The Enterprise Learning Buyer, 2014

What technology vendors need to know about a rapidly shifting market

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Introduction: A changing world and a changing buyer

Enterprise learning is at a moment of inflection. Today's economic realities mean that conditions can shift rapidly, dramatically, and unpredictably, creating a sudden need for new and different skills and competencies. Adaptability is key, and organizations are demanding more agility from their learning functions. However, changes in the nature of work have made it challenging for organizations to adjust.

The workforce is now more distributed, virtual, contingent, and global in structure. Project teams may be a mix of full-time, part-time, contract, and temporary workers who may not even share the same country or continent, much less the same building. Employees crave development but want it to be more personal than before. In the multigenerational workforce, there is a wide range of learning styles and preferences. And even though employees are more plugged in with social and mobile technologies, they are less connected to their employers. Organizations must show employees what's in it for them before they engage with the job, the goals, and the culture.

"The rate at which an organization learns may become the only sustainable source of competitive advantage."

— Peter Drucker

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There's a new mandate for the learning function today: Enable the workforce to adapt, at speed, through continuous learning and capability development.

This mandate is expressed through the rise of informal learning at the expense of formal, event-based, and instructor-led training. And the strength of the learning mandate has supplanted traditional performance management, especially its backward-looking approach. The workforce needs continuous development, not periodic rankings.

To better understand the perspective of learning professionals in this changing environment, Brandon Hall Group, the Human Capital Institute, and The Starr Conspiracy Intelligence Unit surveyed 350 learning professionals around the world. Our research shows that buyers of enterprise learning technology are very aware of these shifts and their new mandate. But in a strange twist, buyers seem to be waiting on technology providers to step up with solutions to enable a learning culture — or what Brandon Hall Group calls relationship-centered learning — that involves the entire organization in training and teaching and where every employee is a lifelong learner.

SOME OF THE KEY CHANGES WE ARE SEEING:

- **Learning is moving to the forefront of the talent management product stack.** Learning, stepping out of the traditional training silo, now motors the talent strategy and in many organizations has helped push aside the force-rank style of performance management.
- **Learning professionals need to embrace their role in the talent strategy and collaborate and integrate with HR more holistically.** For those still in siloed organizations, learning can't be separated from the overall talent strategy any longer. Learning professionals must rethink their role and engage with other talent stakeholders across the organization.
- **Traditional, compliance-driven learning still has a role, even as learning becomes more informal and exists within the moment of need.** It's easy to see compliance as an afterthought, but regulations are becoming more onerous, not less. Learning professionals have to walk in both worlds.

- **Functionality, integrations, and technology are key concerns of buyers.** While there may be a variety of ways to implement a successful learning management system, the issues that come from single-suite, platform, and best-of-breed solutions cannot be ignored.
- **Today's learning buyer believes in building a learning process that is a win-win for the organization and the employee.** When learning is built on matching the skills employees want with the skills the organization needs, a sustainable model for learning doesn't just survive — it thrives.
- **Providers must do more to support end users and improve overall customer success.** Learning buyers are no longer willing to bite their tongue and deal with poorly supported and executed solutions. They are ready to move forward.

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Realigning the talent stack: Learning moves to the forefront

During the rise of talent management technology over the past 20 years, learning has taken a back seat to performance management. Of course, the shortcomings of performance management are well documented, and the death of the performance appraisal has been predicted enthusiastically for the past decade. The Jack Welch "up-or-out" method of talent management drove the development of talent management platforms that did one task well: identify who should be promoted and who should be fired. However, it did nothing to engage or inspire people.

1 Read the blog post.

So what now? It seems clear that it's not enough to tell employees how well they're performing — or not performing. There's been an almost intuitive shift toward a belief that a better path to improved individual performance is developing people to succeed, get better at their jobs, and grow professionally.

"The biggest imperative facing buyers who wish to enhance their employees' collective ability to learn is to treat them like what they are —

modern consumers of information, advice, and content," says Carl Rhodes, CEO at the Human Capital Institute.

If performance management drove much of the past growth in talent management technology, it's time to acknowledge the passing of the baton to learning and development. Look no further than GE — Jack Welch's old company — to see how development has become entwined with performance.

"Managers are expected to dedicate time to prepare for a detailed discussion of a direct report's performance and values, strengths, development needs, and development plans," said Raghu Krishnamoorthy, GE's vice president of executive development and chief learning officer. [1]

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Learning and development are at the core of talent management

Learning and development are becoming the foundational, common elements of all talent management in many ways.

- **Performance management** is driven by what people know and how they are enabled to succeed.
- **Succession and career development** is about empowering employees to explore their own desires and knowledge shortcomings in the context of an organization's future needs.
- **Recruiting** is guided by what your organization knows already and where it could use expertise that will keep the ball moving forward.
- **Analytics** runs all of it behind the scenes and can't be possible without an organization understanding what it knows and how it can get better.

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*"We'd love to have better tools for learning so that we can get information to our employees on the floor quicker. **We don't have them.**"*

— **LMS Manager, Automotive Manufacturer**

SEVERAL THEMES THAT ARE CENTRAL TO THIS SHIFT IN THE PRODUCT STACK EMERGED IN OUR RESEARCH:

- **The concept of leadership is evolving.** "Leadership development" has had a very narrow, rigid definition in learning and development. No more. Learning professionals have embraced Ram Charan's concept of "leaders at all levels" and understand the need for all employees to be proactive. In our research, respondents cited leadership development as the most important learning trend that can benefit their organization. In addition, 30 percent said leadership was a key skill that they want to develop for themselves.

- **Development plays a key role in engagement and retention.** If employee engagement is the brass ring for talent managers everywhere, it's clear that telling someone they "meet expectations" isn't the secret to unlocking discretionary effort. In our research, 43 percent of respondents cited using development to improve engagement and retention as one of their greatest challenges, ranking it second on the list.

- **Development, succession, and career planning are inextricably linked.** What's the greatest challenge for learning professionals? More than half (51 percent) said connecting learning to career development and succession. However, weaving together development, succession, and career planning requires integration with broader talent initiatives and partnering with business leaders to achieve better talent results — which are two of the top three skills respondents say they want to develop.

- **Collaboration and knowledge sharing are changing the game.** Brandon Hall Group research from 2014 showed that nearly a quarter of organizations believe individual contributors need to connect to learning resources daily or more to do their job effectively. The learning professional's traditional role of curriculum builder is changing to that of a curator as the nature of enterprise learning shifts — and 35 percent of respondents in our study said that encouraging collaboration and knowledge sharing was one of the greatest challenges they face as learning professionals. No longer do they simply push content down from the top. They must enable employees to develop, share, and pull content as needed. And they

want more help from their technology vendors — 37 percent cited managing content as one of their greatest challenges.

KEY TAKEAWAYS FOR LEARNING TECHNOLOGY VENDORS:

- **Realize that learning — not performance or recruiting — is the essence of talent management.** We covered how performance has been emphasized in the talent management stack, but recruiting has also been a focus. The problem, says Sharlyn Lauby, president of the training consultancy ITM Group Inc. and author of the HR Bartender blog, is that companies need to be able to control their own destiny. "As the recruiting landscape becomes more competitive, organizations will look to learning as a way to develop the talent they need," says Lauby.

- **Recognize what the pivot from performance to learning means to you.** Many learning technology vendors acquired technologies to complete their talent management suite. This is problematic, says Gene Pease, founder and CEO of Vestrics, one of the leading learning analytics providers. "The problem is, most of these vendors haven't grown up in learning. It's integral to retention and succession."

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- **Understand the need to integrate better.** Only 1 percent of companies have completely integrated their learning systems into the rest of their enterprise software systems. That leaves systems more vulnerable to change, making the often painful "rip" part of "rip and replace" much easier to justify and execute.

- **Help learning and development professionals manage their changing roles.** Learning professionals know their role is changing from content creator to content curator. You must provide solutions to relieve these new pain points. You should also enable learning professionals with content and support to manage this new role. "Too many L&D/HR professionals are currently playing catch-up as the rest of the organization moves ahead with piecemeal, agile responses to particular learning needs, solving their problems fast — at least partially — and moving on," says Donald Taylor, the chairman of the Learning and Performance Institute and thought leader in enterprise learning. "We need to get involved or risk being trapped in irrelevance."

The learning buyer: Embracing a new role, demanding more

For too long, the buyer of learning technology has been confined to the training silo. As learning now takes center stage in the talent management universe, learning professionals must embrace their role in the broader talent landscape. Our research shows that they are already highly involved in evaluating and researching solutions for core talent functions. Now, we believe that learning professionals must become unapologetic advocates for development-focused approaches to talent challenges.
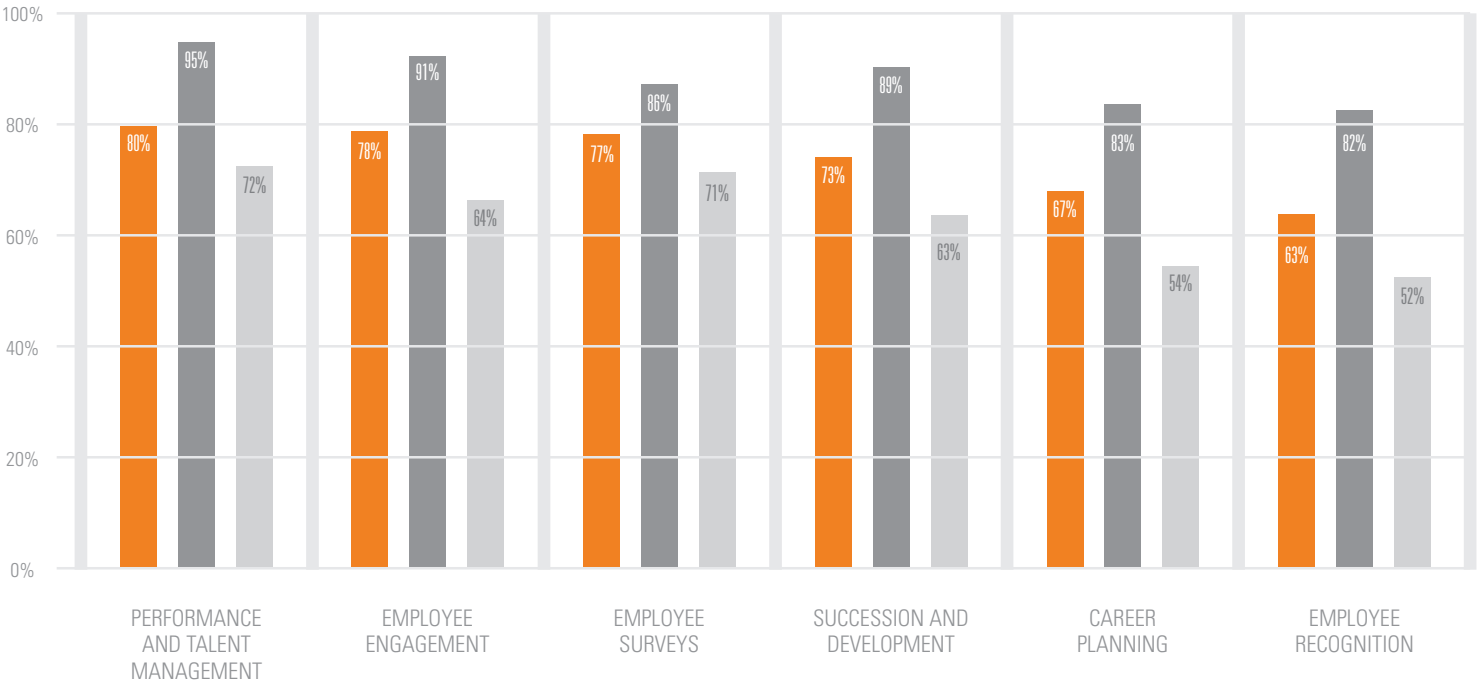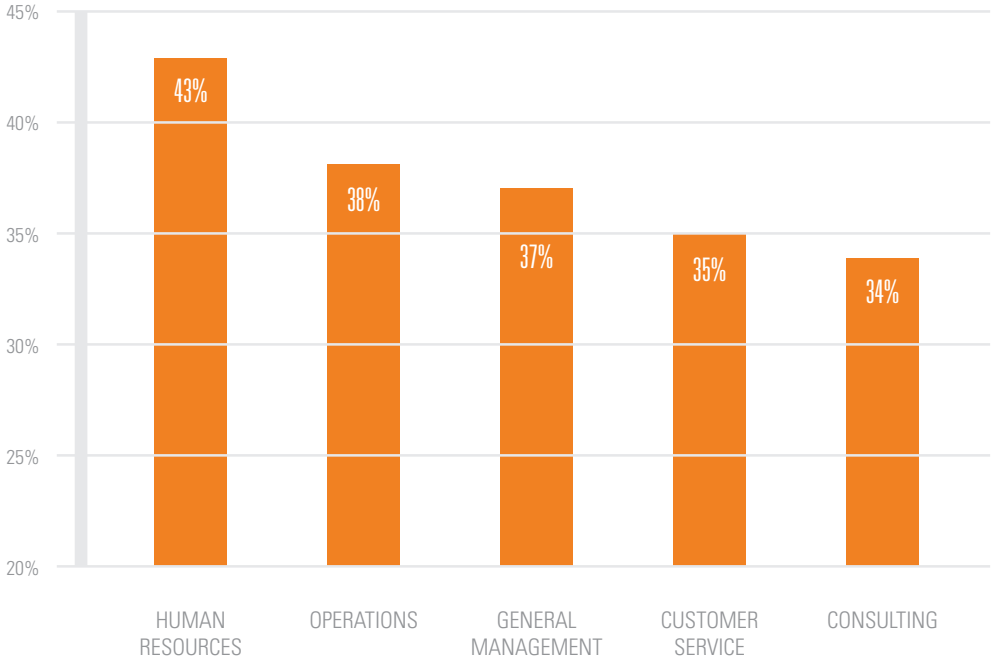
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In addition to learning management, learning buyers are somewhat or very involved in the following purchases:

■ TOTAL
■ DIRECTOR LEVEL AND ABOVE
□ MANAGER LEVEL AND BELOW

Learning buyers have broad experience outside of the learning silo, spending at least a year in:

Chart 1 — Involvement in purchases (TOTAL / DIRECTOR LEVEL AND ABOVE / MANAGER LEVEL AND BELOW):

Category	TOTAL	DIRECTOR LEVEL AND ABOVE	MANAGER LEVEL AND BELOW
PERFORMANCE AND TALENT MANAGEMENT	80%	95%	72%
EMPLOYEE ENGAGEMENT	78%	91%	64%
EMPLOYEE SURVEYS	77%	86%	71%
SUCCESSION AND DEVELOPMENT	73%	89%	63%
CAREER PLANNING	67%	83%	54%
EMPLOYEE RECOGNITION	63%	82%	52%

Chart 2 — Experience outside the learning silo:

Category	Percent
HUMAN RESOURCES	43%
OPERATIONS	38%
GENERAL MANAGEMENT	37%
CUSTOMER SERVICE	35%
CONSULTING	34%

We also believe that business and HR leaders must recognize that their learning colleagues play an essential role in building an effective talent strategy and welcome them into the conversation.

The learning buyer has an unrecognized role as a change agent because learning needs are often driving the purchase of talent management solutions. Already, learning professionals are exerting greater influence than most technology providers give them credit for, especially at the director level and higher ranks — 86 percent or more cite playing an influential role in key areas of performance and talent management, employee engagement, and employee survey software and services. They are also similarly involved in succession and development, recognition, and career planning purchases.

Experience with areas outside of learning gives these learning technology buyers valuable perspective. Of our research respondents — representing learning, HR, and executive leadership — nearly all, 88 percent, have worked outside of learning, with nearly half spending more than one year in a variety roles, including customer service, operations, sales, and general management.

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Learning technology providers need to understand this perspective and not just target this audience with learning-centric messages and content. Speaking directly to the impulse to more tightly connect learning to career development, succession, and broad enterprise-

However, user-generated content is not without its pitfalls. The same study found significant gaps between who should be creating content and who is, especially among the managerial and mentor ranks. The game has changed from buying or creating courses to cultivating

> *"We don't have time to develop a new curriculum and we only have limited budget to buy outside courses. Everything else is driven by what we already know."*
>
> **— Manager, Learning and Development, Banking & Finance**

wide initiatives will appeal to learning buyers who have spent significant time outside of a learning organization.

User-generated content changes the game

Content may be king, but for learning professionals, those who generate the content are really the ones in charge. Increasingly, users themselves are generating content. One study found that 62 percent of employers are already leveraging user-generated content for training. [2]

multiple sources, often in real time. Learning professionals must find ways to encourage users to contribute, manage, and curate this content, then pick and choose where user-generated content best fits in among other pieces from a variety of sources.

Learning professionals need meaningful, strategic analytics

Table stakes are set for learning management systems. Tactical analytics — such as course completions — don't add value to the

Building the case for learning takes deeper analytics

In one case study, Texas Health Resources realized it had an opportunity to improve its organization with a coordinated learning program. In partnership with local colleges, it created a program that helped registered nurses learn in parallel to their busy schedules. The results? Not only did nearly all of the RNs who participated pass licensure exams, vacancy rates for RN positions dropped from 11 percent to 2 percent and onboarding time was reduced by a full week.

Source: Chief Learning Officer. 2010.

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organization. Learning buyers want strategic, predictive analytics that allow their organizations to target development and proactively close gaps in skills and competencies.

"Keeping track of learning is about figuring out what's working and what's not working on a grander scale," says Pease. "That's all that matters anymore."

There's opportunity for tech vendors in analytics — 46 percent of survey respondents say reporting and analytics are a key factor in their product evaluations, second only to ease of use. However, 40 percent of buyers say measuring value and showing ROI is a challenge. Perhaps this underscores a growing enterprise-wide skills gap in analytics and data fluency. We believe that buyers need more enablement and support after the sale.

OTHER LEARNING TRENDS TO KEEP AN EYE ON:

- **Blurring of the lines between corporate and educational learning technology.** Have you heard about virtual classrooms and Massively Open Online Classes (MOOCs)? Of course you have. It's only one example of how learning management systems that have focused only on the educational community are now moving into the corporate realm. Companies such as Blackboard and Instructure that formerly focused only on the education market are now setting their sights on the enterprise market. In other words, a crowded market is about to get more crowded.

- **The rise of gamification.** The digital natives who were raised on video games are entering the workforce, so it isn't surprising that the gaming experience has influenced the way these employees want to learn. It's also a learning technique well suited for mobile technologies and employees who don't work in traditional office settings, such as retail. Even though adoption of these technologies is at an early stage, we expect explosive growth over the next two years, especially with

companies such as mLevel making gamifying content something end users can do on their own. Respondents are starting to get it. Even though only 13 percent of respondents identified game-based technologies as a significant opportunity for their organizations, 21 percent said game-based learning and simulations are a trend that could benefit their organization.

- **Increasing need for extended enterprise technology.** By 2020, half of the workforce could be contingent labor. Extended enterprise technologies offer organizations a way to manage training and enable a nontraditional workforce that includes partners, contractors, and temporary labor. For the most part, buyers don't seem to get it — only 12 percent said that sharing content with these extended audiences is an opportunity for their organization. However, there was a sharp contrast based on the size of the organization: 15 percent of SMB buyers said using extended enterprise technology to generate revenue was a significant opportunity, while only 3 percent of enterprise buyers said the same.

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> *"Buyers will need to view learning from a wider lens than maybe they've done in the past. **We will see mobile, social, informal, gamification, etc.** … Learning professionals on both sides of the table will have to understand how each can bring value to the organization."*
>
> **— Sharlyn Lauby, ITM Group & HR Bartender**

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KEY TAKEAWAYS FOR LEARNING TECHNOLOGY VENDORS:

- **Turn happy learning customers into talent advocates.** Learning technology vendors with performance, succession, and other solutions have a unique opportunity to turn LMS customers into internal advocates with their peers in other talent functions. Internally, you should find ways to engage learning professionals who are having a positive

> *"Our learning content management is an absolute disaster. What else is there to say? People can't find the information and we can't update it."*
>
> **— Instructional Designer, Technology Consulting**

experience with your technology to engage with their HR colleagues and open doors. Externally, you can mobilize these same professionals to tell your story through brand advocacy platforms such as Influitive.

- **Look for ways to facilitate content management.** It's little surprise that 37 percent of respondents said that managing content was one of their greatest challenges. Technology providers have an opportunity

to address this specific buyer pain in innovative ways, and a number of interesting approaches are emerging. For example, BizLibrary approaches its learning platform and content from a holistic perspective. SAP/SuccessFactors has developed its own Content-as-a-Service platform that allows learning professionals to completely outsource management of all learning content — including user-generated content. And

upstarts such as Xyleme are defining the category of learning content management for the cloud era. "The providers of both content and technology have evolved to the point where there are real, credible, affordable, and practical alternatives to the traditional tools and methods," says Rhodes.

- **Consider use of recognition technologies to drive user adoption.** User adoption is a constant challenge for all enterprise

technology, and talent technologies are no different. Most buyers and vendors focus on solving that problem with a better user experience — it's at the top of the list of user evaluation criteria. However, we believe that there's a significant missed opportunity to increase adoption by using recognition-based technology. Although 27 percent of respondents say user adoption is a significant challenge, no respondents at the director level and above saw recognition as a trend that could benefit the organization, even though 11 percent of respondents at the manager level or below did.

- **Be aware of the growing interest in performance support.** How much time do you waste trying to figure something out in salesforce.com or Microsoft Excel? In large organizations, these moments of lost time add up into real money — and 22 percent of respondents identified performance support technology as a significant opportunity. For companies such as Ontuitive, the ability to offer contextual, embedded performance support for widely adopted enterprise technologies should be an opportunity that continues to grow.

# Balancing traditional vs. next-generation learning with functionality

While traditional, compliance-driven learning won't be leaving the building anytime soon, next-generation learning functionality — focused on casual, continuous, bite-size, and user-contributed content — is taking center stage with many buyers.

Learning has clearly transitioned from a predominantly formal and instructor-led model to informal, how-to, casual, self-directed, and continuous learning.

"What we're seeing right now is about 70 percent informal learning, 20 percent on-the-job, and just 10 percent of your traditional formal learning," says Pease.

To their credit, learning professionals are welcoming the change: 94 percent of respondents believe that the working style of employees has changed and that new learning technologies and approaches are needed. Only 7 percent strongly believe that learning professionals were able to accomplish more when most learning happened in the classroom. Despite this enthusiasm, a one-size-fits-all approach isn't likely to work for most organizations.

94% of learning buyers believe that the working style of employees is different today and that new approaches and technologies are needed.

94%
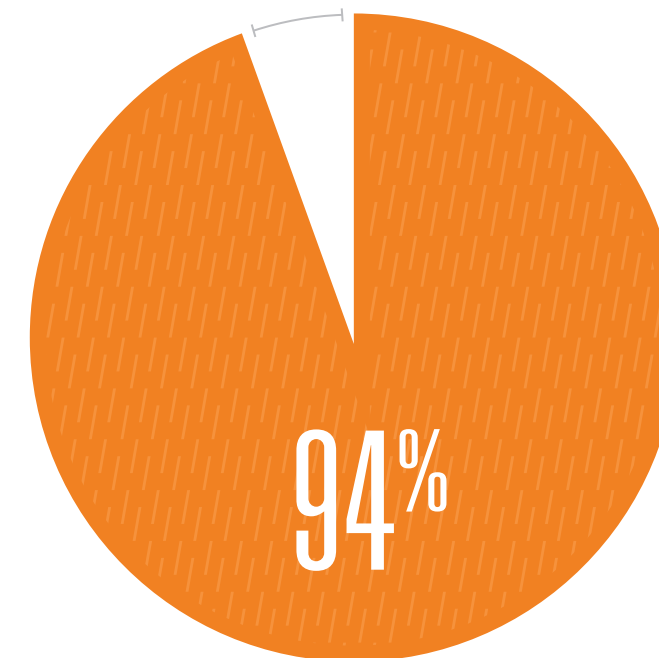
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As much as we love some of the new ideas and knowledge driving new ways of learning, traditional learning isn't going away. For those in compliance-heavy industries such as heavy manufacturing, financial services, and airlines, it is onerous — if not impossible — to get around course-based, traditional training. The costs are nothing to shake your head at. Just last year, Wal-Mart was fined $82 million over the mishandling of hazardous waste. The cause? Poorly trained employees who were caught dumping bleach and fertilizer into trash cans and drains.

The question is: How can learning professionals manage both traditional and informal learning?

Level of learning technology integration with other systems on a scale from 1-7:

23%	18%	15%	18%	17%	8%	1%
1	2	3	4	5	6	7

NOT INTEGRATED AT ALL - - - - - - - - COMPLETELY INTEGRATED
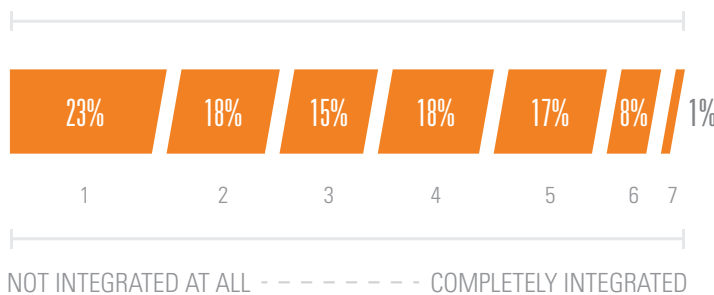
The race to one system — is it even possible?

Learning management is a fragmented and isolated mess in the world of enterprise software. Thirty-one percent of buyers point to integration as their greatest challenge, and **only 1 percent** of learning buyers said their learning management systems were completely integrated with their other enterprise software systems. Other research from Brandon Hall Group shows that nearly 35 percent of companies have no strategy or plans for purchasing and integrating HR technology. Among organizations with more than 500 employees, half have more than one learning management system, which only exacerbates the integration problem.

Although these may be point or niche solutions, purchased to carry out a specific training task (such as compliance training in a regulated environment), they add to the problem of a very complicated learning ecosystem for administrators and end users alike.

"As long as we're focusing on the LMS, or any technology, we're missing the point," says Taylor. "Most learning takes place outside systems and tools, and L&D needs to focus on facilitating

Number of learning management systems in use:

2 OR MORE
50%
1
50%

> 500 EMPLOYEES

2 OR MORE
31%
1
69%

< 500 EMPLOYEES

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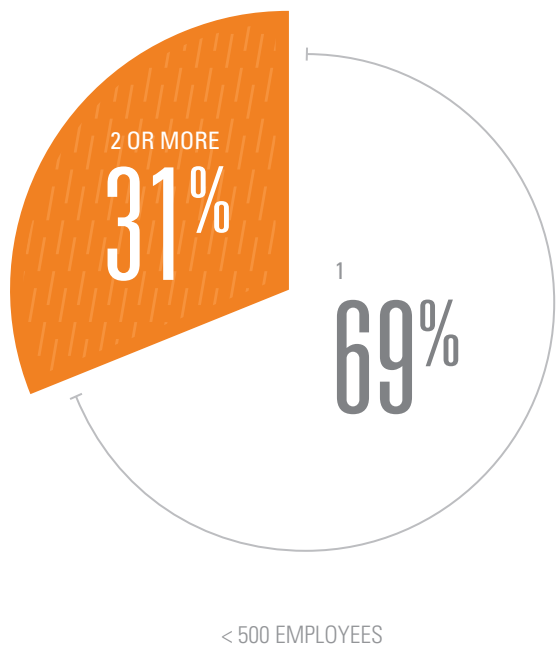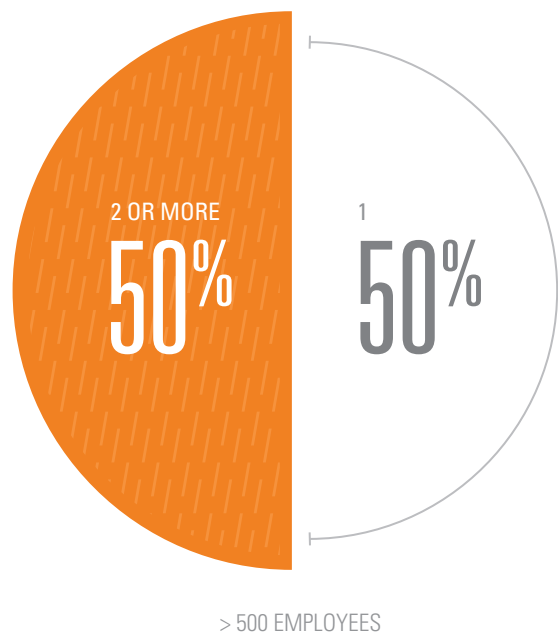
that. I wouldn't advocate rip and replace unless you've got something that's preventing you from working. Instead I'd concentrate on the learning, and use a combination of middleware and smarter processes to make the most of your existing investment."

WHAT IS THE FUTURE OF INTEGRATION? WE SEE THREE PRIMARY TRENDS:

1. The continuing march to the single suite.
According to Brandon Hall Group, nearly 20 percent are pursuing this strategy. Putting everything on one platform with Oracle, SAP, and IBM means that learning solutions can integrate with talent and HCM solutions. SumTotal also has a full suite of HCM solutions and can integrate learning and talent with core HR using the virtual system of record on its elixHR platform.

2. A renaissance for best-of-breed solutions.
For some organizations (23 percent by Brandon Hall Group's estimation), using a stand-alone LMS — or even multiple systems — may be the only way to get essential functionality. The stand-alone cloud LMS will continue into the future with strong entries from Saba, Cornerstone OnDemand,

and SilkRoad. Industry-specific solutions such as NetDimensions, Meridian, and HealthcareSource will continue to be strong performers in regulated industries. The golden rule in this segment will be scoring high in the "plays well with others" area. Open standards will need to move these solutions closer to plug-and-play integration with talent solutions.

3. The rise of alternative platforms.
Don't underestimate the opportunity for the Force.com platform to be a viable integration route for some organizations. Specialized functionality then becomes the role of an application ecosystem, rather than full-blown solutions. Salesforce already has a handful of apps that focus on talent management, but platforms that have apps that can be plugged in the same way an app on a smartphone can have a compelling proposition. Now Cornerstone OnDemand is already Salesforce-ready, and don't be surprised if others follow.

KEY TAKEAWAYS FOR LEARNING TECHNOLOGY VENDORS:

- **Know your integration strategy.** Multiple learning and HR systems will continue to be the reality, and market pressure will continue toward more open standards. Buyers will need an answer for a clear integration strategy that isn't just a slide in your road map PowerPoint. Integration is a great opportunity for differentiation — 40 percent of buyers (and 47 percent of director-level respondents and above) cite integration with other talent and HR initiatives as an important factor in product evaluation.

- **Develop specific support strategies for integration.** Integration is a significant frustration for learning buyers. They are showing much less patience and want this to be the technology provider's problem, not theirs. First, there's an enablement opportunity: 44 percent of director-level and above buyers want to learn more about integrating learning and talent initiatives. Second, additional efforts toward customer support and success in these areas are significant opportunities for retention and upsell.

- **Don't abandon the on-premise learning buyers.** In regulated learning environments, on-premise solutions will be alive and well for a while. Even though many technology brands are afraid to be perceived as laggards for maintaining an on-premise offering, these brands need to own it. It's possible to create appropriate submessages for on-premise solutions even while positioning the overall brand as cloud or tech-forward. You also need a strategy for ongoing support and enablement of these customers — even if there is no opportunity to migrate them to the cloud in the near term. Most of these customers are far too valuable to walk away from.

Today's learning buyer: Looking for a win-win

Learning buyers will exert even more control and influence as the realization sets in that learning can be the motor that drives all other talent management processes. Although there is no monolithic learning buyer — company size, industry, and other variables sway their perspectives, often in significant ways — it's important to understand some key attitudes, behaviors, and beliefs that hold up across the board.

A streak of altruism.

Sixty-nine percent of learning buyers don't believe that they should have to choose between the needs of the organization and those of employees. However, don't think these are a bunch of touchy-feely types who don't understand how business works. They do. It's just that they choose to strike a balance between understanding the strategic connection of learning with organizational value and delivering value to the employee. It's a nuance, but it's an important one — 29 percent said you need to focus more on the needs of the end user.

"We can't just offer courses that are useful for us. We have to offer something that benefits the employee or they won't participate."

— **Instructional Designer, Technology Consulting**

KEY TAKEAWAY FOR LEARNING TECHNOLOGY VENDORS:

Clearly explain and align the benefits for the buyer, their organization, and their end users. If you want to talk to the C-level about maximizing productivity, line it up with how the end users will do their jobs better and how the buyer personally benefits.

How do you measure up after the sale? Asked to choose the statements that best capture their feelings about learning vendors:

31%
believe too many vendors overpromise and underdeliver

29%
believe too many vendors are focused on making the sale, not helping them do their job better

29%
believe that vendors need to focus more on the needs of the end user

## Frustration with vendors.

The three strongest feelings that buyers have about vendors are: (1) You overpromise and underdeliver (31 percent), (2) you're too focused on making the sale (29 percent), and (3) you're not focused enough on the needs of the end user (29 percent). The common theme? You

abandon them after the sale. The good news? There's an opportunity for true partnership among key stakeholders — 25 percent of director-level and above buyers value some of their vendors as business partners who make their lives easier. There's also a clear curiosity and desire for innovation, with 93 percent of buyers indicating that they're excited about innovations in learning technology and being able to do more as a learning professional.

KEY TAKEAWAY FOR LEARNING TECHNOLOGY VENDORS:

Focus more on implementation success and post-sale support and enablement: direct outreach, content, and continuing education opportunities. Vendors going beyond support and investing in ongoing, proactive, customer success strategies and programs — illuminating opportunities for customers to achieve their business goals and assisting with ongoing analytics — will not only reap the benefits of a healthy recurring revenue stream, but also find opportunities to extend their reach beyond the current implementation scope. Also remember that these buyers are learners themselves; they want to acquire new skills and get better at their jobs. Case in point: 54 percent of director-level buyers and above want to know more about organizing learning for optimum effectiveness.

93% of learning buyers are excited about innovations in learning technology and being able to accomplish more as a learning professional.

93%
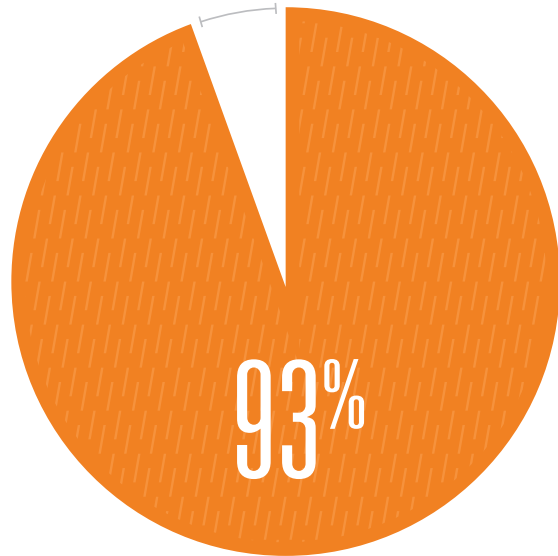
Intense dissatisfaction with the technology.

The average Net Promoter Score (NPS) in the survey for their primary or favorite LMS: minus-34 percent — only 19 percent of respondents would recommend their current LMS. Although we sometimes see NPS scores for learning go as high as 30 percent, the minus-30s is a consistent industry average in much of the market research The Starr Conspiracy Intelligence Unit does. Primary drivers of dissatisfaction among directors and above are a desire for more customization and configurability (30 percent), a better end-user experience (29 percent), and too many features but not the right ones (21 percent). Also, 15 percent of directors and above believe that current learning technologies aren't getting the job done and a new generation of solutions is needed.
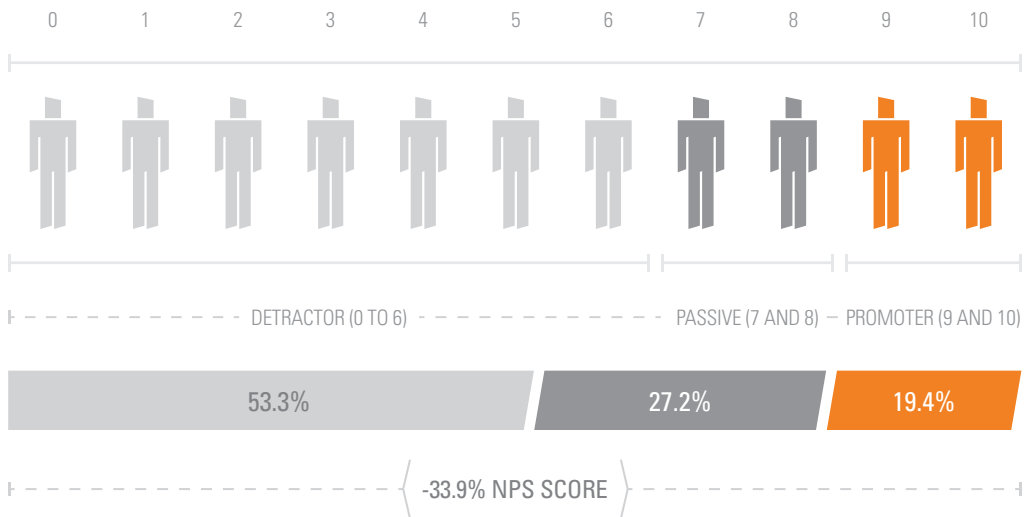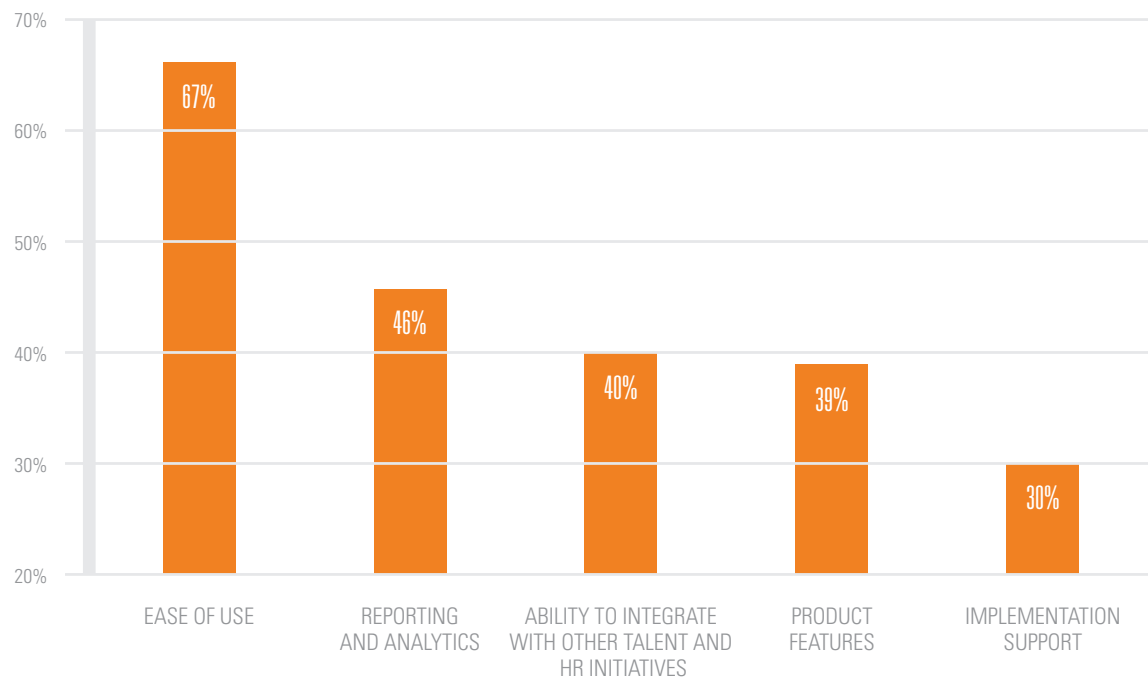
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On a scale from 0-10, how likely are you to recommend your current LMS (or favorite if you have more than one)?

0 1 2 3 4 5 6 7 8 9 10

DETRACTOR (0 TO 6) — — — — — — PASSIVE (7 AND 8) — PROMOTER (9 AND 10)

53.3%   27.2%   19.4%

-33.9% NPS SCORE

Most important factors when evaluating learning management systems (respondents could pick three):

70%

60%

50%

40%

30%

20%

67%   46%   40%   39%   30%

EASE OF USE | REPORTING AND ANALYTICS | ABILITY TO INTEGRATE WITH OTHER TALENT AND HR INITIATIVES | PRODUCT FEATURES | IMPLEMENTATION SUPPORT

KEY TAKEAWAY FOR LEARNING TECHNOLOGY VENDORS:

With the diminishment of top-down, mandated learning, ease of use has rocketed to the top of every evaluation of learning systems. At 67 percent, buyers consider it far and above any other factor, including reporting and analytics (46 percent), integration (40 percent), and even raw product features (39 percent). "That means two things: first, great design. The UX has to be as close to consumer-grade software as possible. Second, it means integration at the back end," says Taylor. "Nobody wants to go to different places to find pieces of an answer to the question they have. They want to go to one place. That means tools have to be designed to bring in data from other systems to make it useful for the user at the moment that they are asking their question." However, a more intuitive, consumer-like user experience will only get you so far. A better focus is on faster and easier implementation and integration. Also, focus on customer support and success rather than satisfaction because a successful customer will ultimately be satisfied, but an unsuccessful one never will be. Finally, commit to regular — almost religious — monitoring of customer success via systems such as the Net Promoter System. The goal isn't necessarily the score — it's the resulting conversations that allow you to address the drivers of dissatisfaction while you can still do something about them.

An awareness that the needs of the workforce have changed.

It's a new world, and 55 percent of buyers strongly agree — and 94 percent at least somewhat agree — that employees today have a different working style and that new approaches and technologies are needed. Learning has become a two-way street and needs to serve the needs of two masters in this new world of work. Nearly 7 in 10 learning buyers believe this is possible, even if they don't have the tools to pull it off right away. End users want training that is accessible, up to date, easy to consume, and helps advance their own career. That requires not just a technological shift from buyers, but also a philosophical shift — from learning that is directed, mandated, top-down, and primarily serves the purposes of a business to a win-win learning model for all stakeholders.

KEY TAKEAWAY FOR LEARNING TECHNOLOGY VENDORS:

Question everything about your product functionality and user experience because everything is on the table. Just because something has always been done this way isn't a good reason to continue doing it. You should help your customers manage this change and keep pace with it or risk falling behind. "Learning providers, especially those who have been in the business of classroom delivery, need to recognize that the new mediums like mobile, social, and gamification are not classroom delivery in a new wrapper," says Lauby. "These new learning mediums bring unique advantages to the learning experience and have very different instructional design considerations."

Familiar buyer pains — and a few new ones.

The more things change, the more they stay the same. The biggest challenges going forward are familiar ones. Four in 10 buyers still struggle with budget, measuring the value of learning, and showing ROI. However, as mindsets shift from linear training to variable, accessible, and

continuous learning components, 40 percent of directors and above say that one of the greatest challenges learning professionals must address is encouraging collaboration and knowledge sharing. As learning systems focus on peer learning, collaboration, on-the-spot content generation, and other continuous learning initiatives, these questions will only get larger.

KEY TAKEAWAY FOR LEARNING TECHNOLOGY VENDORS:

Learning technology providers will have to go beyond basic analytics to provide deep data that gets to the heart of learning's value to the organization and supports continuous improvement in learning delivery.

The emergence of the SMB learning buyer.

Once the exclusive domain of the large enterprise, learning technology innovations are opening the doors of smaller businesses. Midsize companies (750 to 3,000 employees) have demonstrated a voracious appetite for learning technologies. Now, opportunity is moving down to companies with far fewer employees. However, the buyers are different

in significant ways. They're less concerned with integrating technology and talent initiatives. They're just trying to get something started — 22 percent say it's a challenge to get executive buy-in. Bottom line: They're just trying to get the basics right.

KEY TAKEAWAY FOR LEARNING TECHNOLOGY VENDORS:

This is a greenfield opportunity. Because deal sizes are smaller, volume is key. These buyers are far more DIY-minded and far more interested in developing user-generated content than their enterprise counterparts. They are also far more open to emerging technologies such as gamification and simulations. And because SMB buyers prefer a more transactional buying process, there's a significant opportunity at this end of the market for vendors that can get it right.

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Conclusion: Focus for the future

Buyers understand that learning is embedded in nearly all aspects of talent management, from succession and development to performance management. They know they need to integrate development with other talent initiatives to achieve critical strategic outcomes such as employee engagement and retention. So what does this mean for learning technology? It's time to up your game.

Buyers are looking for vendors to do more. In a complex, constantly shifting market, they want and need your help. Their top priority is delivering skills and knowledge quickly and inexpensively, and they understand the need to balance agility with thorough training. They're open to innovative approaches. They're also hungry to enhance their own skills and want your help to learn and grow professionally.

"Very often it's suggested that the LMS (or some other tool or circumstance) is holding the L&D profession back," says Taylor. "I don't think so. As Shakespeare wrote: 'The fault dear Brutus lies not in our stars, but in ourselves that

we are underlings.' We can always find reasons outside the learning profession for not doing things. The trick is to decide to take action and make a change. Let's put our fate back in our own hands."

The companies that offer the support and partnership to help learning professionals take charge can put themselves in position to be big winners.

Regarding the products themselves, training administrators and users alike are looking for easy-to-use, easy-to-update learning solutions, and their willingness to fight broken systems

is waning. The barrier to change is lower with SaaS-based approaches, so the consequences of failure are magnified. Today's market leaders could be tomorrow's also-rans if they don't adapt.

Any period of change is fraught with risks but also laden with opportunities. Our hope is that this insight will help you manage the former as you make the most of the latter. Best of luck to you.

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*"I like our LMS, but I know we aren't using it as much as we could. **I wish they would help us out more.**"*

— **Manager, Learning and Development, Banking & Finance**

A Note of Thanks

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TSCIU takes your business as personally as you do, and we will challenge you to shift your perspective. Most important, we deliver marketing clarity so you can make decisions with confidence.

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