Why the LMS market is robust

A comprehensive guide by Virtual College

VIRTUAL COLLEGE

The LMS is dead.
Long live the LMS.

12 reasons why learning management systems are here to stay.

Recent articles by Chris Alexander[1], Kasper Spiro[2] and others suggest that they think the LMS has had its day. Over the past 20 years of delivering online training and learning management systems, we seem to hear this claim every few years.

The assertions tend to follow similar themes; due to technological developments or changes in the way people learn, the LMS market is in some way under pressure or in decline.

While we agree that what technology can achieve and the way people expect to learn evolves all the time, we believe that rather than stagnate or decline, these changes will drive even further adoption of learning management systems.

Respected elearning consultants, Learning Light[3], have been tracking the LMS industry closely since 2005. They also view the LMS market as vibrant, evolving and set to grow as businesses become increasingly dependent upon technology and the skills of their people.

Independent research by Learning Light and others indicates that the LMS market is due to enjoy a period of considerable growth and a recent report indicates it is likely to triple in size.[4] This is also true of online training, which is experiencing very strong growth globally, and e-learning and the LMS go hand in hand.

"E-learning is the fastest growing segment in the global education market, targeted to reach $225 billion by 2017. Learners are empowered with anytime access of information, via any device, videos, mobile apps, and more. Virtual, video and mobile learning are delivering more training hours than traditional methods.[5]"

So here are 12 reasons why reports of the death of the LMS are greatly exaggerated...........

1. Investments...Learning platforms still dominate

Venture capitalists are not known for making large investments which are overtly risky. In recent years we have seen a growing interest in education and training technologies (often called Edtech) by investors. As the chart below illustrates, learning management systems have attracted the vast majority of investment.

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[1] *http://elearningindustry.com/learning-management-system-dodo-phoenix*
[2] *http://elearningindustry.com/5-elearning-trends-leading-to-the-end-of-the-learning-management-system*
[3] *http://www.learninglight.com/*
[4] *http://www.2elearning.com/top-stories/item/56465-why-is-the-lms-tms-market-tripling-in-size*
[5] *http://www.einnews.com/pr_news/323557369/empower-your-learners-at-enterprise-learning-conference-2016*

Most Well-Funded VC-Backed Companies, 2010-2016 YTD (4/12/16)[6]

| Rank	Company	Total Disclosed Funding ($M)	Description	Select Investors
1.	TutorGroup	$315	Digital English Learning Platform	Alibaba Group, Goldman Sachs
2.	HotChalk	$249	Learning Management System	Berg & Berg, McGraw-Hill Ventures
3.	Chegg	$249	Digital Tutoring & Textbook Solutions	Kleiner Perkins Caufield & Byers, Gabriel Venture Partners
4.	Pluralsight	$208	Digital IT Learning Platform	Insight Venture Partners, Felicis Ventures
5.	Desire2Learn	$165	Learning Management System	New Enterprise Associates, Silicon Valley Bank
6.	Udacity	$161	Digital Learning Platform	Andreessen Horowitz, CRV
7.	Knewton	$157	Digital Learning Platform	Accel Partners, Bessemer Venture Partners
8.	Coursera	$146	Digital Learning Platform	New Enterprise Associates, Kleiner Perkins Caufield & Byers
9.	AltSchool	$136	Next-Gen K-8 Schools	First Round Capital, Founders Fund
10.	17zuoye	$135	Digital Learning/ Learning Management Platform	Shunwei Capital Partners, Tiger Management Corp.

2. Start-ups and more

The fact there are 600+ LMSs available in the market with new entrants on a monthly basis, according to tracking by Craig Weiss[7], which indicates that the market is vibrant and dynamic.

Companies such as Create eLearning were founded out of frustration with the existing provision of LMS vendors to meet specific needs. Other new launches, such as Looop, are recognising that the ways people learn are changing and many LMSs do not accommodate this.

In addition, many of the existing LMS vendors are not standing still. We have recently launched our completely rebuilt learning management system, Enable[8], with a market leading UI/UX and a range of new exciting features including; social learning, gamification and mobile support.
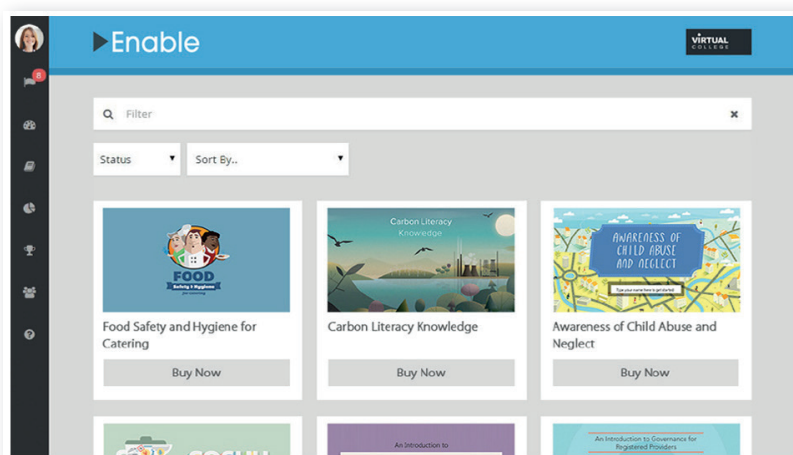
Above: The course catalogue provided in this example of Enable allows learners to browse training via the web.

3. Competition and innovation

This makes for a market that is hugely competitive and innovative, not one of decline or stagnation. As noted, above we have recently built a new LMS[9], many of the other existing players are continuing to update their LMSs to stay relevant.

We have seen vendors add to the feature sets, bring mobile enablement to their platforms, add ever more integration opportunities as organisations ask for tighter alignments with CRMs and seek to build out extended enterprise provisions, using training as part of the mix.

7   *https://about.me/craigweiss*
8   *http://www.virtual-college.co.uk/lms/*
9   *http://www.learninglight.com/enable-lms-review/*

4. New standards...the post SCORM world, but LRS needs LMS

The e-learning and learning technologies world has in some ways been held back by the constraints of SCORM - a standard set in the early 2000s to ensure interoperability in the industry.

As Mike Rustici, of SCORM experts Rustici,[10] put it at Devlearn 2011: "SCORM works, but it is hard work". Mike was actually addressing the need for new standards for e-learning often referred to as Tin Can, or now more accurately xAPI and the emergence of the LRS – Learning Record Store. This is hugely exciting and will unlock ever more learning opportunities that reflect the digital learner's style and lifestyle.

However, it is completely wrong to see the LRS as in some way making the LMS redundant. In fact this new learning architecture will further enhance the importance of the LMS.

This is what Peter Berking of ADL says in his paper 'Choosing an LRS' (version 1.8.2 March 2016):[11] "It is important to understand that the LRS is a cloud-based service that only deals with learning information storage and retrieval of learning information (i.e., xAPI statements).

"It does not include the myriad functions of an LMS, thus is not a replacement for one. This 'lightweight' aspect of an LRS is appealing to some; not including the overhead bulk of LMS functions significantly reduces cost and complexity."

"[However], it remains to be seen whether LRSs will exist primarily as a capability built into other systems (like LMSs) rather than a separate system."

Instead, we are going to see an new and exciting learning eco-system emerge with huge learning opportunities made available through almost any medium (video games, simulation activities, (VR and AR) books, Internet resources and more -all based around the LMS-LRS tracking and recording of learning with massive amounts of useful user data being generated.

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[10]   *http://rusticisoftware.com/*
[11]   *Choosing a Learning Record Store (LRS) Advanced Distributed Learning (ADL) Co-Lab, Peter Berking, 21 March 2016 Version 1.8.2 |*
        https://adlnet.gov/adl-assets/uploads/2016/01/ChoosingAnLRS.docx

5. Data driven decision making (analytics)

The other real benefit of the LMS and xAPI is for analytics. Tracking learner performance and training effectiveness really matters to organisations.

Data driven decision making is becoming increasingly important to organisations and learning and performance will play a progressively greater part in this new world. This is really what the LRS – xAPI – LMS eco-system will add to digital businesses.
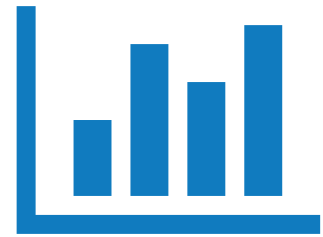
6. Integrations and replacements

The corporate technology eco-system is getting more complex and integrated. LMSs have evolved and now largely offer integrations by APIs with other components of the corporate eco-system.

It is probably fair to say that L&D has been left behind and HR has progressed in this space, but research by Saffron[12] indicates that a large number of existing LMS users plan to replace their LMSs.

The desire to replace an LMS is driven by a variety of reasons; many older LMS are not fully mobile compatible and, with the emergence of mobile business, organisations are moving to more mobile-enabled platforms.

The second key driver for change is the importance now given to the learner UI and UX. As learner engagement becomes more and more important (in a world now moving beyond simple compliance led e-learning) the learner experience is key.

The desire for enhanced learner engagement means modern UI and UX are now proving a powerful reason for LMS replacements.

Ease of use by the LMS admin team is proving another key driver for upgrading LMS. Modern next generation LMSs have responded to the demands of the LMS administration teams to provide easier ways to manage courses, learners and reporting.

More interestingly, we are noting a strong trend towards organisations maintaining their existing LMS and adding a new LMS. This is a trend highlighted in the USA by thought leader Elliot Masie.[13]

Indeed, multiple LMSs in organisations are not at all unusual. Some will be replaced and others enhanced and integrated with new LMS

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12   *http://saffroninteractive.com/saffron-interactive-launches-the-lms-are-we-experiencing-a-sea-change-white-paper/*
13   *http://trends.masie.com/archives/2016/3/31/911-stacking-vs-replacing-lms-learner-as-content-producer.html*

7. The rise and rise of the digital learner or millennial learner

Boston Consulting Group has researched the way the modern learner wishes to learn: "With Millennial employees making up an ever-increasing percent of the workforce, more and more companies are finding the old death by PowerPoint training just doesn't cut it anymore."

"More companies are opting for new, on-demand, interactive approaches to training in the form of micro-learning — delivering content in small, specific bursts of information that put employees in control of what they're learning."[14]

This trend has been manifest in the rise of mobile learning, social learning, gamification and micro-learning, as the LMS has stayed relevant to the changes and challenges of the new generation of learners.

LMSs are now increasingly mobile-enabled and can work with Tablets and SmartPhones very effectively to increasingly support on-line and off–line learning.

The global digital learning devices market is expected to grow at a compound annual rate of 10.78% during the period 2016-2020, says Research and Markets: "Increased use of the internet has dynamically changed the scenario of the education industry. The use of the internet has increased significantly with the introduction of technology and high adoption of portable devices."

"Internet penetration has influenced vendors providing digital education tools to design e-learning and mobile learning technologies. Governments worldwide have introduced a number of policies to provide better coverage and networks to customers and students."[15]

New patterns of learning are emerging - immersive learning, augmented reality (AR) and virtual reality (VR). These technologies offer both amazing opportunities and considerable challenges for L&D. However, the LMS ecosystem is already capable of handling these new ways of learning.

[14] *http://www.2elearning.com/top-stories/item/56468-bringing-business-training-into-the-21st-century*
[15] *http://www.businesswire.com/news/home/20160318005551/en/Global-Digital-Learning-Devices-Market-2016-2020--*

8. Compliance won't go away

Compliance won't go away. It has been a key driver for organisations to procure an LMS. Surveys and insight show the continued importance of 'compliance and regulatory' related learning programs.

In some industries, there are reports of 40% to 75% of learning programs that are defined by compliance, regulatory or accreditation requirements.[16] There is limited likelihood of this changing.

The good news is LMSs are getting much smarter at handling compliance.

Pre-test allow for adaptive learning pathways to be created to personalise the learner experience by recognising prior learning and guiding the learner to meaningful learning. The LMS is staying relevant and is now part of the solution to compliance learning fatigue...no longer part of the problem.

Enable LMS has been built with an audit capability designed specifically to help organisations better manage their compliance with training requirements.

The user can create multiple audits, capture extensive information and generate detailed reports in one central system.

The browser-based system means that users have access from any computer at any time with no downloading required. Multiple users can log on and view the audit from any location at the same time, enabling audits to be shared with partners.
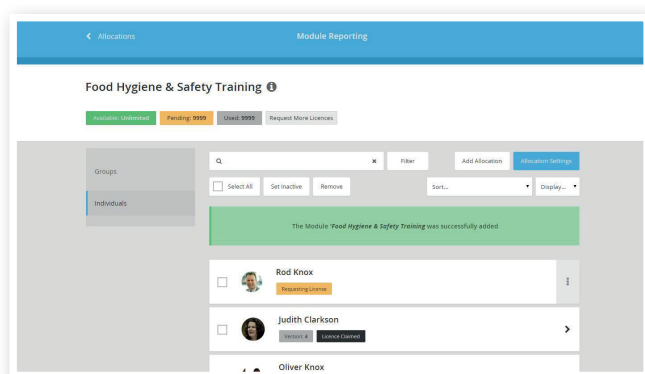
Above: Enable's 'reports' can be used to gain a greater understanding of learner progress, gaps and competencies.
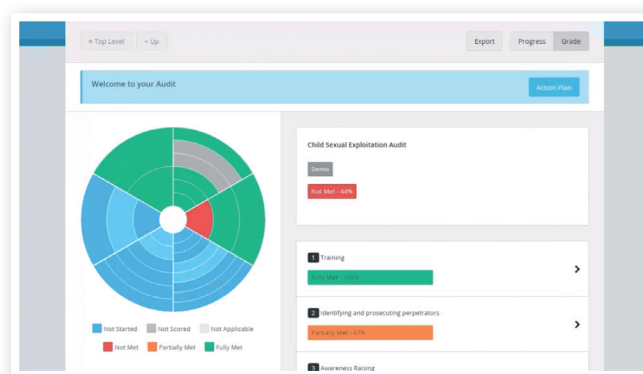
Above: A typical report from Enable Audit.

9. The training industry gets it

Perhaps the most contentious statement, but here in the UK and EU it's very true.

For a long time, the training industry was resistant to e-learning, but the tough years since 2009 have changed many perceptions as organisations have cut back on training expenditure.

The most recent survey from Bersin by Deloitte[17] into the UK market indicates a change in spending patterns. The research shows that many UK organisations are bringing training in-house even as learning and development spending rebounds: "Surveyed UK organisations boosted spending on L&D initiatives by 11 percent between 2014 and 2015—an increase that is 15 percentage points higher than the levels seen during the throes of the recession. Levels of per-employee spending, which now average £1,068, have also begun to grow again as the economy rebounds."

These statistics indicate that the United Kingdom's economic recovery is manifesting itself through more confident spending across L&D practices.

LMS vendors reviewed by Learning Light,[18] including Virtual College, offer solutions for existing training providers (for example; integrated e-commerce, white labelling, competency matrix's and learning pathways) that have allowed many face to face training providers to offer effective blended learning solutions.

10. Evolving landscapes for learning to address the skills and productivity gap

The apprenticeship levy due to be placed on UK employers are the FELTAG[19] requirement on Colleges of Further Education will stimulate the demand for e-learning and LMS without doubt..

FELTAG is slowly impacting on the FE sector and will drive new LMS procurements in the medium term. However the emergence of the Apprenticeship levy[20] will stimulate demand significantly for new technology enhanced training provision.

Learning Light has noticed a significant uplift in enquiries about LMSs from training providers with its review of the best LMS for training providers[21] attracting considerable interest.

Babcock values the UK 'technical training market' at £1.3bn,[22] and expects strong growth in this market due to the apprenticeship levy. This is a market that is still quite immature in its use of learning technologies. This is expected to change rapidly. Babcock's own Skills2Learn business, that builds e-learning and virtual reality, is growing strongly.

Learning Light believes training providers in this market will turn towards LMSs to provide digitally tracked and enabled apprenticeships with specific focus on competencies and smart assessments.

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[17] http://www.bersin.com/Practice/Detail.aspx?id=19469
[18] http://www.learninglight.com/best-lms-for-training-providers/
[19] http://feltag.org.uk/recommendations/
[20] https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work
[21] http://www.learninglight.com/best-lms-for-training-providers/
[22] https://www.babcockinternational.com/Investors/Results-and-Presentations?FilteredYear=2016

11. Smart assessment and remote proctoring/invigilation

Smart assessment and remote proctoring/invigilation technologies are arriving and gaining traction and acceptance in HE. Several leading LMSs now integrate with platforms such as ProctorU[23], Smowl[24] or Comprobo[25] that offer remote invigilation and vendors such as BTL[26] have developed secure assessment products such as Surpass[27] digital driven examinations and assessments while MyKnowledgeMap[28] has pioneered mobile assessment.

Learning Light research argues that these developments will not only disrupt the traditional computer based testing centre model, but will allow high stakes and certificated learning to be assessed remotely, with levels of security that are superior to face to face invigilation.

This will significantly support the emergence of a global learning market, enabling institutions and organisations to test and validate learning achievements anywhere in the world with certainty.
Again, the LMS will be the principle platform of delivery and we are increasingly seeing universities, professional associations and training providers utilising these technologies to globalise their training and certification services.

[23] http://www.proctoru.com/
[24] http://smowltech.com/en
[25] http://comprobo.co.uk/
[26] http://www.btl.com/
[27] http://www.surpass.com/surpass-the-assessment-platform/?utm_source=betaweekhome&utm_medium=ctabutton&utm_campaign=betaweek1
[28] http://www.myprogressapp.com/

12. Education and training becomes a global market made possible by technologies such as LMS

Huge demand for digital learning is emerging in Africa and ASEAN nations, stimulated by MOOCs and this offer will become more nuanced with publishers, universities, colleges and training providers and others investing in LMS platforms to deliver globally as our first table showed!

Conclusion

The LMS has proven to be one of the most successful elements of learning technology to date, in that the LMS has a proven track record in enabling learning and a proven track record in re-inventing itself to stay relevant.

In recent years, LMSs have incorporated social learning and mobile learning. LMSs are now delivering gamification, serious games and adaptive learning. Before long, LMS (in conjunction with LRS) will manage augmented reality and virtual reality courses.

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Virtual College is one of the UK's leading providers of online training, bespoke development and learning software.

For over twenty years we have been providing the perfect blend of interactive, engaging and powerful online learning to our **2 million learners** and have recently been voted e-learning development company of the year.