diversified into these other areas. Partly, it is we all need growth. People want to go after other product offerings that make them more valuable and more “sticky” inside of the large corporation. So we think right now we’re a good solution that fits inside of the LMS solution. At the same time, we’re exploring opportunities to add to our product offering so we can be more competitive as more of an LMS because right now we’re really a CMS, a course management system.

As my colleague Lisa Plascow indicated when we speaking earlier, one of Blackboard’s strengths in the market is that we’re focusing 100% on learning technology and innovation. So as the LMS vendors try to diversify more, they no longer focus just on learning, of course. In fact, they have very little focus on learning because they’re focusing on performance management, and succession planning, and all these new areas. So I really think that goes back to one of our strengths. We’re a really strong, innovative learning solution.

SW Just one more question if I might, and I appreciate you both being generous with your time today. If someone is considering looking for, let’s say, a division or a departmental LMS that needs to play nicely with whatever is the corporate standard, why should they go with Blackboard? What’s the one thing that you would tell them?



TM If there was only one, I'd say speed to market. So if you're a pharmaceutical company that's got a new drug that just got approved, and you need to train people yesterday, and you want to train them so they can go out and talk to physicians – and these kind of examples come up in every industry globally, in every sub-vertical market, with every kind of organization – you can develop a course, you can get it distributed to folks, you can make sure they take it, and you can assess how they've retained and used the information. You can do it in record speed versus any other solution in the marketplace.



Interview with Jim Riley of Learn.com

Jim Riley, President and CEO

Under Jim Riley's leadership, Learn.com has become the leader in on-demand workforce development and productivity providing its clients with cutting-edge technology, sound business service and proven solutions. The company's employee base has grown over 300% the past two years, boasts more than 700 clients and an average annual growth rate greater than 70% since 1998. With Mr. Riley's guidance, Learn.com has introduced a family of solutions including the award-winning LearnCenter® Talent Management Suite, the WebRoom™ Web Conferencing Suite, the CourseMaker Studio® Authoring Tool, Mentor® Employee Performance Support System and the 1,000-title Learn2® online course library.

Mr. Riley brings over 25 years of experience in the software and consumer products industries. Prior to founding Learn.com, he co-founded MDR Corp., a successful manufacturer and distributor of consumer health products. Mr. Riley is responsible for the long term growth and ultimate vision of the company. He served as a fighter pilot in the U.S. military, and received a B.S. in Systems Engineering from the University of Florida.



Steve Wexler, The eLearning Guild: As you know, the e-Learning Guild is conducting a major study on learning management systems and as we get deep into this we are trying to distinguish amongst course management systems, learning management systems, and integrated talent management systems. And I sent you some background information, just in preparation for the call.

You and I are now sharing the same screen, and we are looking at market share for various learning management systems as used by Guild members. These are the number of different organizations that are using various systems, and this is how we have defined large corporations. You'll see that I've filtered out education and government, and I'm constraining this to companies that have at least 5,000 employees and at least 5,000 learners. And at least 10 organizations have to weigh in. Are there any surprises here that Learn.com is not in this list?

Jim Riley, Learn.com: A little surprising. We would expect to be in that list. Our own research shows that we are in that list, and other independent analysts show that we're in that list. Also, it's surprising to see some of the companies on that list, one of which is Blackboard. We've never even heard of a large corporation using Blackboard, other than if that corporation's an educational institution.

SW Well, that was one of the things that surprised us, as well. There is actually a lot of divisional or departmental use of Blackboard within corporations. Based on our interview with Tim Hill, Blackboard appears to be going after what I would call rogue LMS usage, versus being an enterprise system upon which the entire corporation has standardized. But why don't we look at small and medium sized corporations, where we have 5,000 employees and under and 5,000 learners impacted and under, and we see that Learn.com is extremely well represented.

JR We still see Blackboard there and, honestly, we've never come across a corporation using Blackboard. We see thousands of corporations using LMSs and we've never seen one that had Blackboard installed. So, it's really quite surprising.

SW Let's look at the question "Please indicate your level of satisfaction with your learning management system," and just get your take on this. What I'm



going to do now is we're just going to filter on Learn.com's LearnCenter offering, and we'll start with places where people are indicating a great deal of satisfaction with the product: cost, business impact, usefulness, ease of use for learners, and ability to support different models and sequences of blended learning, including instructor based blogs, wikis, time to roll-out and implement. These are all very impressive things.

On the other scale, I'm just going to cite some of the things where you're not getting as high marks and I just want to know, do you think these somewhat negative reviews are fair and, if so, how do you intend to address these things? The top three items on the list are ability to integrate with human resources and enterprise resource planning modules, ability to support specific and complex business process models, and lives up to vendor promises.

JR Probably 90% of our implementations include HR/ERP integration that we integrate with virtually all ERP and HRIS systems very successfully. We have had very little negative comments about our integration. We do the integrations ourselves, and when they say the ability to integrate with HR/ERP systems, maybe they would like to have that ability themselves to do that.

We do those integrations ourselves and they're very efficiently done and very cheaply done for the clients, but I'm just trying to read into the question. Maybe they are thinking that they would like to have the ability to actually go into the source code and modify it themselves, which we don't allow them to do.

As far as the ability to support specific and complex business process modules, that's something that we excel at. We have our workflow engine built into the system. It's configurable. It's not only configurable by a technical user, but it's configurable by an end user and that's one of the hallmarks of our system, the ability to customize a system and configure to the various needs that the users have. So, that's a little surprising. Again, I would have to read into it, the ability to support specific and complex business process models, maybe it's just an issue where they're saying that they'd prefer somebody else to do that. They'd prefer to outsource that to a consulting company just to have that done, rather than having the ability to do it themselves.

As far as lives up to vendor promises, that's surprising. Again, I'd have to read into the question, thinking that maybe they've seen things in the demo or things in the sample systems that they haven't been able to do with their own system and the only reason is it might be a communications issue. It might be a training issue. It might be that they saw something and they just haven't im-



plemented it themselves, but what we demonstrate is exactly the same system that we sell to everyone. We don't modularize our products, so when we show the product to prospective clients, they're seeing everything that they're going to get in their own system. So, it's really impossible for them to see anything in the demo that they don't have the ability to do themselves once the product is running in their own organization.

So, it's a little bit surprising to me that that would be one of the areas where we ranked lower. I think that other industry studies have shown that, as far as client satisfaction, that we have the highest client satisfaction in the industry. Users are less likely to switch from our platform than any other platform, by a wide margin. And that was a scientific study conducted by industry analysts over some period of time. So, I would have to read into that question. I'd have to see what they're thinking of when they say "lives up to vendor promises" and that's quite surprising.

SW Well, realize that we're doing this asking all the major learning management and talent management solution providers to go through this, and I will tell you that everyone gets relatively lower marks on ability to support specific and complex business process models. Let me move ahead to the "What's important to you?" question. I'm going to filter on LearnCenter and here are the things that are important to Guild members who use your product. And we can look at some of the things and you can let me know if you feel that you are addressing all these things. And if not, if you think that there are maybe some shortcomings in your offerings, how do you plan to shore them up? With acquisitions? Are you working on new capabilities, and so forth?

One we saw before, the ability to support different models and sequences of blended learning, including instructor led, and you got extremely high marks on that. Integration with a single sign on so logging is not required, synchronous e-learning, collaborative learning, integration with newer learning modalities, including immersive learning, simulations, Podcasts, blogs, and wikis.

How would you say your product offering handles these things now and anything you'd like to share with us as to what are your plans in the future, either acquisitions or new functionality coming out?

JR No acquisitions planned. We believe we have the most complete suite in the space. Our LearnCenter product is not just a learning management system



or a course management system; it includes the best features of LMS, LCMS, and, in fact, a complete talent management system. So, we think we're very strong in these areas.

We've just introduced, a few months ago, our new WebRoom online conferencing product, which you can use for synchronous learning and collaborative learning. And so, we think that we are one of the strongest players in that space now. And I should also mention that our own platform provides all these capabilities, and we develop them, we support them, and we don't integrate with other partners and bring them into the product to complete the solution. We have a complete homogeneous solution that works together right out of the box, and we designed it to work together.

So, I think that's one of the things that distinguish us from the other players in the industry. Most of them have to partner up. If they want to go into performance management or course offering or synchronous learning or collaboration, they bring other partners in, whereas we provide that all ourselves with that same single LearnCenter tool.

SW There are two follow-up questions I'd like to ask you about that. One is about this fully integrated suite. Do you feel that because you created all the modules, all the components of it, internally, that any of the modules may be a little weaker than others compared to a standalone product from a different supplier? And the second question is, if someone wanted to replace one of those modules, for example, learning content management, with somebody else's, would they be able to integrate that into your system?

JR Yeah, they would be able to integrate it. I'll take the second part of your question first. They would be able to integrate it. We rarely see that because most of what we offer people consider best of breed. We've gone through great efforts over the last nine years developing this product to ensure that we designed it with all the features and capabilities in it that a user would need, and we don't have a broad but thin product. We actually have a very broad but deep product. And I think the users are fine with that. The clients find that the benefits they get from having an integrated product would outweigh anything that – any benefit that they might receive by, let's say, getting a different LCMS system or a different performance management system and integrating it. We certainly can do that, but we generally find that the clients, once they purchase LearnCenter, they use LearnCenter for all the pre-hire-to-retire functionality, the complete employee life cycle management.



If you look at the ERP players, 50 years ago companies would buy general ledger software from one company and invoicing software from another company and accounts payable software from a third vendor and then that all became integrated. And the ERP – the big ERP players, the Oracles, and the SAPs and the PeopleSofts came along and virtually took over that market. And the reason is because there's no way you can duplicate the synergies of having one holistic system by trying to cobble together a bunch of different, disparate parts.

We think we're at the leading edge of that, and we're seeing that every day with the clients that are purchasing our systems and using it for all functionality. And we're also seeing that from the analyst community, from the Gartner's and the others that are looking at our performance management product and saying it's as broad and deep as the stand-alone performance management players. So, our clients just benefit from that. And by having a single platform and a single version of our product, it allows us to focus all of our attention on one platform. If you look at a company, let's say, like a SumTotal that's supporting maybe a dozen different LMSs and, not only that, but they've integrated and partnered up with different performance management companies, some of their clients they have on SuccessFactors, some clients they'll have on MindSolve, and some will be using another system.

There's no way that they can support and give the level of service that we do and there's no way that their customers get the same benefit from all those different systems that our clients get from our one single system. Everybody in our company is working on the same product. All the developers are working on the same product and all the support and services folks are all experts on the same product, so that gives a huge benefit.

The only model I can compare us to would be like a Salesforce.com. And they've had great success and they've had great accolades from their users saying that it's the way to go and it's the most efficient way to deploy a CRM solution. We're getting the same type of responses from our clients saying that they love our product. They are deploying it in bigger and bigger numbers. Even though 90% of the clients that purchase our system buy it enterprise wide, we still find that after installing it, they continue to add seats. They'll continue to broaden the reach of the application, even beyond the organization itself. We have a lot of clients that take it outside of the corporation to the partners and vendors and customers and we're seeing that happening more and more. And that's only possible because it's an integrated system.



So, they have one system that they're running. Their users are all experts on one system, and they get the benefit of scale from that. If they were cobbling together different systems, that would be almost impossible to do.

SW Tell me a little bit about how someone might go about migrating from their current LMS to Learn.com and to LearnCenter. Based on our survey results, 15% of respondents plan to purchase an LMS and close to 11% plan to abandon their current LMS and migrate to a different one. How easy or difficult will it be for them to move to LearnCenter if that's what they decide to do?

JR Well, we are the industry leader in transitioning people from other LMSs to our own LearnCenter platform. I think we've transferred more people than anybody else in our industry. In fact, we've transferred more people to our system than some other vendors have on their most recent system. I think we've transitioned more people from the Pathlore system to LearnCenter than Sum-Total has transitioned to their Total LMS. And the reason is because we can offer the benefits of a single integrated system and it's the exact same system.

We have a program that we call ClientChoice where we will host the application for them. They can get into it very quickly and easily. If they are running a competing system right now and they are trying to sunset that, we'll help them to migrate the data out of that system. We're very good at doing that. We have the ability to plug into most of the systems out there and export all the data out of it into our system seamlessly and without change.

Our system also allows the LearnCenter LMS to take on the look and feel of any other type of system. So, if they have a system now and they like the look, but they don't like the way it's running, they can maintain that look with LearnCenter and just upgrade their functionality. And we can do that very quickly. We do that all the time. And it's a very important thing that in our model, our ClientChoice model, even though they may come into the system at an on-demand modality, if they choose to bring it behind the firewall at any point, they can do that and we'll actually allow them to just take the data behind their firewall, transition it to their own servers, have their IT department run it, and that's done very quickly, very inexpensively – usually without much interruptions; usually done within a day, or over a weekend.

And, likewise, if they install it behind the firewall and they want us to host it for them afterwards we can do that too, and transition from install to hosted very easily. None of the other companies can do that. When you look at companies



that are talking about migrating from one system to another, I know that most of the other companies have an on-demand product, and most are now trying to tout their on-demand product. It's not the same product as their enterprise product that they're selling behind the firewall. So, clients who come in and start with their on-demand offering, and who want to move to an installed offering, well, they have to go through the whole implementation process over again because they're actually going to a different product. And vice versa, if they're going from the installed product to the hosted product, it's a whole different product, so they have to go through the whole process again.

So, what we're finding is to avoid that a lot of these organizations are just looking at Learn.com's LearnCenter and realizing that it's one application. They can run it themselves. They can have us run it for them and it's seamless and they know that they'll have the security of the investment in the product over the years. So, a lot are just electing to abandon their current system and move to LearnCenter. So, we're – we think that we're the leader in the industry in converting people from other LMS systems to our own system.

SW Jim, you've been very generous with your time today. I just have one more question for you. If someone were to ask you to provide one and only one reason why somebody should use your company's products and services and not one of your competitors, what would it be?

JR I think the most important reason is that managing talent is becoming one of the most critical, strategic areas in organizations with the global war for talent that's starting now with the baby-boomers reaching retirement age. That having a strong talent management process in place is becoming a critical, strategic initiative in most organizations; and if they're going to bet the company on a platform, they don't want to bet it on a free download that they have to hope that they get the support for, or from a company that's integrated different systems and has 12 different platforms out there, or from a company that's changing from one technology to another.

They want to make sure they're with a solid company, which we are, with a solid homogeneous offering, which we have, that can deliver, and that has the client satisfaction that we've exhibited over the years. So, I think that the important point is that if they want to trust a partner, then Learn.com and Learn.com's LearnCenter is the best option.





Appendix – Working with Guild Analytics Tools and Survey Data

We have built the Guild’s Online Interactive Analytical Tools so you can easily drill down into Guild Survey Data and get answers to *your* questions.

In this section, we will show you how to use the different tools and features of the system. Note that not every feature is available in every report.



Using Radio Buttons, Hovers, Hyperlinks, Tabs, Check Boxes, and Exclude Values

For this series of examples, we will use the Guild’s Tool and Product Marketshare report. Note that this report is available to all paying members of The eLearning Guild.

Changing categories – Radio buttons

The screen below shows the Tools and Product Marketshare report.

We selected Courseware authoring tools.

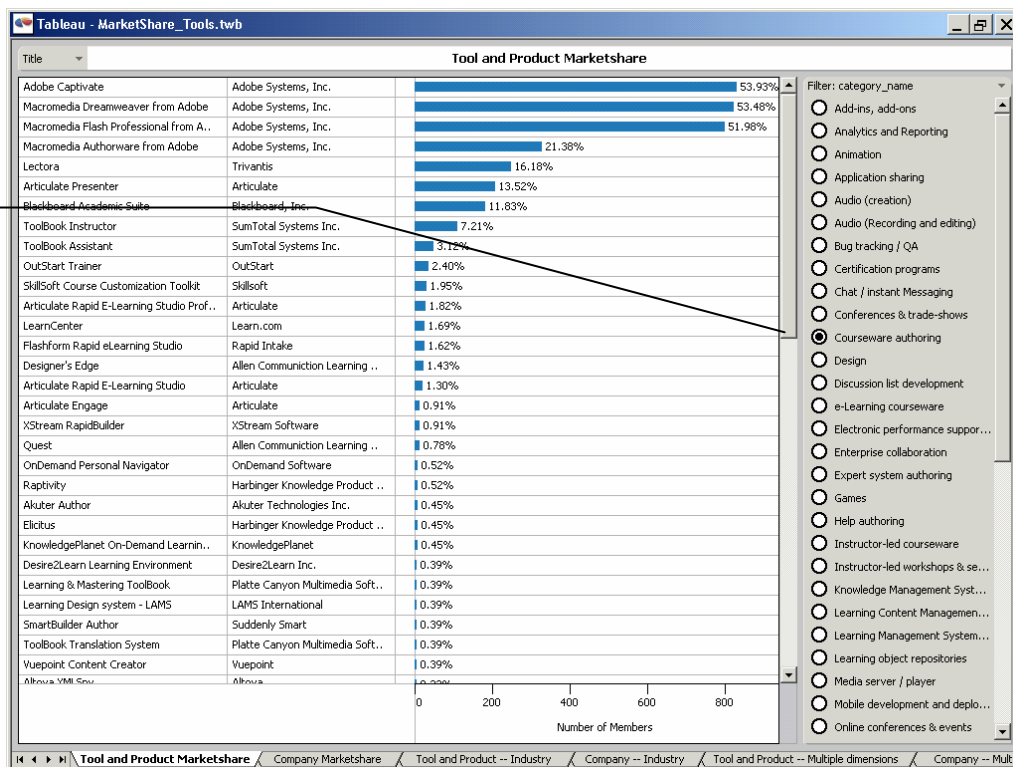


Figure 150 – Tool and Marketshare for Courseware authoring tools.



To change the category, we just need to click a different radio button, as shown below.

We then selected Learning Management Systems.

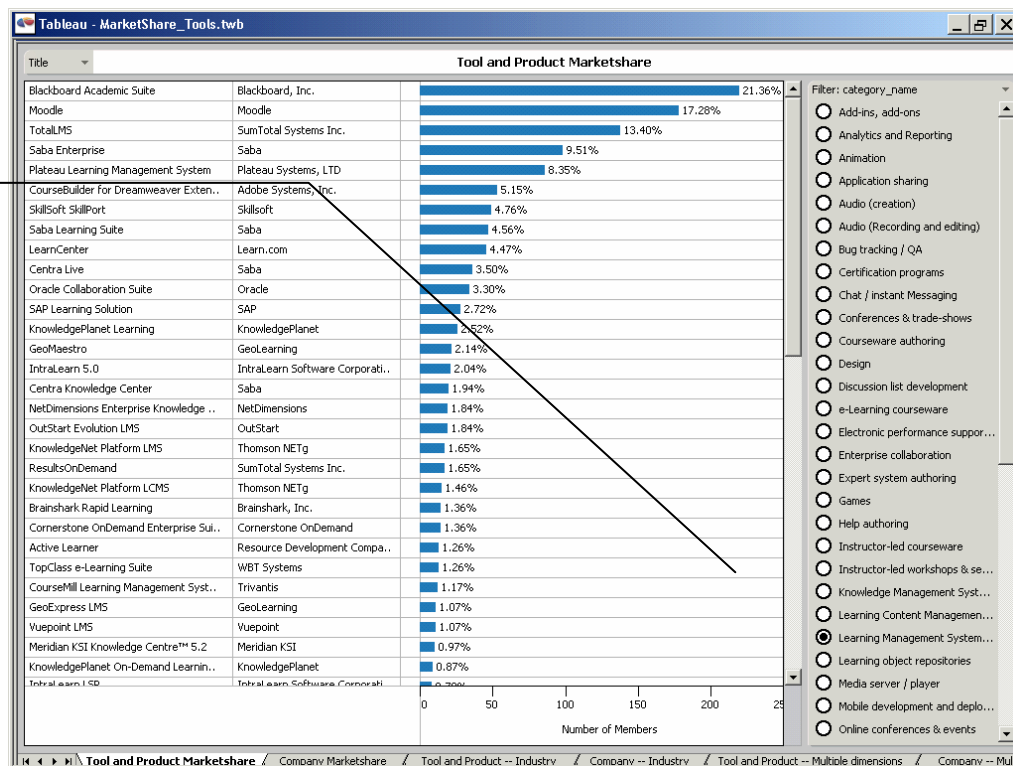


Figure 151 – Marketshare for Learning Management Tools.

Hovers – drilling down into the data

If you hover over one of the bars, a popup window will appear.

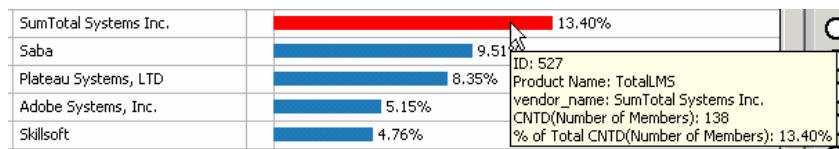


Figure 152 – 138 members use TotalLMS, at least as of this writing. This number will certainly be different the next time we drill down, reflecting the live, interactive, always-up-to-date nature of Guild Interactive Research.



Hyperlinks

If you want to get more information about a product or service, you can right click on its bar and select **View Product Information**. This, in turn, will display a screen like the one shown here.

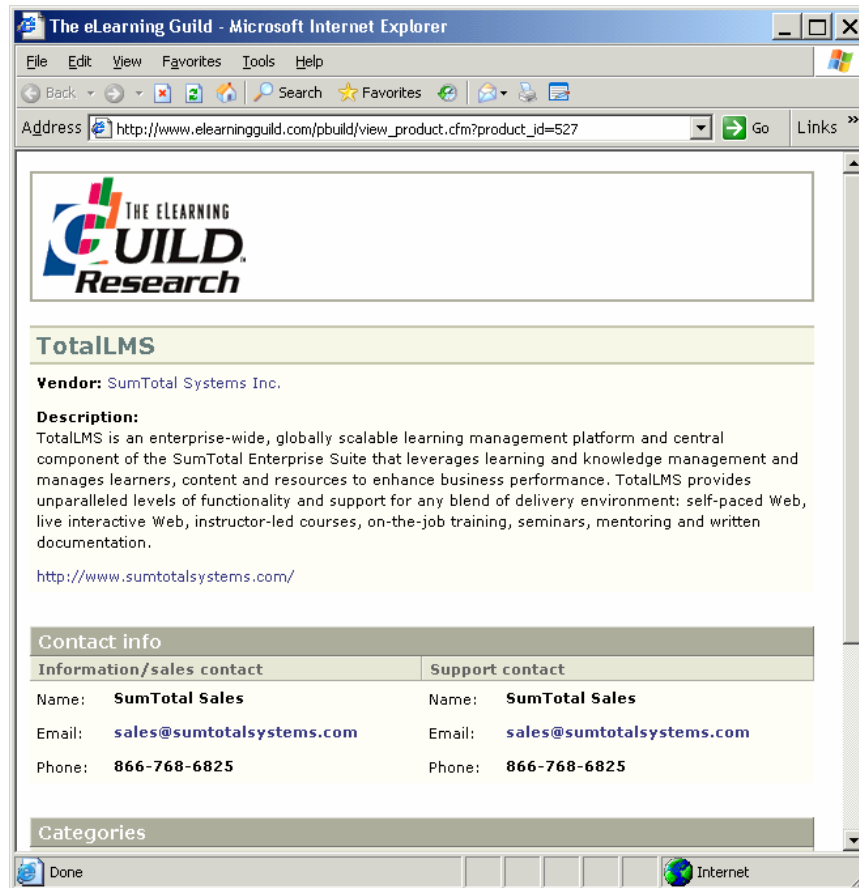


Figure 153 – Hyperlinks provide fast access to product and company information.



Tabs

This previous report showed a break down of *tools*, but if we want to see *company* marketshare, we need to click the **Company Marketshare** tab at the bottom of the screen.

Company Marketshare

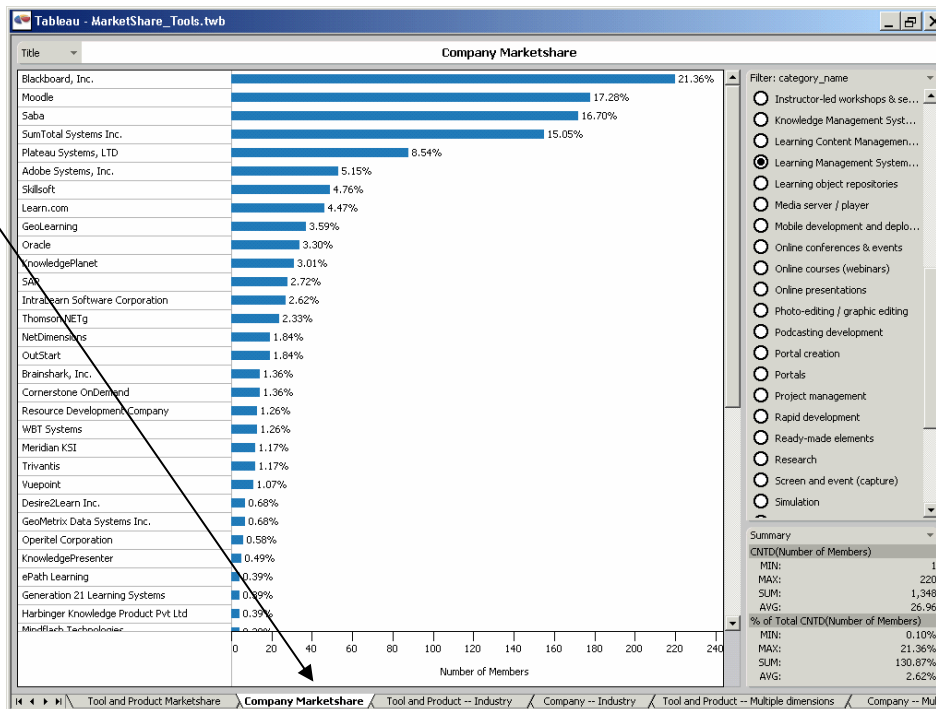


Figure 154 – Marketshare broken down by company.

Multiple categories – Check boxes

To see the company marketshare for a particular industry or industries we need to click the **Company – Industry** tab at the bottom of the screen.

We then need to specify which industries we want to see, as shown here.



This, in turn, filters the data so that we only see companies that have LMS marketshare within the Education sector.

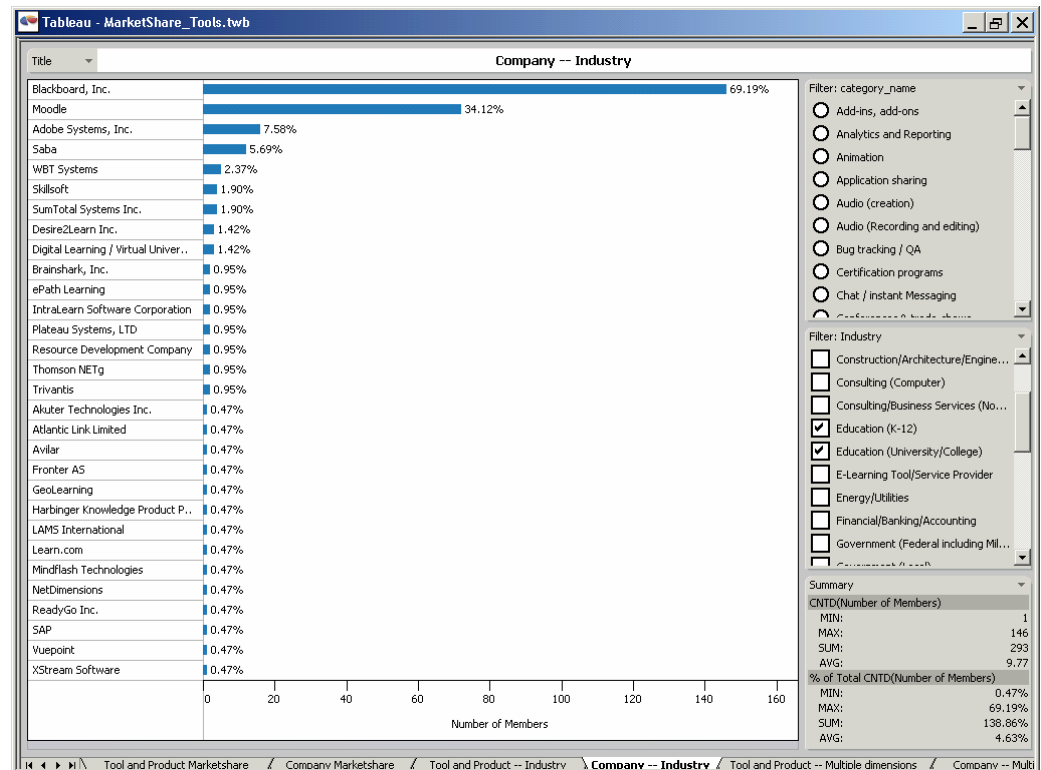
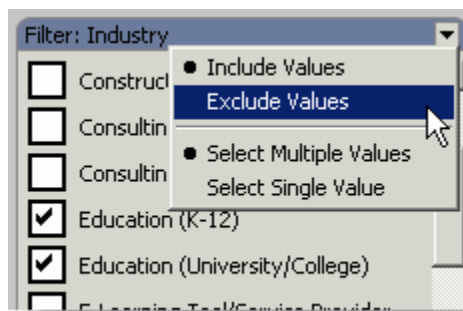


Figure 155 – LMS Company marketshare for the Education sector.



Exclude Values

Suppose we now want to see LMS company marketshare for all industries *except* education. We can do this by clicking the down arrow in the upper right corner of the Industry filter and selecting **Exclude Values** from the popup menu.



Now we can see LMS company marketshare for all industries outside of Education.

Notice the strike-through text, indicating exclusion of these two selections.

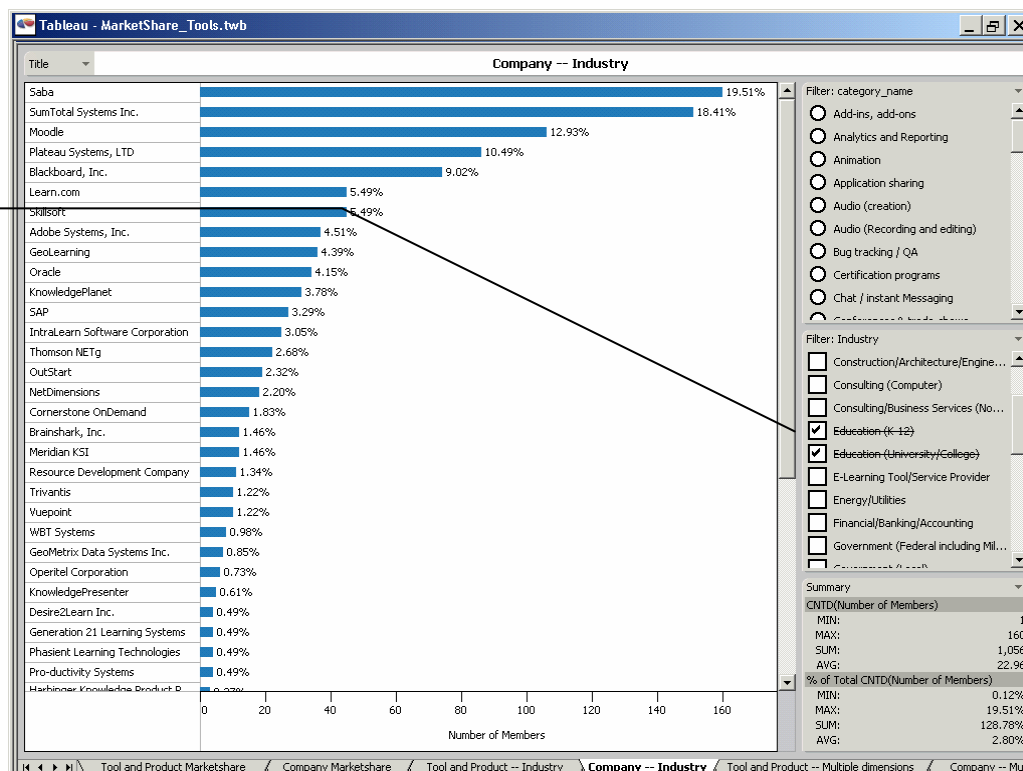


Figure 156 – LMS Company marketshare for all industries except education.



Using Sliders, Pages, and Maps

For the next example we'll use the Guild's Tools and Products Satisfaction report.

This is the number of members who rated this tool.

Only show the tools rated by at least five members.

We selected only Web conferencing.

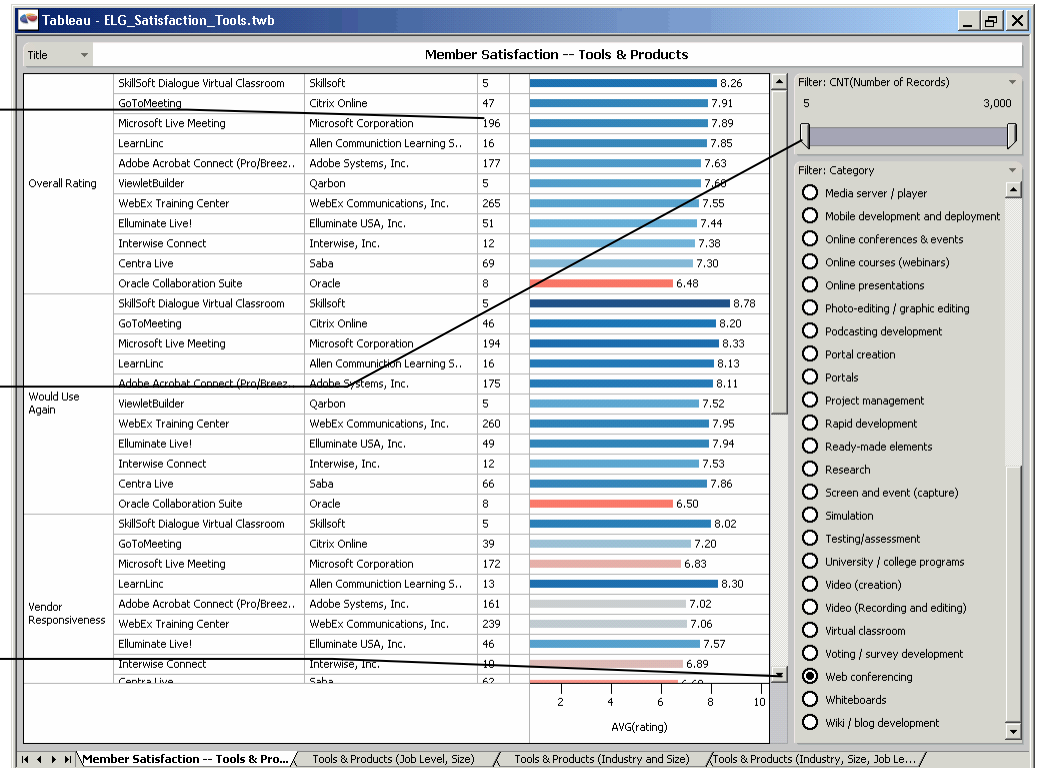


Figure 157 – Tools and Products Satisfaction Report for Web Conferencing tools



Filtering by number of members – Sliders

Notice the number-of-records filter in the upper right corner of the screen in Figure 158. The default setting of five indicates we only want to see products rated by at least five members.

If you want to change the minimum value, you can either type over the number five or move the slider. Here are the results when we change the minimum value to 15.

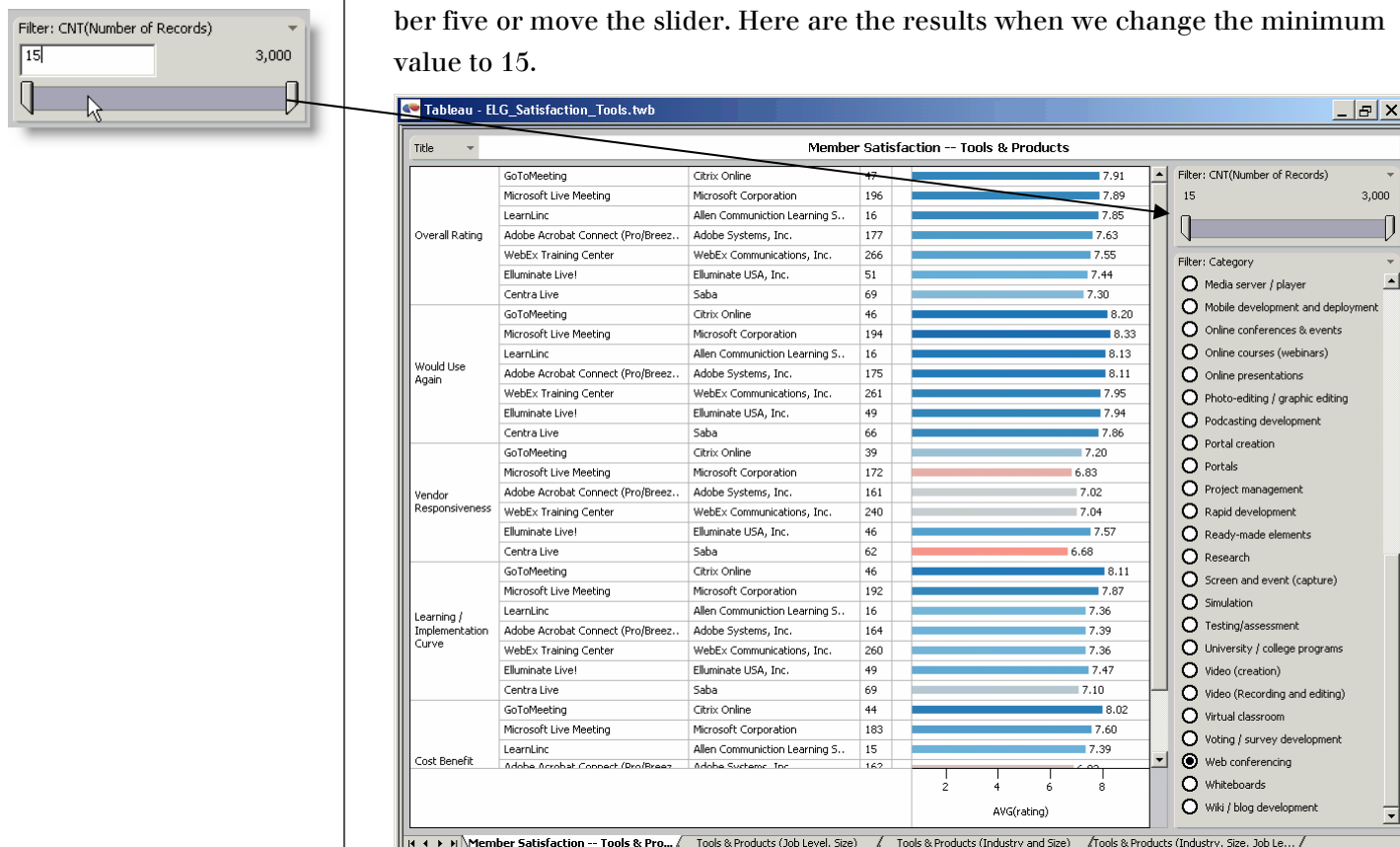


Figure 158 – Tools and Products Satisfaction Report for Web Conferencing rated by at least 15 members.

Pages

The screen below shows the Tool and Products Marketshare and Correlations report.

This is the number of members who rated this tool.

Average overall rating.

We selected Simulation.

Tools listed alphabetically.

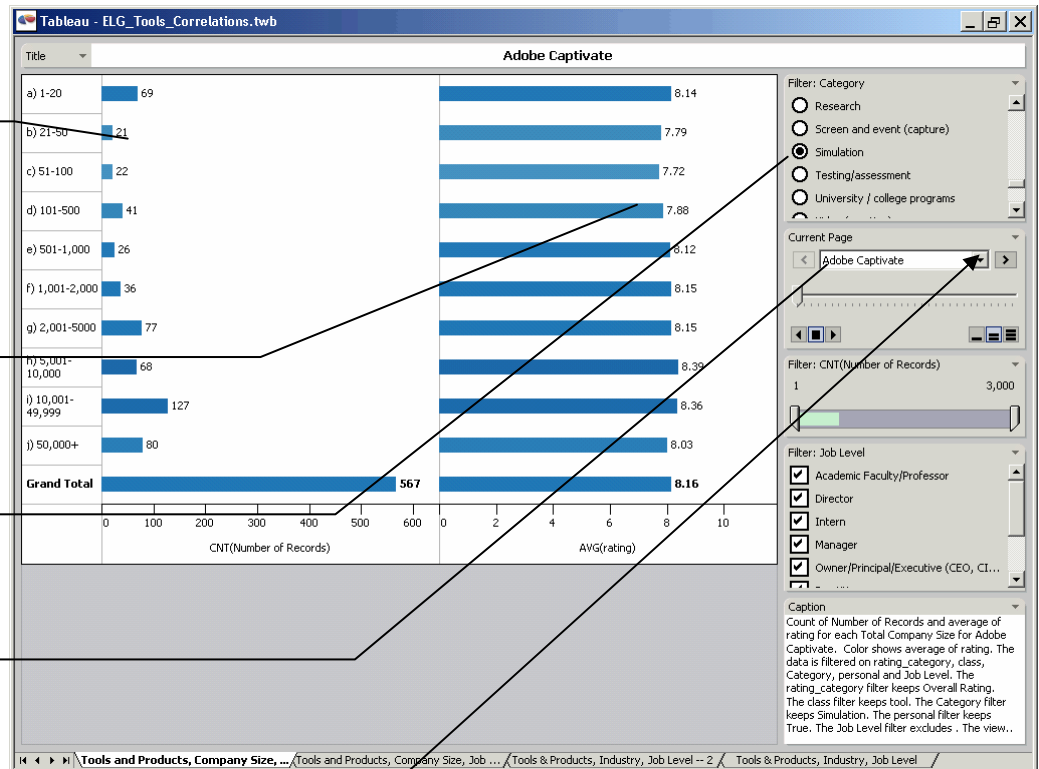
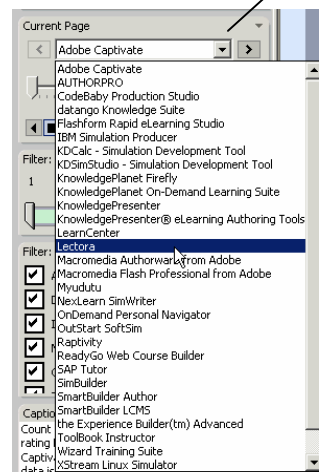


Figure 159 – Tools & Products Marketshare and Satisfaction Correlations report for Simulations.



You can easily access different products in this category by either clicking the Next Page button, or by selecting the desired product from the drop-down menu, as shown here.



Map



Several reports contain maps that allow you to filter results based on location. Here is a screen from the Interactive Salary Survey.

To see the average total compensation for training certification directors working in the Pacific Northwest we begin by clicking the Map tab (the left-most tab at the bottom of the screen).

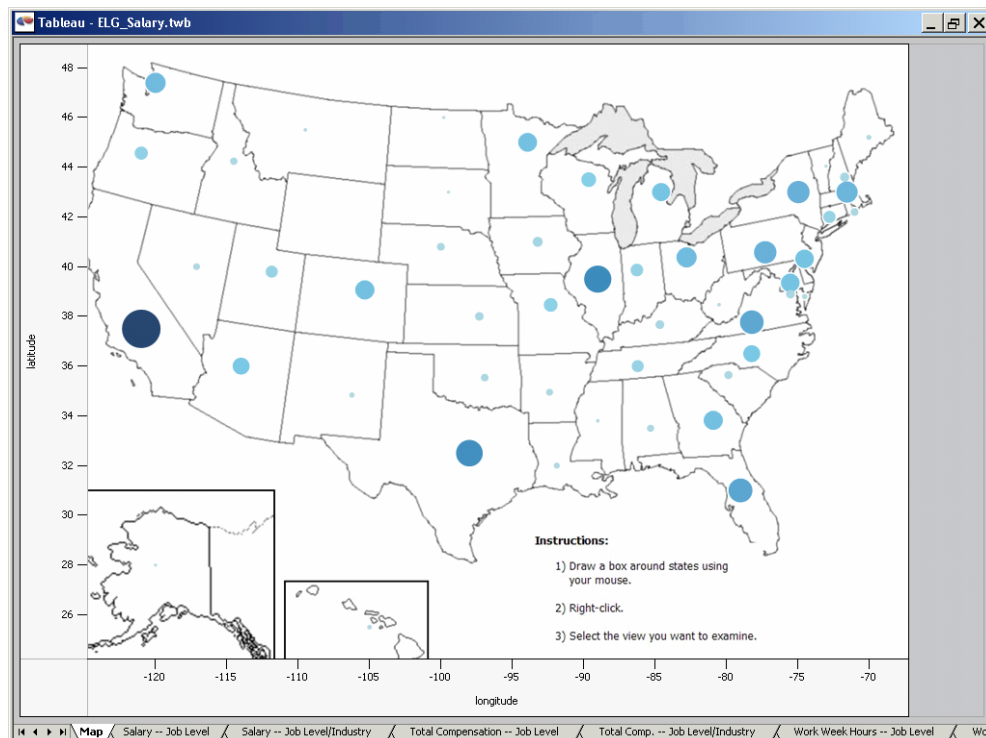


Figure 160 – Lots of members in California; not so many in North Dakota (yet).

To restrict our results to just the Pacific Northwest, we should draw a selection box around Washington and Oregon.

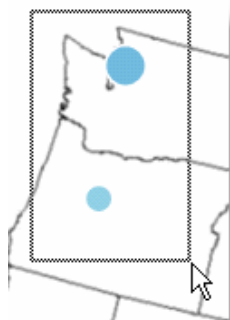


Figure 161 – Focus on the Pacific Northwest.



Next we right-click and choose Total Compensation by Principal Job Focus.

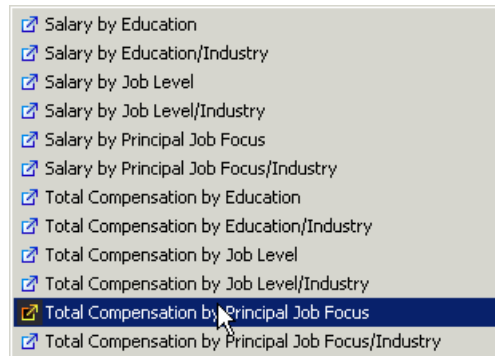


Figure 162 – Many views from which to choose.

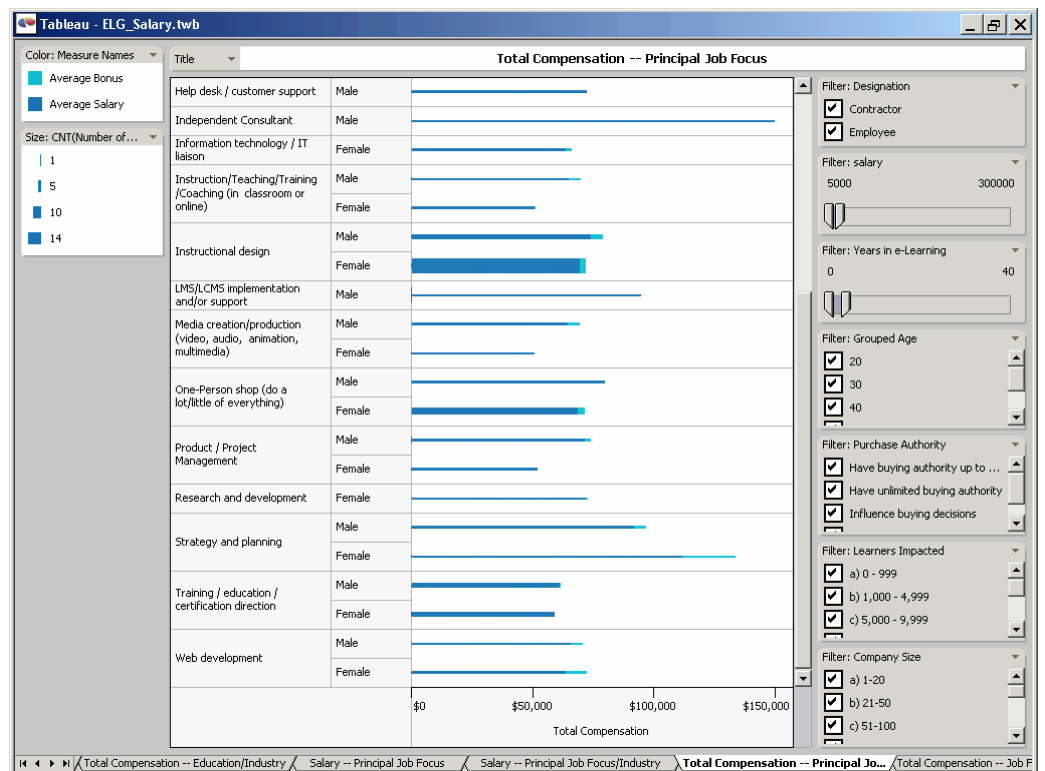


Figure 163 – Total compensation for members working in the Pacific Northwest, broken down by principal job focus.



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