

Learning Management Systems in Small & Mid-Sized Organizations: Usage & Features **WHITE PAPER**



Market Survey 9.01.10 – 9.30.10
Author: Chris Osborn
Vice President of Marketing, BizLibrary

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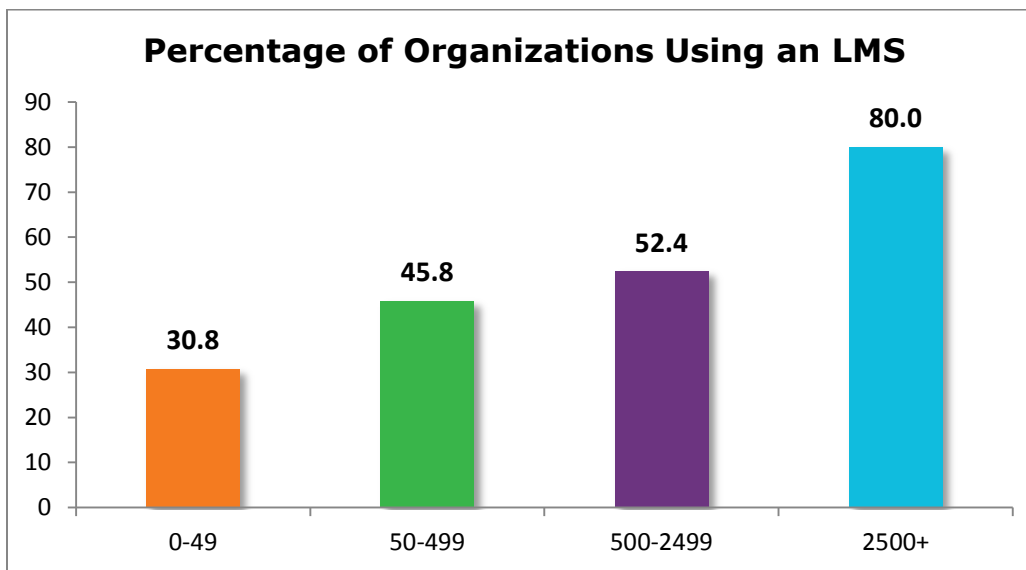
The results of the survey show that across organizations of all sizes, 51% currently use an LMS and 49% do not. This nearly 50/50 split among all responding organizations is an interesting piece of data, but the data suggests that the size of the organization has a lot to do with the business decision to use a learning management system.

BizLibrary White Paper: Learning Management Systems in Small & Mid-Sized Organizations - Usage and Features: Results of Market Survey 9.01.10 – 9.30.10

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The chart below illustrates the survey results by company size for organizations currently using an LMS:



It's not surprising that larger organizations have a higher level of LMS usage. These findings are consistent with other studies on the subject. In a report issued on the LMS industry for 2009, Bersin & Associates reports that 82% of large enterprises now have learning management systems – a finding strikingly consistent with the BizLibrary survey results showing 80% of larger organizations use an LMS.

The more surprising, and perhaps more interesting, findings in the BizLibrary survey are the levels of LMS usage among small and mid-market organizations. According to Dean Pichee, BizLibrary CEO & President, "We are not at all surprised to see that larger organizations make much greater use of learning management systems. It makes perfect sense that organizations in that segment need an LMS. They have more demanding compliance issues, training and learning challenges across more diverse employee populations and geographic locations. Truthfully, an LMS is nearly a requirement for larger organizations today. What DID surprise us was the level of LMS usage among smaller organizations. When nearly 31% of very small organizations, 46% of small companies and 52% of mid-market organizations have made a business

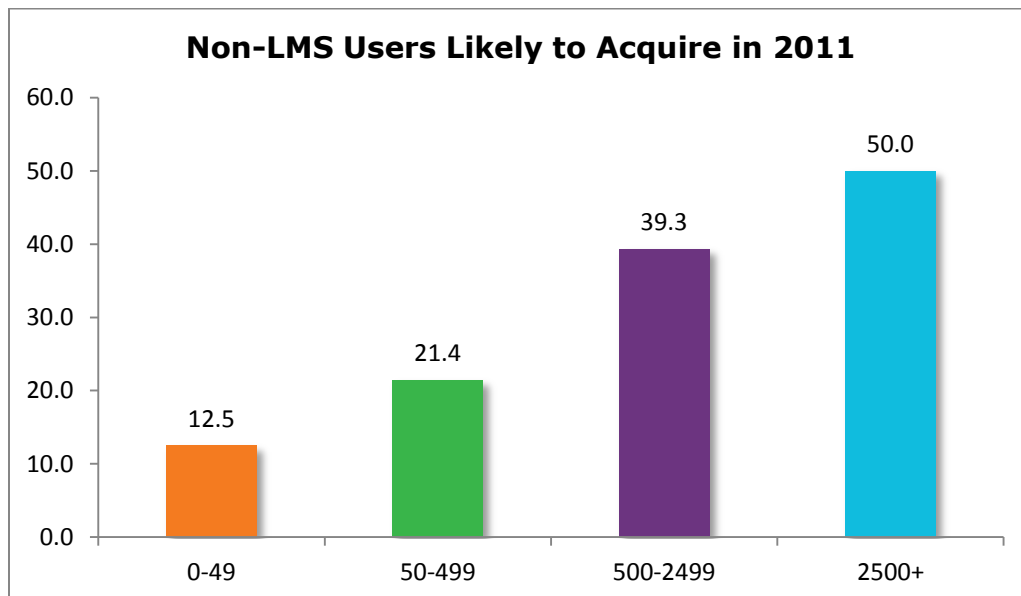
In many organizations, automating and managing the basic administration of classroom training is still the biggest financial benefit of an LMS.

Bersin & Associates,
2009

case for investing in an LMS, you know there are market pressures forcing those decisions.”

Next Steps: LMS Acquisition Plans

For the survey respondents who currently do not use an LMS, 25.4% are likely to acquire an LMS in 2011. Once again, these plans to acquire an LMS in 2011 also trended along company size. The chart below illustrates the percentage of organizations that will likely or definitely acquire an LMS in 2011.



Only 12.5% of the smallest organizations in the survey indicate they are likely to acquire an LMS in 2011, compared to 21.4% for small organizations (50-499 employees), 39.3% for mid-market organizations (500-2499 employees).

Once again, the larger the organization, the more likely the organization will acquire an LMS in 2011. Of the larger organizations participating in the survey, 50% are likely to acquire an LMS in 2011. Smaller organizations that have not yet made the business case for an LMS appear to be hesitant to make the investment in 2011.

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The survey results indicate that while the industry has made great progress in making a business case to smaller organizations about the value of learning management systems, there is much more work to be done. It's also evident there are emerging opportunities for these smaller organizations to gain access to tools that used to be available only to the largest business enterprises, and many small and mid-sized organizations are doing so.

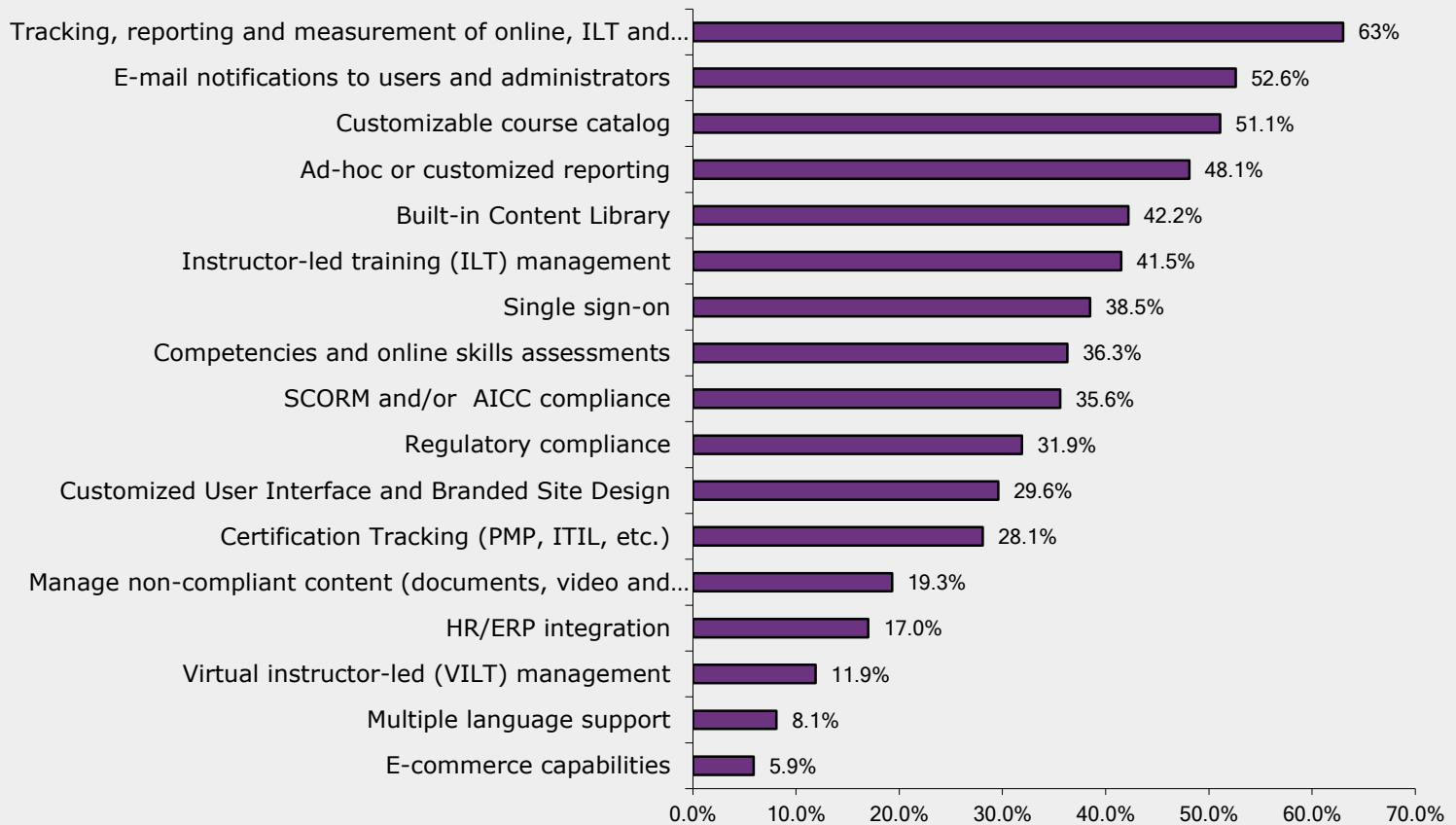
Features and Functionality

The LMS features and functionality current LMS users find most useful were studied in the survey, and the chart below illustrates the responses from organizations currently utilizing an LMS. Only three choices were

selected by more than 50% of the respondents, and one additional choice was close:

- Tracking, reporting and measurement of online, ILT and on-the-job training – 63.0%
- E-mail notifications to users and administrators – 52.6%
- Customizable course catalog – 51.1%
- Ad-hoc or customized reporting – 48.1%

If yes, what features of your LMS do you find the MOST useful? (Select all that apply)



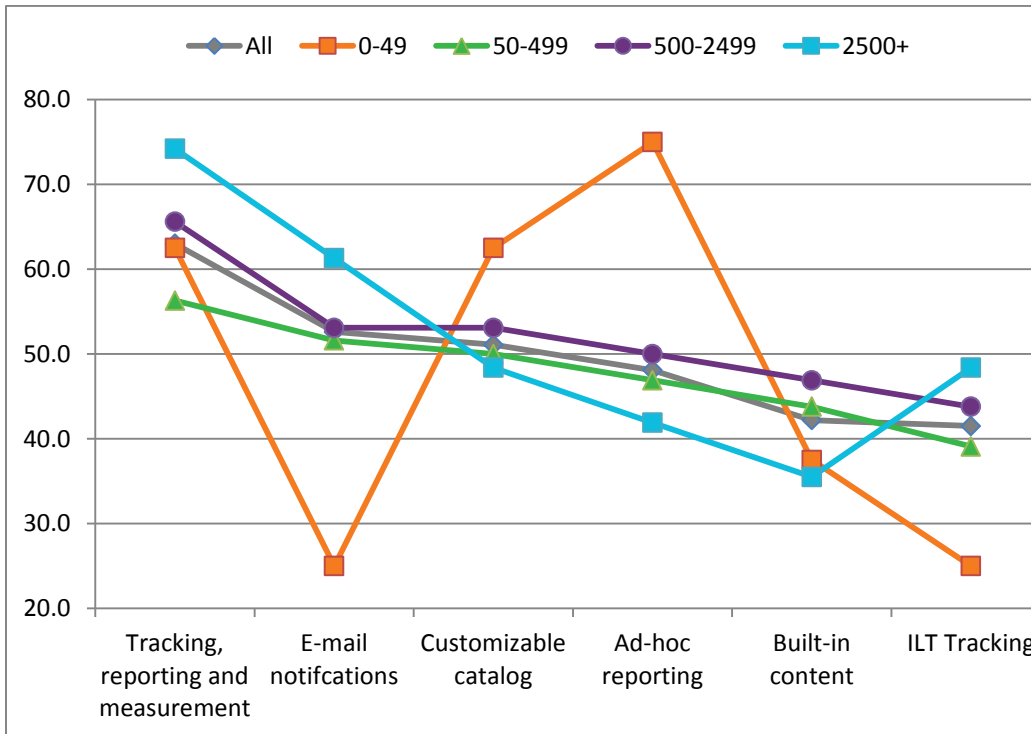
The features surveyed are standard LMS features, and most of the leading vendors in the market provide these features in one form or another. It's quite apparent the LMS features current users find the most useful are all related to the administration of learning programs and initiatives.

- Reporting and tracking
- E-mail notifications
- Customizable course catalog
- Ad-hoc reporting
- Built-in content library

- Instructor-led training

Each of these top six features facilitates the effective management and measurement of learning efforts from enrollment, tracking usage, and delivering content.

Once again, the functions and features organizations find most useful vary by organizational size. For instance, the larger the organization, the more important tracking, communications, and ILT management appear to be. Organizations with over 2,500 employees had the highest percentage of “most useful” features for each of those categories. Larger organizations logically will have greater reporting and communications challenges. The charts below lay out responses to the six most useful features or functions from the entire sample, broken down by size of the organization.



Smaller organizations selected a different set of features as most useful. All organizations marked tracking and reporting as their number one choice – except the smallest organizations in the sample. For these organizations, the ad-hoc reporting feature was most useful. And again, this preference appears to be linked to the basic nature of small organizations. With far fewer people to manage, tracking is much simpler, so the LMS tracking and core reporting feature was not as prominent. But informal, ad-hoc reporting was very important to these organizations, and this feature is one that frequently facilitates more informal, “just-in-time” information gathering and sharing. These informal interactions one would logically expect to be more prevalent in smaller organizations.

ILT tracking for the smallest organizations was dramatically lower than all groups, and this is likely the by-product of the ease with which this data can be retrieved and managed in small enterprises. The small organization and mid-market samples track very closely to the overall sample choices,

Organizations are finding that social and collaborative learning is a cost-effective way to improve the learning experience and build social connections within the company.

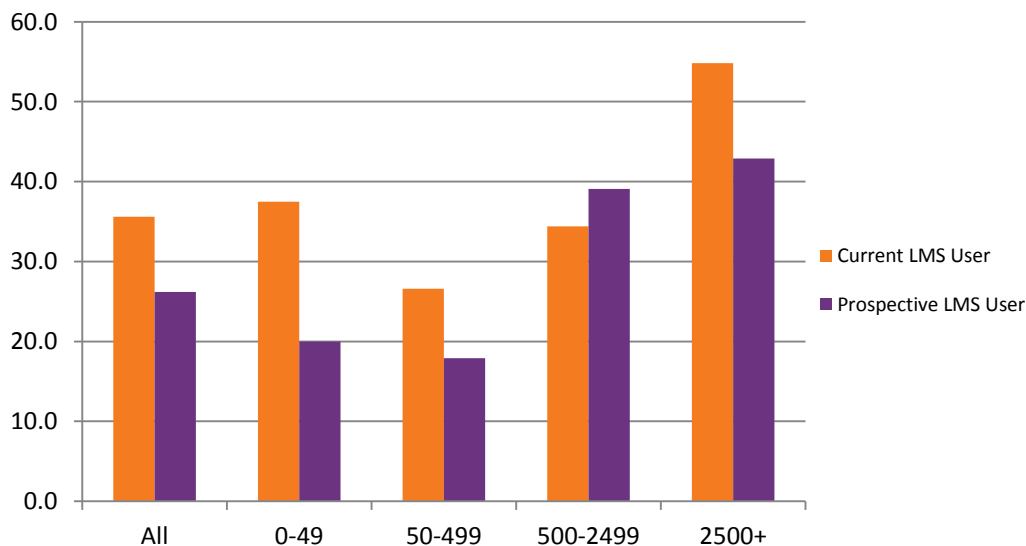
Bersin & Associates,
2009

with tracking and communications representing the most useful features and functions in their current LMS.

SCORM & AICC Compliance

Sharable content object reference manual (SCORM) has been an important industry standard since the US Department of Defense first issued the requirements in 1996. In essence, both SCORM and AICC compliance standards are designed to ensure technical compatibility of e-learning content across different delivery platforms. For e-learning and online training consumers and organizations, compliance with one standard or the other helped ensure employees could access training content regardless of the source – custom developed by third parties, off-the-shelf or internally developed.

While SCORM and AICC remain important industry standards, the BizLibrary survey results indicate that SCORM and AICC compliance are not as important a consideration as they might have been in the past. The chart below compares the level of importance attached to this feature for both current LMS users and prospective LMS users for the entire survey sample and by organization size.



The importance attached to SCORM and AICC compliance is closely related to the size of the organization. Larger organizations are more likely to use e-learning content from a wide variety of sources, so a greater emphasis on compliance is understandable.

It is clear SCORM and AICC remain important to the industry, but it is likewise possible, that as more small and mid-market organizations enter the LMS marketplace, these standards may diminish in importance in the future.

Desired LMS Features & Functionality

The market is full of writing and studies about the value and power of collaborative or social learning. All you have to do is go to any recent issue of a major industry journal or publication, and you'll see an article or study about community learning, collaborative learning, social learning,

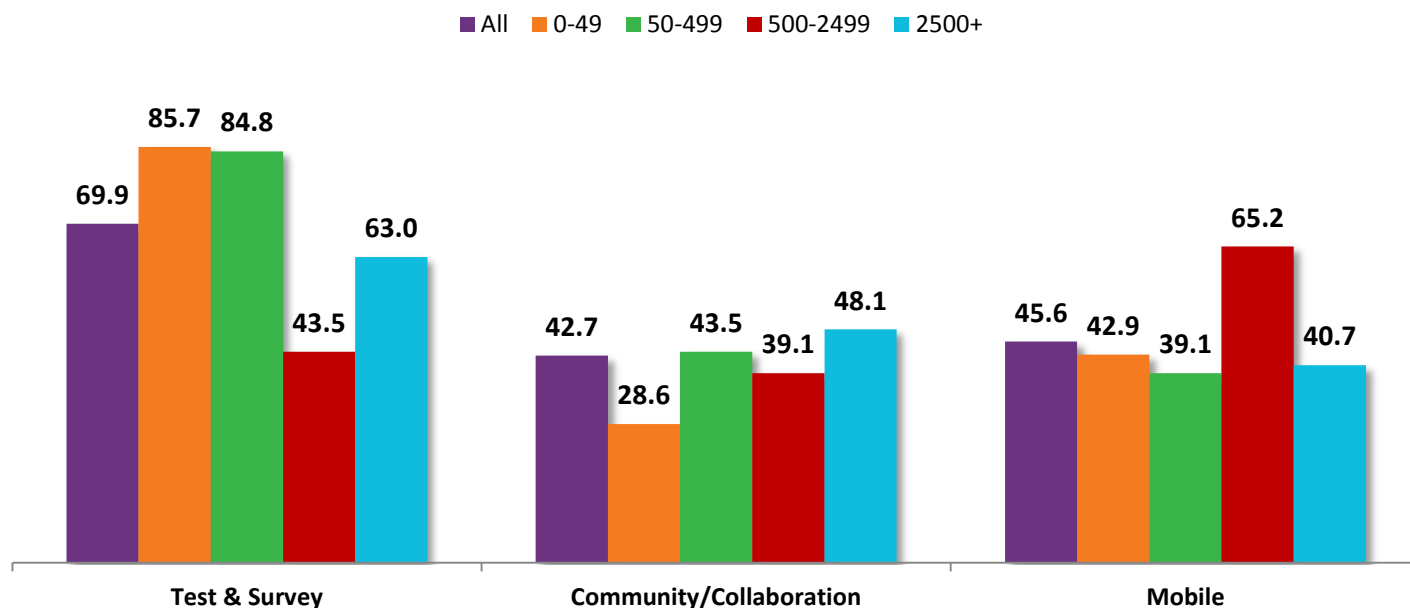


SCORM and AICC compliance standards are designed to ensure technical compatibility of e-Learning content across different delivery platforms.

informal learning, etc. For instance, the cover article in the September/October 2010 issue of Elearning! is "What Makes a Top Learning Organization?" The article reinforces the idea that collaborative tools and emerging technologies are major drivers for organizations looking to reach "learning organization" status.

The BizLibrary survey sought market feedback on what emerging technologies most current and prospective LMS users want to see in a learning management system. The survey focused on the three primary technologies now emerging in the learning and training space – test and survey tools (important for talent management systems and programs), community and/or collaboration tools (similar to Web 2.0 or social media tools) and mobile learning (LMS connectivity to smart phones and PDA's). Responses to the question, "What features would you like to see added to your current LMS?" follow.

The chart below summarizes the responses from organization currently using an LMS by size.



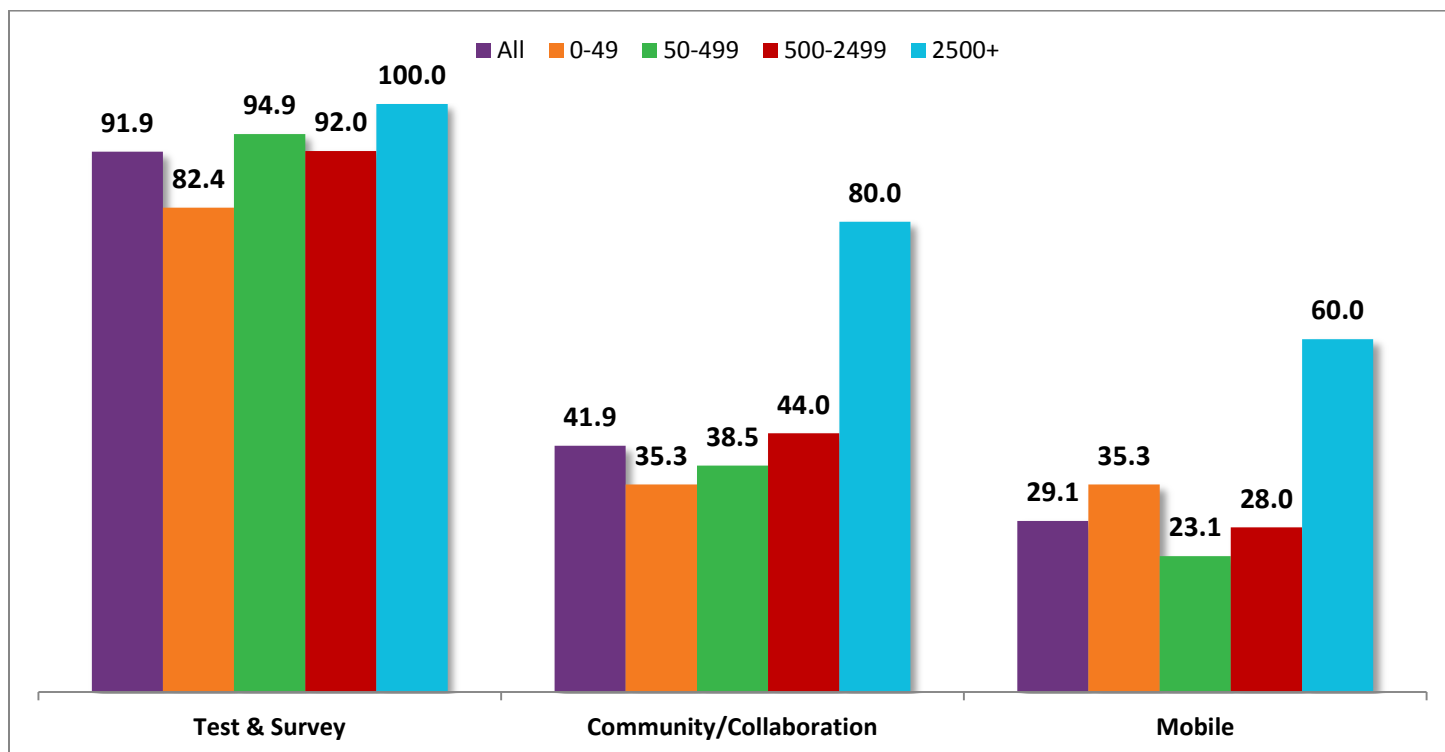
The results are very interesting. The overall percentage for a built-in test and survey engine is nearly 70%. Both of the smallest types of organizations say this feature is very important – more important by a wide margin to any other feature driven by emerging technologies. For instance 85.7% of the smallest organizations in the survey rate test and survey engine as a desirable feature. Community only got mentioned by 28.6% of the sample and mobile learning by 42.9% - margins of nearly 60% and 43% respectively. For organizations with 50-499 employees, test and survey was listed by 84.8%, and community was listed on 43.5% of the responses and mobile on 39.1%. Again the margins are very high – almost 60% to community and 42% to mobile. So for these smaller organizations currently using an LMS, a test and survey engine feature would be very important.

The responses of mid-market and large organizations currently using an LMS suggest test and survey is important, but other emerging technologies are much more prominent and listed at a much closer ratio to the test and survey engine feature. In fact, for the mid-market segment of the survey, a mobile learning feature and function is the most desirable new feature listed by 65.2% of the respondents, compared to 43.5% listing test and survey and 39.1% listing community. For the largest organizations, test and survey is the most sought after feature among current LMS users at 63%, but community at 48.1% and mobile at 40.7% are not far behind compared to other segments of the survey.

The close rating of mobile learning capability and collaborative learning tools comes as a bit of a surprise for organizations currently using an LMS. Social media is such a major part of the internet and lives of so many people, it might have been logical to assume this feature would figure more prominently in this response. There can be little doubt that the LMS industry as a whole is moving rapidly in the direction of social media and Web 2.0 styled tools and features to enhance learning and information sharing. The

question might be whether the industry can effectively state its case for the great value and potential of these tools to enhance the learning experience of employees.

The chart below summarizes the responses from organizations not currently using an LMS.



The desire for a built-in test and survey engine far outpaces any other feature currently emerging in the LMS industry. The overall percentage of 91.9% is an accurate reflection of the whole sample as every segment came in very high with the smallest companies at the low end at 82.4% and the largest organizations at 100% (after rounding). The desire for a community feature was listed at the second highest rate with the whole sample coming in at 41.9%, and a mobile learning platform being listed less frequently – 29.1% for the whole group.

Unlike most other responses to the survey, there is not a significant difference in the responses about desired features and functionality based upon size – larger organizations express a desire for more features in general, but the order of preference is the same. The more profound differences show up when the results are examined by whether the organization has or does not have an LMS. A mobile learning platform is actually considered a more desirable feature for the survey sample that currently uses learning management systems than community. This may be explained by the performance and results these organizations are realizing by being able to deliver on-demand, “just-in-time” training through technology driven solutions. Technology is already working, and employees have anytime, anywhere access to content – except when they do not have access to a computer. A mobile solution is likely viewed as the natural next step to filling that gap to make online training a truly “anytime/anywhere” learning solution.

The survey results are pretty clear – test and survey engines matter – a lot – to both current LMS users and prospective LMS users, and social learning tools and mobile learning carry high levels of appeal. However, the LMS industry may need more time to further develop these tools and features, and to develop a more effective and compelling value proposition before these tools gain broader acceptance. It’s also possible the industry can take some lessons from the receptivity of current LMS users to the emerging capabilities shown by mobile learning solutions. The promise of on-demand, anytime/anywhere training might finally be truly fulfilled.

Conclusions

Trends in learning and learning technology are clearly impacting both LMS providers and consumers in ways we might not expect. Organizations of all sizes – not just large companies – are making the business case to acquire their own learning management systems. There might be many explanations for this development from workforces being ever more scattered and remote to the need to monitor and track training and learning for compliance purposes. Regardless of the cause, the trend is clear. Learning management systems are no longer the sole domain of large organizations.

The features we find important in our learning management systems are also evolving as new technologies emerge and learning preferences change with the market. Obviously, the traditional LMS features about delivering content, tracking progress and communicating with employees remain central to the core value proposition for acquiring an LMS. But more organizations want to tie their LMS to talent management initiatives by running built-in surveys and tests. Many organizations – though apparently not a majority – are looking to find Web 2.0 style tools and mobility available to support learning programs

¹ The survey had an 83.6% rate of completion.

¹ Bersin & Associates define “large enterprise” as 10,000+ full-time employees. The BizLibrary survey asked about organization of 2500+ employees.

¹ In the same Bersin & Associates 2009, report, the rate of LMS investment was expected to grow for small and mid-market firms in 2009. For firms with between 1,000 and 10,000 employees, the Bersin report anticipated 9.1% growth and for firms with fewer than 1,000 employees, the rate of growth was anticipated to be about 11.3%.

¹ <http://www.adlnet.gov/Technologies/scorm/SCORMSDocuments/2004%204th%20Edition/Overview.aspx> and <http://en.wikipedia.org/wiki/SCORM>

¹ Elerning!, September/October 2010, pp. 17-20.