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A Fork in the Road

Looking for direction in the LMS market • BY JOSH BERSIN



Josh Bersin is the principal and founder of Bersin & Associates, with more than 25 years of experience in corporate solutions, training and e-learning. He can be reached at editor@clomedia.com.

Organizations will spend around \$817 million on learning management systems (LMS) in 2009, according to recent research we've conducted at Bersin & Associates. This increase follows years of steady growth, from \$380 million in 2004 to \$754 million in 2008.

This is impressive given the state of the economy and the market's maturity. But it's not surprising when you consider that LMSs have become one of the most important back-office software platforms in human resources. In recent research, more than 1,300 HR professionals indicated the LMS is one of the most important software systems in a company's HR infrastructure, ranking behind only their payroll and HRMS system.

Our LMS research also found that many learning organizations are re-evaluating their LMS strategies and providers. While more than 70 percent of large organizations already have an LMS, almost one-third of these companies are considering replacing their systems. The reasons? Many said they want support for informal learning, such as coaching, mentoring, collaborating and information sharing. Many also cited the need to integrate their LMSs with other talent management software.

As vendors respond to these needs, many learning managers find themselves at a fork in the road. Until now, the LMS path has been pretty straightforward, originating from classroom scheduling and administration and moving toward e-learning management systems available to employees, customers and partners. Today, learning managers can take their LMSs in two different directions, both of which significantly influence technology selections, resource investments and planning.

Knowledge sharing platform: Some organizations are focusing technology selections and investments to enhance the LMS's use for knowledge sharing, informal learning and collaboration. Peter Butler, chief learning officer of BT, one of the world's largest telecommunications companies, recently spoke at a Bersin conference and demonstrated the company's new system, Dare2Share, which allows all technical professionals to upload and share any form of information or training with colleagues.

Butler said that this form of training is the most efficient and effective form of technical training he can provide. Not only is content developed rapidly and continuously, but quality is automatically enforced by

the employees themselves. When someone posts new content in the system, it is immediately "voted up" or "voted down" by thousands of employees.

When asked what role his LMS plays in all this, Butler said, "If we had to do it all over again, I'm not sure we would have spent so much money on our LMS."

Today's LMS platforms are not yet playing a large enough role in informal learning and knowledge sharing, and the vendors are scrambling to keep up. Most companies are implementing other systems to solve this problem today.

Talent management platform: The second direction takes the LMS to an end-to-end talent management platform. Vendors have added significant functionality to support this option. Most have built and introduced features for performance appraisals, development planning, succession management and employee profiles. Some vendors have even launched compensation solutions.

With more than 40 percent of companies now shopping for an integrated talent management solution, the LMS vendors have a major opportunity to make their offerings into end-to-end HR systems. The problem, of course, is that most companies already have a wide variety of such systems — the average mid- to large-sized corporation has four different talent platforms already — and the functional requirements are complex.

While this type of functionality is here now, the talent management systems market still is in its early stages — there are more than 30 providers of talent management software. Therefore, LMS vendors are attempting to reposition themselves to make sure buyers understand their capabilities in this area.

Now is the time to re-evaluate your LMS strategy and your current solution providers. Once you decide which direction is right for your organization, you'll want to make sure the LMS can make the required evolution.

Do due diligence as part of this process. Check out factors such as your solution provider's technical heritage, its R&D plans — ask for details — and its track record in customer satisfaction.

For sure, learning management systems are here to stay. But this is the time to determine whether your LMS stays in the back office and is focused on traditional tasks or if it becomes a cornerstone for new learning and talent requirements. **CLO**