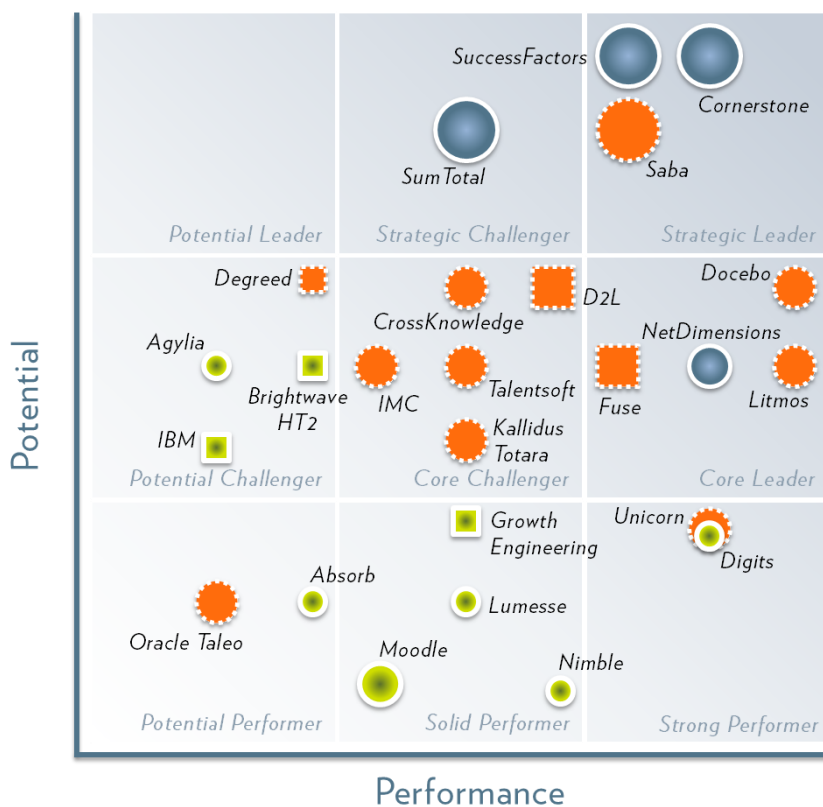# Fosway 9–Grid™
LEARNING SYSTEMS

January 2017

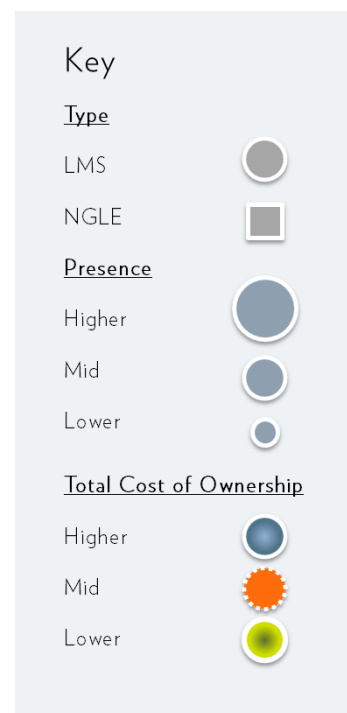Independent Analysis of the Learning Systems Market

Fosway 9-Grid™ - Learning Systems

January 2017

Key

Type
- LMS
- NGLE

Presence
- Higher
- Mid
- Lower

Total Cost of Ownership
- Higher
- Mid
- Lower

Key Headlines

The Market

Demand remains steady but buyers' expectations are changing

The LMS is very much alive and there is sustained demand for learning systems. But there is increasing demand for more social, more mobile and more engaging learning experiences. Buyers are seeking higher engagement learning solutions. Greater corporate demand for a consumer-like user experience and high-impact learning is leading to market disruption as buyers look to up the level of engagement in their solutions. Systems focused on training administration rather than engaging learners must respond.

Talent management continues to influence strategic learning systems selection

Enterprise-size organisations are increasingly favouring modular solutions that support multiple aspects of the talent management lifecycle, rather than standalone learning platforms. However, buying full suites is still the exception in Europe rather than the norm, and there many contexts for learning which talent and HR is currently not relevant, e.g. extra enterprise.

Learning systems are becoming more popular with smaller organisations

The LMS has also transitioned from the preserve of the enterprise to that of smaller customers too. Focusing on ease of use, speed of deployment, low cost and high satisfaction, a number of suppliers have successfully created a new market niche – often paring down larger solutions and cost - to bring digital learning to a wider audience.

New entrants are focusing on next gen learning innovation and impact

In a counter trend to the shift of larger systems vendors towards talent management, newer learning system entrants (such as Fuse, Docebo and Growth Engineering) are making positive ground with a diet of next generation learning tools, particularly social, video and mobile. In larger customers, adoption of these systems is often incremental to the corporate LMS, but mid-sized customers are increasingly looking at these solutions to cover all their learning bases.

Buying an empty learning environment is becoming less attractive for buyers

Once upon a time, buyers bought learning systems then desperately tried to fill them with content to create a destination worth visiting. 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' is going to become a differentiator for learning systems providers.

Training solutions for the extended enterprise continue to grow

Greater interest in extended enterprise solutions is creating a new tier of platform providers and challenging the existing LMS offering beyond e-commerce functionality. The main corporate LMS players are not always the winners in the B2B race.

Legacy platform customers continue to migrate to SaaS and the Cloud

The corporate use of on-premise learning system deployments is declining, as are the supply options for this type of solution. Most new learning system implementations are in the Cloud, although Eastern Europe, the Middle East and Asia lag behind due to local data protection restrictions. In the wake of the European Court of Justice ruling on Safe Harbour and data privacy, customers with non-EU data hosting agreements need to urgently create alternative arrangements.

Solution Trends

Mobile needs to be a standard feature for ALL learning systems -

Mobile is an entry level feature for buyers of learning systems and most vendors have added mobile functionality accordingly. Responsive design has become a core requirement for buyers too. Reworking content to deliver in different formats is an expensive non-starter, and learning systems need to be able to connect to learners wherever they are.

Consumer UX is now an entry level requirement

The consumerisation of the learner interface is improving the quality of the learner experience, but there are still massive opportunities for improvement – especially in managing learning paths and integrating content portfolios. Richer portal experiences with widgets and flexible configurations are in demand from buyers, as is personalisation of delivery. On top of this, more buyers are investing in brand alignment, look and feel.

User engagement functionality will become more and more important

User engagement features such as gamification still remain a niche requirement that is still seldom adopted extensively by customers, but used in small silos, e.g. to incentivise specific programme completion. Using machine intelligence to deliver personalised marketing-like strategies for stimulating and supporting learning will transform the engagement story in the near future.

Impactful analytics, big data and machine intelligence becoming a reality

Good analytics is a major focus for decision makers, and vendors that have invested here are starting to become more strongly differentiated. There are a few leaders, but most lag far behind in extending the impact of analytics and machine intelligence to support managers and learners. As analytics also moves to automated L&D benchmarking across customers, the power of data is going to be increasingly influential.

Open APIs are the new norm

Providers that offer canned integrations and have a track record of successful integrations with core HR and business systems have a critical advantage. But increasingly, providers are also opening their APIs to build richer ecosystems of solutions around them.

Compliance is still a core driver for learning system selections

Despite the broader shift to learner engagement, compliance still continues to be a core driver for many learning system projects. But within this, there is a shift from compliance through 'attendance' to 'competence' and the need for on-the-job assessment.

Learning Record Stores and xAPI are yet to come of age

The Learning Record Store (LRS) is still a tick in the box in corporate requirements rather than a central driver for buyers. There are some signs this might change, but as yet, the LRS v LMS debate is not really impacting core learning systems decisions. So far, LRS's are a niche approach for specific projects rather than a company-wide strategic approach. As a consequence, despite growing interest, there is a growing risk that xAPI might become the new SCORM 2004; some great ideas but a backwater that fails to build significant adoption in reality. Until providers start to bring a compelling business case and truly ground-breaking functionality, xAPI is still significantly likely to under deliver against its potential.

9-Grid™ Vendor Rating

Vendor	9-Grid™ Rating
Absorb	Potential Performer
Agylia	Potential Challenger
Brightwave	Potential Challenger
Cornerstone	Strategic Leader
CrossKnowledge	Core Challenger
D2L	Core Challenger
Degreed	Potential Challenger
Digits	Strong Performer
Docebo	Core Leader
Fuse	Core Leader
Growth Engineering	Solid Performer
HT2	Potential Challenger
IBM	Potential Challenger
IMC	Core Challenger
Kallidus	Core Challenger
Litmos	Core Leader
Lumesse	Solid Performer
Moodle	Solid Performer
NetDimensions Learning	Core Leader
Nimble	Solid Performer
Oracle Taleo	Potential Performer
Saba	Strategic Leader
SuccessFactors	Strategic Leader
SumTotal	Strategic Challenger
Talentsoft	Core Challenger
Totara	Core Challenger
Unicorn	Strong Performer

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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 Group's Corporate Research Network which focuses on European and international, enterprise scale corporates. As a result, there may be providers that have little recognition outside EMEA, but are included because they have built a European-based corporate presence, with some leading international companies.

Additions and Removals

As this is a new Fosway 9-Grid™, there are no additions or removals. All vendors are listed for the first time. This 9-Grid™ replaces the previous Fosway 9-Grid™ for LMS.

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 sees a recalibration of our Learning Systems 9-Grid ™ to reflect solutions which offer either LMS or Next Gen Learning - 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

Get Deeper Perspectives into Vendors and Solutions

As Europe's #1 HR Analyst, we have a unique independent view on the leading vendors and solutions. Our reports provide detailed, independent analysis of a vendor's performance, potential, market presence, total cost of ownership, and expected future trajectory. They are a critical reference to inform your solution review or selection process. A full list of reports is available from our website www.fosway.com.

Accelerate and De-risk your Corporate Decisions

As well as independent market analysis, Fosway Group also provides a range of independent advisory services to help accelerate and de-risk your strategy and corporate solution decisions. We don't have any products to sell and we have no vested interest to bias your outcomes. We concentrate on pragmatic, independent advice. To talk to us about our advisory services, including virtual advisory input, accelerated strategy, or vendor selection processes, please contact us at info@fosway.com or by phone on +44 (0)20 7917 1870. Alternatively, to find out more, please visit our website at www.fosway.com

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)**. More information on FVP is available on our website at www.fosway.com or please contact Philippa Bean on **+44 (0)20 7917 1870** to discuss further.

About Fosway Group

At Fosway Group, we understand that developing and engaging people is how complex global organisations deliver performance and achieve success. Just as every employee's talent journey is unique, so is every organisation's people strategy.

Fosway Group's analyst and advisory services deliver the insights your organisation needs to achieve results and eliminate risk. We know that every aspect of next generation HR and talent are more intertwined than ever. When you work with us, you accelerate your insight and make better decisions.

We're Europe's #1 independent HR analyst, 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 technology or consulting choices. You can depend on us to 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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