



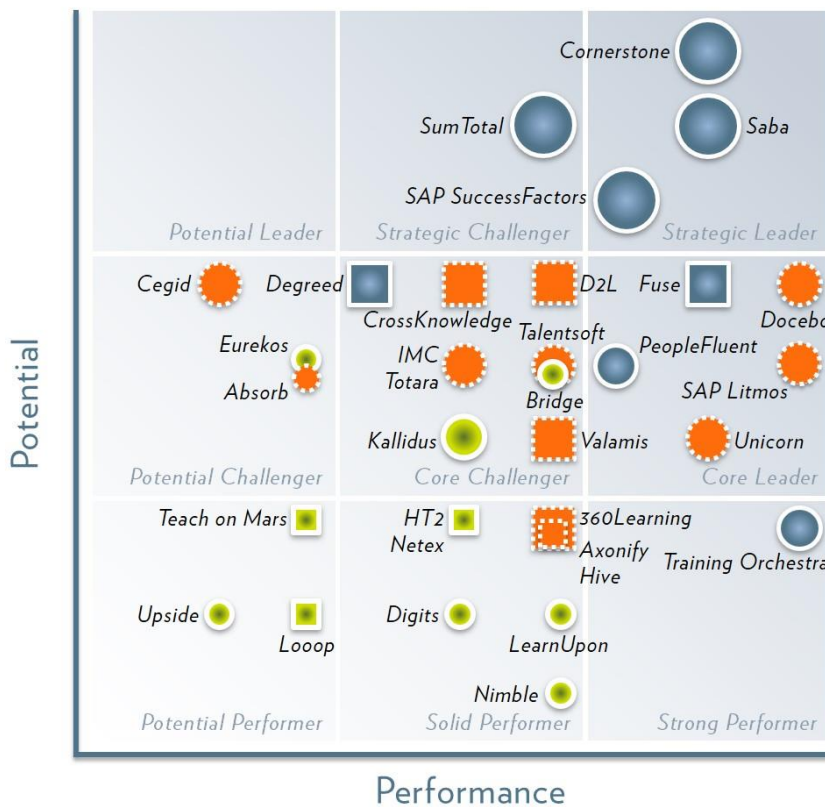
**FOSWAY
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Fosway 9-Grid™ LEARNING SYSTEMS

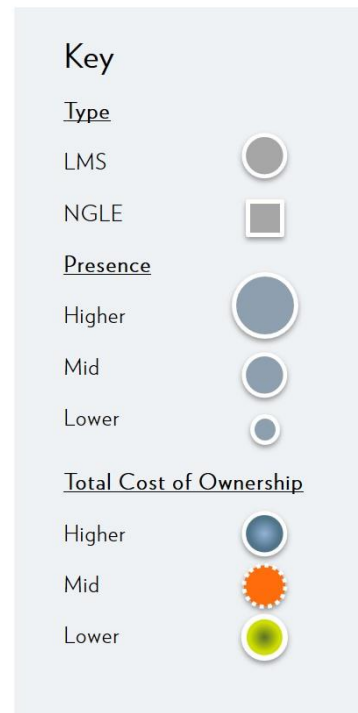
January 2019

Independent Analysis of the Learning Systems Market

Fosway 9-Grid™ - Learning Systems



January 2019



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Key Headlines

The Market

Overall investment in learning technology is still increasing

Fosway research on digital learning as well as our research with the wider HR community shows that over 50% of organisations expect to increase their investment in learning systems in the coming year, with the remainder looking to maintain investment at current levels. Any analysis of other market trends should be considered against this backdrop.

Digital transformation of L&D is underway, but scope of change may be too limited

From our Digital Learning Realities research¹, over 70% of organisations are already in progress with digital transformation projects for L&D. However, the headline statistics hide a deeper reality, and the focus within some L&D departments is on a refresh of the technology rather than a transformational shift. Ultimately, L&D needs to view digital as a way of transforming its culture, capability and mindset, not just a different mechanism for delivery. That way it will truly have a significant impact on the organisation.

Mid-sized businesses continue to embrace technology for the first time, which is changing the functionality needed in learning systems

The continued strong growth in mid-market adoption of learning systems, is reflected in the priorities and roadmap of the providers. Smaller organisations generally lack large learning teams or significant IT resources, so ease of operation is critical as is ease of use. They also often lack the internal instructional resources to create content, so easy access to off-the-shelf content as well as easy authoring and publishing from within the learning system are both attractive. (This functionality is also benefiting larger organisations too, as they devolve the content creation from the central L&D teams to SMEs within the business.)

¹ 2018 Digital Learning Realities research



Next Gen Learning Environments (NGLEs) and Learning Experience Platforms (LXPs) are changing the market ... but for how long?

As this year's 9-Grid™ for Learning Systems makes obvious, this is a crowded and highly fragmented market. New entrants focusing heavily on next gen features including social and video learning, microlearning and learner engagement have disrupted the traditional LMS market, resulting in the separate NGLE classification in our analysis over the past three years. But as LMS providers rapidly evolve their next gen features and NGLE providers backfill functionality to manage more traditional learning for mid-market buyers that cannot afford multiple platforms and still need to be 'compliant', buyers can expect increasing convergence. The reality was always that the LXP terminology itself hid a multitude of sins, and many vendors adopting it were just trying to 'not be perceived as an LMS'. We still feel the NGLE classification has some value, so we've kept it for this year, but over time it may well become increasingly redundant.

Cycles of learning that focus on practice and doing are still not being adequately answered by most learning solutions

The focus of most solutions on delivering knowledge rather than building mastery continues to be the bane of L&D professionals looking to place deliberate practice at the heart of their approach, rather than focusing on content. Obsessing about forgetting curves, is not as powerful as enhancing competency, confidence, proficiency and performance. Failing to grasp this will always limit L&D's ability to deliver tangible value.

Learning ecosystems need to support more agile learning

Agile is a continuing theme for 2019. And as L&D looks to deliver a more agile learning offering, many are diversifying their learning approaches with a resulting impact for their learning platforms. The expansion of specialist tools means that more than ever, learning is really about an ecosystem and not a single system. As fast as organisations consolidate core talent and learning management processes, new approaches arise and are incorporate into the learning model. Despite the convergence between LMSs and NGLEs, corporate learning ecosystems are becoming increasingly complex and diverse.

L&D seriously lags HR in investment in analytics

Our research in HR technology reveals that analytics is the top area for increased investment, but for L&D it languishes in fourth place, behind learner engagement, social/collaborative and mobile. That may reflect short term capability gaps in L&D, but the danger is also that it reflects a lack of focus on proving impact.



L&D is still too inward looking rather than business focused when it comes to measuring impact. Good data and analytics are essential for good decision making, but also for proving you make a difference. If L&D aspires to be influential there must be real (big) data evidence of its efficacy and added value.

The Cloud is the default destination for legacy and new customers

Corporate adoption of on-premise learning system deployments is in terminal decline. The overwhelming majority of implementations are now in the Cloud, although Eastern Europe, the Middle East and Asia continue to lag behind due to local data protection restrictions. This trend shows no signs of abating and on-premise deployment options are becoming a rarity.

Demand for learning solutions for the extended enterprise continue to grow

Greater interest in extended enterprise solutions is creating a new tier of platform providers and challenging existing LMS and NGLS solutions beyond e-commerce functionality. The main corporate LMS players are not always the winners in the B2B race, especially where there is a need for exceptionally low costs for large audience numbers and having the best user experience (UX) is the leading driver behind the selection.

A fragmented market is providing the buyer with more choice but also more risk

As the Learning Systems market becomes even more fragmented, buyers have more risks. Balancing the pressures from HR and talent to integrate better, the need to diversify learning and fully engage all learners, and better manage the complexity of their learning ecosystem all weigh heavily. Should you stick with what you know, or throw out established partners and innovate? Unsurprisingly Fosway is frequently asked for our advice on these kinds of decision, but the reality is many buyers are not well enough aligned to make them. Overall, getting good impartial independent guidance is critical to navigating through the choices involved.

Solution Trends

Learning system developers continue to jump onto the ‘Netflix’ bandwagon

If the transformation of the ‘look and feel’ of your traditional LMS to resemble Netflix has not happened yet, it is likely to be on the near-term roadmap. Most learning system home pages or catalogues now look the same, with a Netflix inspired tile-based view, meaning that user experience (UX) for end learners is no longer such a differentiator. It doesn't stop it still being top of the criteria list though.



Starting with an empty learning environment is still not attractive for buyers!

Except for solutions focused on user generated content, knowledge management and content curation, more and more buyers are looking to simplify and accelerate their acquisition of off-the-shelf content by looking for providers with pre-stocked content libraries. Providing high quality learning experiences ‘out of the box’ has become a differentiator for vendors. Many are now creating connections to curation and content suites to increase the speed to impact and reduce the overheads of their solutions.

Mobile is an entry level feature, even if it’s not being used extensively

Mobile is an entry level feature for buyers of learning systems and most vendors have added mobile functionality using a separate app or using responsive design. Even though live adoption of mobile by customers is still much more sporadic than you might expect, it is difficult to envisage any provider being successful without a good mobile offering. That’s not always a given so buyer beware, if mobile is important to you, make sure you check it fully before you assume it works across all areas of functionality.

Learner engagement will be transformed by AI and machine learning

AI in the form of recommendation engines and machine learning has been available in a few larger enterprise LMSs for some years. But now every vendor is now either claiming to have AI, or it’s on their roadmap. But having an AI story is not the same as actually having something useful, or truly embedded in your solution. Too few vendors can demonstrate real use-cases or more importantly, have customers actually using them in anger. Obvious areas of focus are personalisation of the user experience and making analytics more predictive. Another is intelligent assistants embedded in social channels that will increasingly marginalise the need to go to the learning system at all. (What then for the all important UX?!).

Learning analytics has split into two different approaches, perpetuating the challenge of tracking learning impact

Two camps have developed within the vendor community regarding how they expect L&D to deal with the data being tracked. Some systems use proprietary methods for data tracking and facilitate its export to Business Intelligence (BI) tools that can be used and analysed by data scientists in the business. Others have adopted the xAPI approach with a Learning Record Store (LRS) so that L&D can monitor the data themselves. From an L&D perspective, many buyers are not particularly concerned how this is done, only



that they can do it, and from their perspective, the easier the better.

The LRS and xAPI spec adds to its role in the ecosystem

Whilst xAPI tracking capability is now provided by over 80% of learning systems, its use by L&D is still very low. However, cmi5 - the xAPI profile specifically written to deliver a more future proof offering than SCORM - has only been adopted by less than 20% of vendors. That's a risk. Also, many LMS vendors that offer an integrated LRS, do it at extra cost, which is a barrier for most L&D departments when they are still not sure of the benefits. To become truly mainstream in use, xAPI needs to be simpler to adopt and more automatically available in a form that demonstrates real value to customers. Case studies are surfacing that show this, but overall it still feels more marginal than it should be.

Despite the backlash, the traditional LMS is not dead and compliance is still a core driver

Despite the broader shift to learner engagement, the demand for better management of learning including gold-plated compliance, continues to be a core driver for many learning system projects. For all the talk of the death of LMS, our research shows that less than 1% of buyers believe they will be able to turn off their LMS, even if they want to! But whilst compliance continues to be a core driver, it is also changing. There is a shift from compliance meaning attendance/completion, to compliance meaning competence. This changes both tracking and reporting significantly, shifting away from the course and into the workplace,

Buyers like the dream of a one-stop-shop system, but can one ever be enough?

Despite pressures from IT to adopt a single system, and great convergence between next gen and traditional systems, a single learning system will never have all the functionality a company needs in all of its different contexts and needs. We currently see the rise again of the big HR and ERP suites (it happened 15-20 years ago and is now happening again, but in the Cloud) but rarely are they better than OK when it comes to their learning modules. Is OK good enough? Maybe not and if learning needs an ecosystem anyway, does it really help to be tightly coupled with HR rather than tightly coupled with the rest of your learning ecosystem or, even more importantly, with your systems of work?



9-Grid™ Vendor Rating

Vendor	Type	9-Grid™ Rating
360Learning	NGLE	Solid Performer
Absorb	LMS	Potential Challenger
Axonify	NGLE	Solid Performer
Bridge by Instructure	LMS	Core Challenger
Cegid	LMS	Potential Challenger
Cornerstone	LMS	Strategic Leader
CrossKnowledge	NGLE	Core Challenger
D2L	NGLE	Core Challenger
Degreed	NGLE	Core Challenger
Digits	LMS	Solid Performer
Docebo	LMS	Core Leader
Eurekos	LMS	Potential Challenger
Fuse	NGLE	Core Leader
Hive Learning	NGLE	Solid Performer
HT2	NGLE	Solid Performer
IMC	LMS	Core Challenger
Kallidus	LMS	Core Challenger
LearnUpon	LMS	Solid Performer



Loop	NGLE	Potential Performer
Netex	NGLE	Solid Performer
Nimble	LMS	Solid Performer
PeopleFluent Learning	LMS	Core Leader
Saba	LMS	Strategic Leader
SAP Litmos	LMS	Core Leader
SAP SuccessFactors	LMS	Strategic Leader
SumTotal	LMS	Strategic Challenger
Talentsoft	LMS	Core Challenger
Teach on Mars	NGLE	Potential Performer
Totara	LMS	Core Challenger
Training Orchestra	LMS	Strong Performer
Unicorn	LMS	Core Leader
Upside Learning	LMS	Potential Performer
Valamis	NGLE	Core Challenger

Inclusions and Exclusions

Entries into the Fosway 9-Grid™ for Learning Systems are made on the basis of the appearance of those solutions within Fosway's Corporate Research network, which focuses on European enterprise-scale corporates. As a result, there are a number of US-based solutions that are omitted because they do not currently have an adequate international presence for us to provide a relevant commentary. Conversely, there may be providers with little recognition outside EMEA that are included because they have built a sufficient presence with European companies to warrant inclusion.



2019 Additions and Removals

This year has seen the addition of some new names to the 2019 Fosway 9-Grid™ for Learning Systems:

- 360Learning – an established learning experience platform provider headquartered in France
- Cegid – French headquartered company that acquired Technomedia’s talent management solution
- Eurekos – A Danish headquartered LMS provider with integrated authoring
- Hive Learning – A UK based Learning Experience Platform provider
- Netex – An established Spanish headquartered provider of digital learning solutions
- Teach on Mars – A French based ‘mobile first’ learning system provider
- Valamis – A Finnish headquartered Learning Experience Platform provider

This year has seen the removal of Agylia, Expertus, Growth Engineering, Moodle, Oracle Taleo and Virtual College as they did not meet our inclusion criteria. Also, Lumesse and Pathgather due to being acquired (by Saba and Degreed respectively) and been subsumed by their acquirer’s assessment in the 9-Grid™.

Accuracy of Information and Warranties

The analysis and recommendations made in Fosway 9-Grid™ are based on the information currently available to Fosway Group from sources believed to be reliable. Fosway Group disclaims all warranties as to the accuracy, completeness or adequacy of such information. Fosway Group will have no liability for errors, omissions or inadequacies in the information contained herein, or for interpretations hereof. Opinions expressed herein, are subject to change without notice. All content is copyright Fosway Group Limited, unless otherwise identified. All rights reserved.



Understanding the Fosway 9-Grid™

What is the Fosway 9-Grid™

The Fosway 9-Grid™ is a five-dimensional model that can be used to understand the relative position of different solutions and providers in a selected market segment. It allows organisations to compare different solutions based on their Performance, Potential, Market Presence, Total Cost of Ownership and Future Trajectories across the market.

9-Grid™ is unique, because the model contains value in *all* of its zones – not just the top right.

9-Grid™ not only provides an understanding of the market, but also identifies the high-level actions that can help corporate organisations get the best from vendors.

9-Grid™ is based on Fosway Group's independent research in the HR, talent and learning market over the past 20 years, and draws upon the insights and experience of our Corporate Research Network. The Corporate Research Network is a group of HR and learning professionals, who between them represent over 150 of Europe's leading companies. These companies are typically global enterprise-scale organisations with their Head Offices in Europe (or the EMEA HQ of global companies).

Essentially the 9-Grid™ model brings together our independent view of solution providers, including their:

- **Performance** - comprising of two elements: Market Performance and Customer Performance.
- **Potential** - scope, capability and sophistication.
- **Presence** - historic and current presence in the market. This includes the size of the customer base, the number of enterprise customers and the overall size of the business, within the scope of the market segment we are examining.
- **Total Cost of Ownership** - the FULL cost of acquiring, implementing and operating the solution (typically over a three-year period). Importantly, this includes both internal and external costs.



- **Future Trajectory** – our view of their direction of travel in terms of Performance and Potential, relative to their current position and the market as a whole.

Interpreting the exact position of the vendor in a 9-Grid™ zone is explained in more fully in our **Introduction to the 9-Grid™** document available from our website www.fosway.com.

We strongly recommend reading the full document to understand the model in detail.

The Critical Difference between the 9-Grid™ and other Analyst Models

There is a very important difference between 9-Grid™ and other analyst models. In the 9-Grid™ all of the nine zones have value, and more interestingly, have an associated set of actions that can help you to maximise the value of the relationship with different vendors. This means that being in the ‘top right’ is **not** the only valid selection point. For some organisations, top right may not even be desirable. There are many other zones that offer success, especially when balanced against Total Cost of Ownership.

The 9-Grid™ variables for Learning Systems

This year continues the recalibration of our Learning Systems 9-Grid™ to reflect solutions which offer either LMS or an NGLE (Next Gen Learning Environment) including features to support social learning and gamification. This reflects movement in the marketplace where buyers are increasingly looking to enable non-traditional training delivery – occasionally at the expense of some established learning functionality. With this in mind, what do potential, performance, presence and total cost of ownership mean in the context of learning systems?

Performance

This focuses on customers’ choices: does the solution get short-listed, does it win, does it deliver and are customers happy? Performance is viewed through the lens of large international corporates and is taken from the experiences we have gleaned of our Corporate Research Network and general market briefings. As a result, this may not necessarily reflect the experiences of smaller and mid-sized organisations.



Potential

Two key aspects: scope and sophistication. In this context, scope covers the breadth of learning management and next gen learning processes provided by the solution including the management of different types of learning, the operational processes for accessing, managing, planning and delivering learning, and the tools for evaluating, assessing and reporting learning. Sophistication defines the functional depth of the processes and the level of complexity that managed within them. Mid-market tools tend to have wider scope, but lack sophistication or functional depth. High sophistication implies a high degree of control on the configuration of each process, as well as the ability to support different processes for different courses and learner groups. Higher potential solutions typically support a wide range of learning delivery models and support the full learning cycle.

Presence

This is their presence in the enterprise market place and is very much about the size of the customer base as well as presence in the overall market. This is not a linear scale but represent three bandings that group the levels of maturity / distinct groupings we see in the market. Higher Presence solutions will have large numbers of corporate enterprise scale customers and high overall user numbers.

Total Cost of Ownership

TCO is about the overall cost of buying, implementing and operating the Learning System. This is a combination not only of initial cost of buying the platform, but also the cost of operating the solution – namely the hosting, maintenance and upgrade overheads as well as the cost of resources, i.e. the team, to run it.

Trajectory

For Learning Systems, Trajectory is our sense of potential direction of travel in terms of both Performance and Potential. Trajectory is measured relative to the current Performance and Potential of that solution and the market as a whole. It is not a relative positioning compared to other solutions in the same zone.



Next Steps

Make better HR buying decisions faster

A key difference of the 9-Grid™ to other analyst models, is that all the nine zones have value. Top right is not always best! The key question you should be asking is ‘what is best for you?’ i.e. your specific organisation, your likely investment/resources and your real needs and requirements.

Referencing the 9-Grids™ is a great place to start when evaluating current suppliers, planning your future or looking for new tools and technology. But what you see here is just the tip of the iceberg. As well as access to the data behind the 9-Grid™, Fosway also has developed tools and a methodology that help companies make better HR buying decisions faster. From aligning your stakeholders and validating your buying options through to accelerating your RFP and procurement, Fosway has all the resources you need. *Why start your procurement process from scratch when we already have the research and insight to help you make better supplier decisions much faster?*

For companies seeking greater detail of the data behind the Fosway 9-Grids™ or looking for a ‘critical friend’ to provide independent feedback and advice, please contact us at info@fosway.com or by phone on +44 (0)20 7917 1870. As well as accessing the best existing research and market insight, you also have the security of knowing that we are completely independent and don’t have a vested interest in the outcome of your decisions, other than ensuring it’s right for your organisation and your people.

If You Are a Vendor

Fosway Group is constantly researching the market via our direct research projects, through conversations with our Corporate Research Network, and via direct vendor tracking and briefing. Vendors interested in engaging with Fosway Group more deeply are encouraged to consider joining our **Fosway Vendor Programme (FVP)**. Please contact [Philippa Bean](#) on +44 (0)20 7917 1870 to discuss further.



About Fosway Group

Fosway Group is Europe's #1 HR Industry Analyst focused on Next Gen HR, Talent and Learning. Founded in 1996, we are known for our unique European research, our independence and our integrity.

For over 20 years, we have been analysing the realities of the market, and providing insights on the future of HR, Talent and Learning. Fosway analysts work extensively with our corporate clients to understand the inside story of the challenges they are facing, and their real experiences with next gen strategies, systems and suppliers. Our independent vendor analysis also provides a vital resource when making decisions on innovation and technology.

And just like the Roman road we draw our name from, you'll find that we're unusually direct. We don't have a vested interest in your supplier or consulting choices. So, whether you're looking for independent research, specific advice or a critical friend to cut through the market hype, we can tell you what you need to know to succeed.

Example clients include: Alstom, Aviva, Boots UK, BP, BT, Centrica, Deutsche Bank, Faurecia, HSBC, International SOS, Lloyds Banking Group, Novartis, PwC, Rolls-Royce, Royal Bank of Scotland, Sanofi, Shell, Swiss Re, Telefonica, Thomson Reuters, Toyota Europe, and Vodafone.

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