



FOSWAY
GROUP

In association with

**learning
technologies**

Digital Learning Realities 2017

Part 1 – Organisation, Budgets, Headcount and Investment

Independent research into digital learning in Europe is hard to come by. The large independent international analyst companies have generally left the learning space well alone and what research there is, usually comes from suppliers and it typically highlights a cause that is close to their own market positioning, or it's generated out of North America and is heavily influenced by the views of the US market.

It's against this background that Fosway Group, in association with Learning Technologies and the Learning Skills Group, created the Digital Learning Realities research.

Our goal to help learning professionals to make more informed decisions about digital learning by providing the facts that help you understand how L&D is organised, what solutions people are using in practice, what makes a difference and where organisations are focusing on innovating in the future. But it's not just about the solution trends. We believe it's important to cast a light onto practical experiences. And most importantly, it's also about the realities of learning operations and how they are changing in investment and a more digitally-led approach.

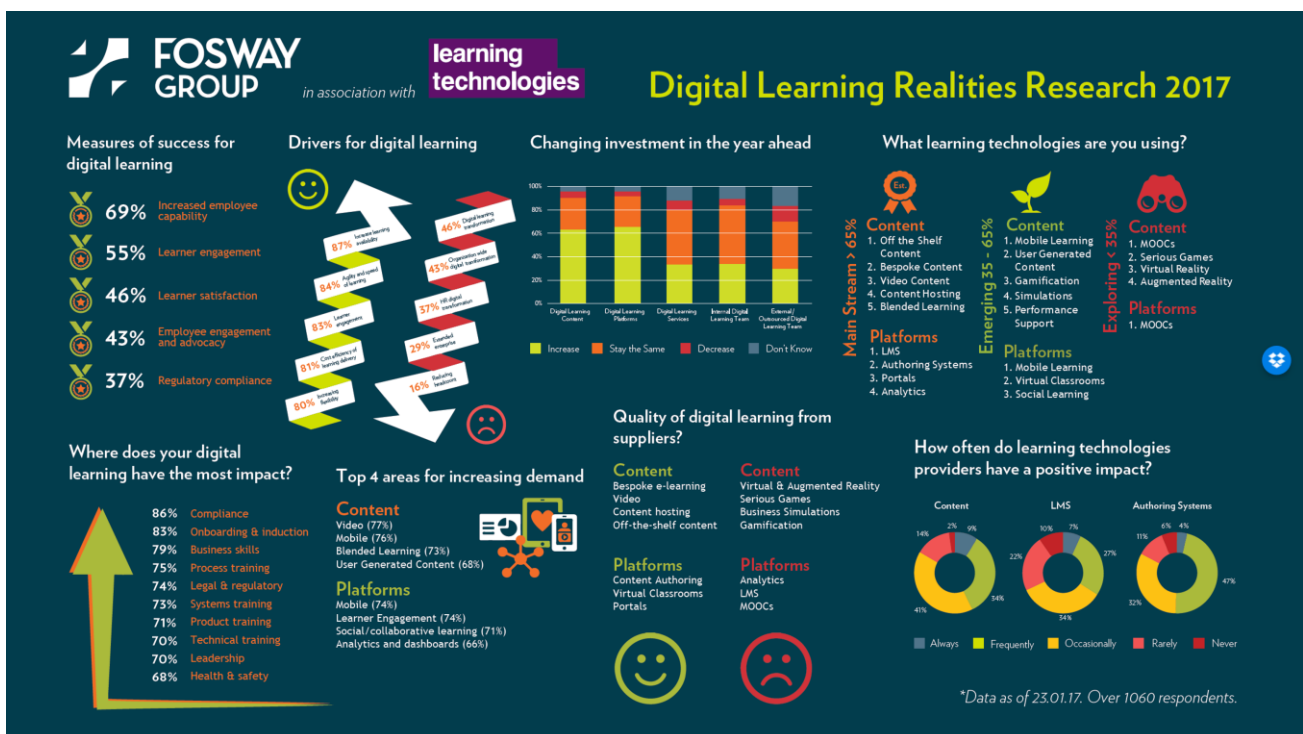
May 2017



Introduction

Now in its second year, the Digital Learning Realities research continues to grow with over 1100 learning and development professionals from all over the world taking part and sharing their experiences. The aim is to cut through the hype and uncover what's really happening in L&D today. And the wealth of data collected is telling some interesting stories.

The key headlines can be found in the infographic below and downloaded [here](#).



This year, there are three reports in the Digital Learning Realities series which enables us to deep dive into the results and explore the implications for L&D both now and over the coming 12 months. This first report focuses on the L&D organisation and structure, headcount, budget and investment trends. How does your organisation compare with your peers? And what are the implications of these areas on your ability to deliver what your learners need, where and when they need it?

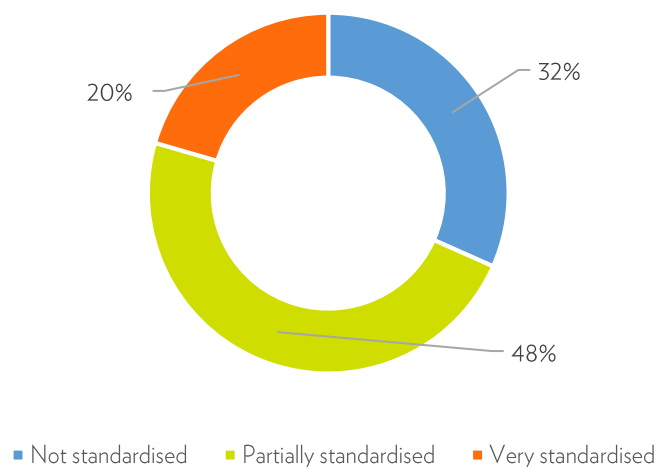


Organisation and Structure

Digital learning is often a patchwork of learning technologies with little standardisation

When we look across all organisations, there is a strong indication that digital learning is more often a patchwork of technologies rather than a tightly controlled ecosystem. Only 20% of respondents report a very standardised suite of solutions. Nearly half have partially standardised solutions and around a third are not standardised at all.

How standardised is your approach to
Digital Learning across your organisation?
Overall



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This level of fragmentation is not surprising. The digital learning market remains relatively immature and no providers have ever taken a lead in supporting the entire learning solutions portfolio. Find a Learning Management System (LMS) and it's rare to find an authoring tool that is packaged alongside it from the same provider for example. Most tend to be specialist providers, so it is difficult to purchase the strongest solutions for all eventualities from one provider – despite what many suppliers will tell you.



In the limited instances where the full gamut of learning solutions have been sourced from a single provider, they generally appear to fall from favour in a relatively short time, as these providers struggle to keep pace with a rapidly innovating market. Learning solutions are often transactional rather than strategic, and frequently have a short shelf life – so the speed at which organisations are revisiting their learning technologies can be high.

Which leads onto the question, will we ever see strong demand for single sourced learning technology solutions?

The overwhelming trend is more towards preferred partnering between providers, rather than seeing them rush to provide a whole branded suite for digital learning. With established standardised connectors like SCORM, and xAPI, the ability to have a diverse ecosystem is relatively easy to connect and manage, if you want to source best of breed solutions. This trend does seem to vary by organisation size however, and smaller organisations can benefit significantly from combined suites, which are purchased and run through a single provider. That's not to say more single sourced options might not emerge, but the preference seems to be to source best of breed solutions to fit specific needs and contexts – which can be particularly complex and diverse in learning.

But there are challenges with a lack of standardisation and these are two-fold:

- On one side, the need for greater control – be that around cost, quality, style and to simplify support – which can be hard to achieve with a best of breed approach.
- The second counter pressure is around the ability to create diverse experiences and empower wider adoption of digital learning.

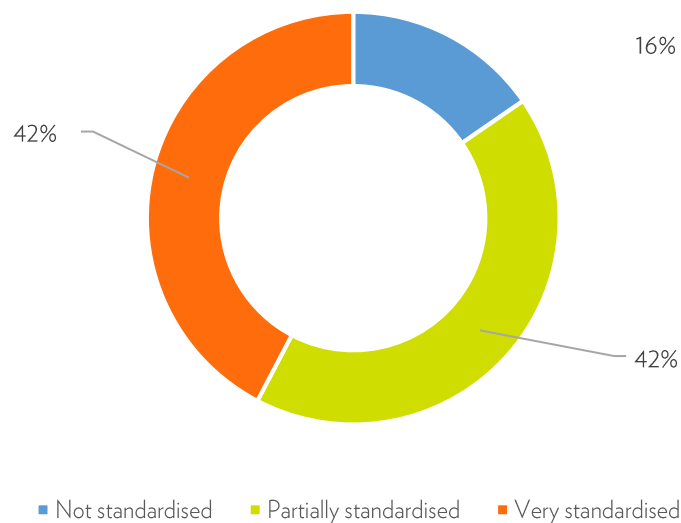
How to manage these is often a delicate balance and one that relies on strong internal communication more than power structures and bureaucracy. Actively managing innovation, and collaborative content creation guidelines is often the essential part of success in managing digital learning solutions, as L&D needs to be sensitive to the different contexts and learning audiences' teams need to deliver learning solutions for.



Organisations with 10,000-20,000 employees have the most consistency with digital learning solutions

In larger organisations, there does seem to be a stronger pressure to ensure consistency. In organisations from 10,000 to 20,000 employees, the desire to simplify and manage providers seems to assert itself strongly with approximately 40% having very standardised solutions. Perhaps that higher level of consistency is a matter of maturity of adoption. After all, most large to mid-scale organisations were early adopters of learning technology.

How standardised is your approach to
Digital Learning across your organisation?
10,000 - 20,000 employees



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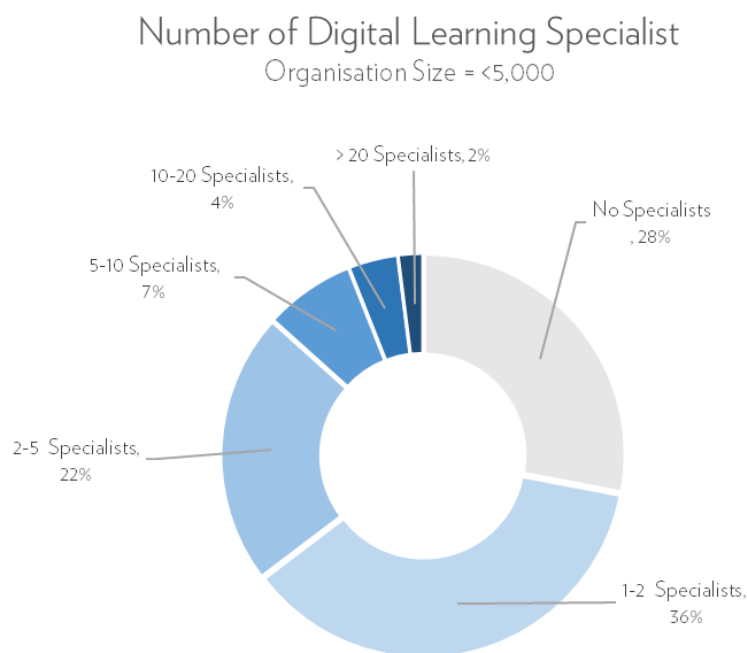
But, this ability to increase control over digital learning does not scale. As organisations grow to over 20,000 employees, the pattern of digital learning solutions fragments and less than 20% report a very standardised environment, with the lions share managing to have partially standardised solutions (52%). Given the diversity of operating models and organisation structures, this is to be expected. But this diversity often comes at the cost of coherent support models and strategic investment, which could break down so many of the learning silos that exist within organisations, and strengthen the learning offer overall.



Digital Learning Teams

Resourcing digital learning varies considerably

Even organisations with under 5,000 employees typically have someone who specialises in digital learning. At that lower than 5,000 employee banding, only around a quarter have no digital learning specialist. But the vast majority (58%) have between one to five specialists in digital learning.



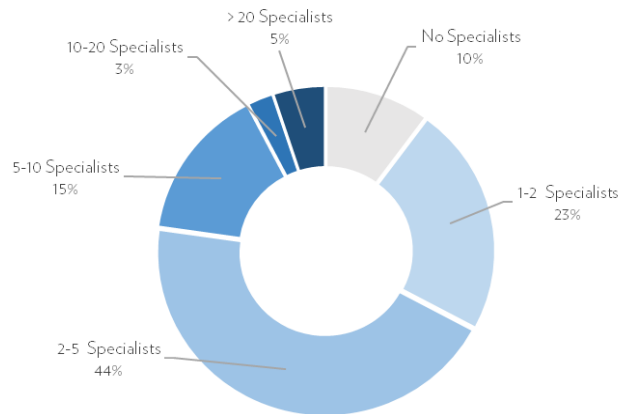
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As organisations increase in size, their number of digital learning specialists increases proportionately, and those without specialists become less and less frequent. For organisations between 5,000 - 10,000, the number of organisations without a digital learning specialist is 10% reducing to 6% for organisations greater than 20,000 employees.

What the optimum number of digital learning specialists is in reality, is difficult to judge. It is dependent on so many factors including the maturity of the learning operation, the range of digital learning solutions used, the approach to technical support and the learning approaches organisations are trying to enable, and how much the L&D team are content producers or learning facilitators or digital learning consultants.



Number of Digital Learning Specialist
Organisation Size = 5,000 - 10,000

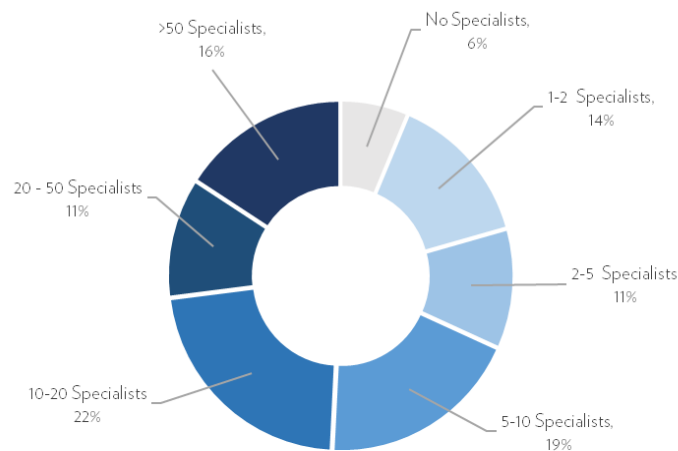


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What is clear, is that in mid-sized organisations of between 5,000 - 10,000 employees, most (44%) have between two to five digital learning specialists. This is essentially double what is typically found in organisations under 5,000 employees. Is this enough investment in digital learning headcount? Again, it is hard to say.

And as we look at organisations over 20,000 employees, the largest proportion have between 10 and 20 digital learning specialists. With over a quarter having over 20 staff dedicated to digital learning.

No. of Digital Learning Specialist
Organisation Size = >20,000



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Investment

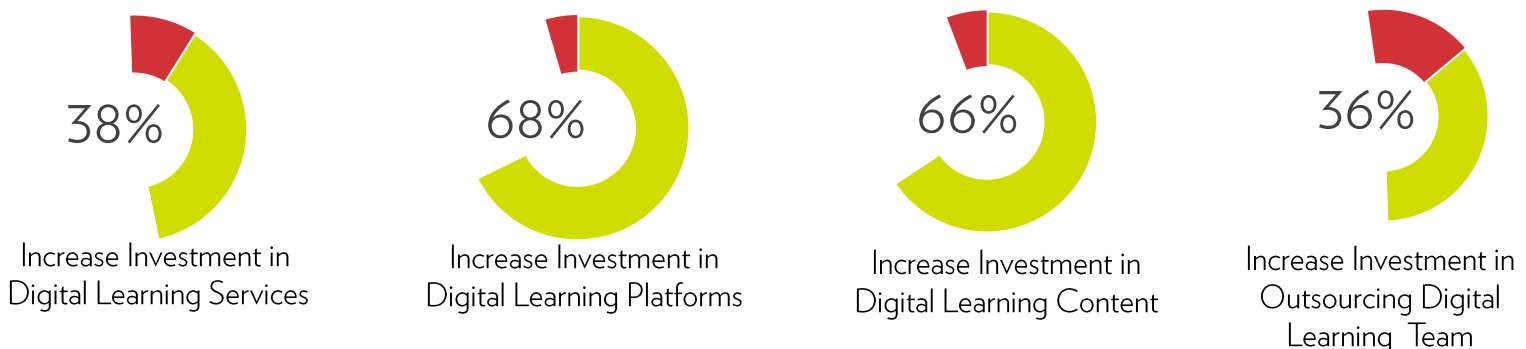
There is a massive momentum behind increasing investment in digital learning

With only 6% of organisations expecting to decrease investment in digital learning platforms and content over the year ahead, providers should be assured of another successful year – as long as they are keeping a close eye on the changing demands and expectations for next generation learning technology.

Later reports in this series will report on some significant shifts happening in buyers' expectations. Be warned, those providers who fail to keep pace with change are likely to fall into relative obscurity.

Whilst there is a significant proportion of buyers who expect their investment to stay the same (around one in three), the underlying move for 60% is to grow investment in digital learning solutions.

>90%
Expect their
Investment in
Platforms
& Content
to increase or
stay the same
over 2017



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Where the growth is less dramatic, but never-the-less still positive, is in outsourcing or investing in the digital learning team. Whilst around half are keeping their investment the same as last year, again over one in three are increasing their resource base around digital learning. It's important to stress that whilst there is a sense



of those increasing investment, what is not clear is by how much organisations are increasing their investment. But the momentum behind expanding investment is unequivocal across all aspects of the digital learning industry.

How much this is at the expense of traditional learning is uncertain, but experience tends to show that most expansion in digital learning comes at the price of decreasing investment in traditional instructor-led training focused approaches. The pressure on L&D overall is often to reduce costs or deliver more with the same budget. Clearly these pressures are being felt less by digital learning teams than their more traditional training counterparts. And that probably will be felt as much by the internal teams who have responsibility for learning as it does for external providers who specialise in traditional learning approaches.

If you are involved in corporate / organisational learning and you are worried about your future – it pays to think digital and grow your skills accordingly.

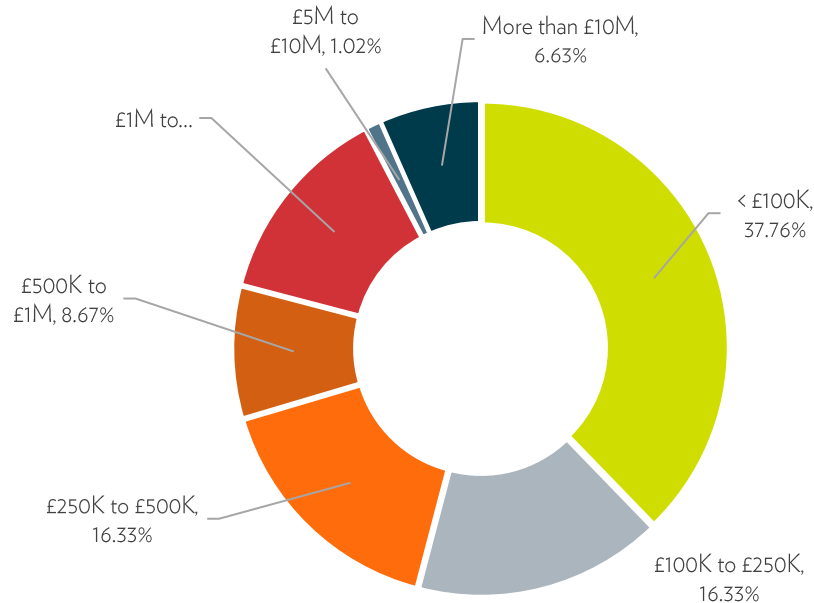
However, digital learning suffers from under-investment overall

Despite the positive momentum in investment however, when we analyse the levels of investment, it seems that overall budgets for digital learning are relatively low.

A question Fosway analysts are often asked is, *'How much should I invest in digital learning?'* The default response is usually *'What are you trying to achieve and what's your business case?'* That's because the best way to assess how much should be invested into digital learning is best judged by the value L&D wants to generate and the desired business impact, rather than the cost of simply doing something.



What is your organisation's total annual budget for Digital Learning?



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Spending more on digital learning, does not guarantee that organisations will generate more impact and value than if they only spend a little. So much about what is an appropriate budget is contextual and about the team's ability to execute – as much if not more than it is about the cost of buying a solution.

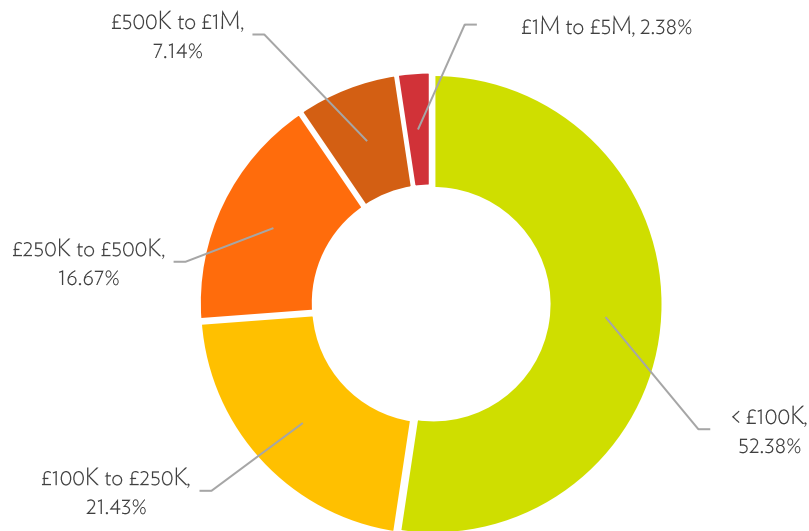
From this year's research, the results are quite telling. Looking across all organisations, 41% indicated a budget of less than £100k. Considering the cost per hour of a bespoke e-learning course, the internal team to manage digital learning and the IT infrastructure required to launch learning this seems, at face value, to be a very low level of investment. As the analysis delves deeper into the data, the change in budgeting profile is stark.

There are a very small number (10%) who are budgeting in excess of £500,000 (GBP) in digital learning, but the majority of organisations (52%) have budgets up to £100K.

As organisations increase in size, their budgets inevitably grow. But what might surprise many is the number who continue to toil with limited budgets. Looking at the data for organisations between 20,000 and 50,000 employees, around 25% continue to have budgets under £100,000.



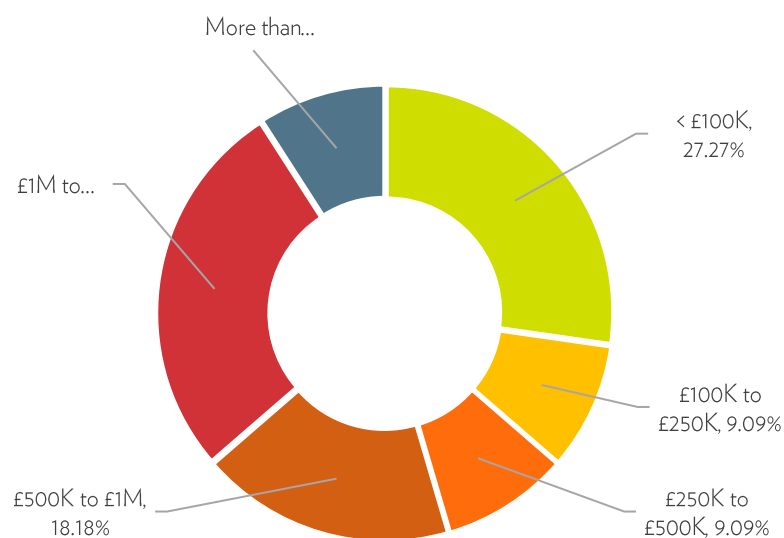
Digital Learning Budget Company Size 250 - 1,000



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Equally, in organisations in this band of between 20,000 – 50,000 employees, those whose budgets exceed £1 million rises to about one in three. And those with budgets exceeding £10 million is about one in 10.

Digital Learning Budget Company Size 20,000 - 50,000



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The lingering question about what is the right level of investment for an organisation of a particular size remains difficult to answer – even with all this detail. But from Fosway's ongoing analysis and research, there is frequently a strong business case behind higher levels of investment – so if you think your budget is too small, then perhaps it's your business case and business alignment to delivering value which need to be your focus if you want to play budget catch up!

What's Next?

This is the first of the Digital Learning Realities 2017 series of reports, exploring this new research. The next report in the series will explore how to make sense of the digital learning market as L&D continues to change quickly and becomes forced to evolve into a more digital function. It will cover:

- The capabilities you need in a good digital learning partner and how have they changed
- How not to fail before you've started: Lessons on how not to select the wrong learning technology vendors
- Managing for success: why choosing a good vendor can still result in a poor customer experience

Recommended Reading

- Fosway 9-Grid™ for Digital Learning
- Fosway 9-Grid™ for Learning Systems
- Fosway 9-Grid™ for Authoring Systems



About the Digital Learning Realities Research

Two years ago, Fosway partnered with Learning Technologies, and its supporting community, the Learning and Skills Group to create a unique, independent research partnership designed to understand what is really happening in digital learning today; to enable companies to benchmark their own experiences and to build a picture of how the learning landscape is changing around them.

The aim is to provide precious information that helps learning professionals decide which tools and solutions to implement. Or how to get a handle on what's really happening in the market in terms of trends, growth, spend and customer success. Until now there has been no single place that provides a comprehensive assessment of the market.

Our research is 100% independent

There are no other sponsoring organisations or suppliers behind this research. Fosway Group is 100% independent and there are no vested interests behind our commentary which are intended to favour any vendor or market sector. Our views are our own and focused on the success of the learning professional, not on them buying any particular services or solutions, whether from us or anyone else.

Our views are our own

Fosway Group also has the privilege of drawing insights from survey data, vendor profiling and most importantly, rich conversations with some of the world's leading organisations who regularly participate in our roundtable events and briefings.

Click [here](#) for more information on Fosway's Next Gen Learning research.



Understanding the respondents

For the second consecutive year, this research has generated over 1000 respondents from across Fosway's Corporate Research Network, the Learning and Skills Group and Learning Technologies event attendees. This built significantly on the insights gathered in last year's research.

The respondents are overwhelmingly based in Europe and are focused on European organisations.

- 86% have an organisation headquartered
- 92 % are personally based in Europe

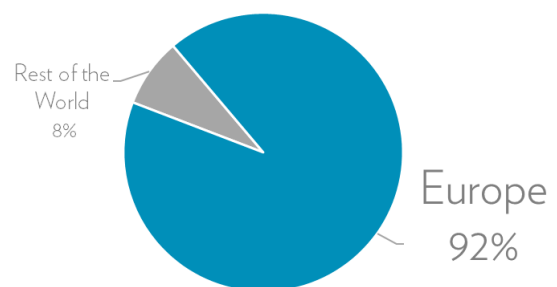
They also represent a good cross section of European industry:

- 45% of respondents are from organisations > 5000 Employees
- 65% of respondents come from organisations > 1000 Employees

The survey also captures the views of providers and consumers:

- 49% are customers, 19% are consultants and 32% represent suppliers
- In this specific report, 100% on the focus is on responses from customers only.

In which country are you personally based?





Accelerate and de-risk

To talk to Fosway about our research on learning and talent systems, or to discuss what it might specifically mean for your organisation please contact us directly.

We will use our independent expertise to provide you with the guidance you need to accelerate and de-risk your decisions. We have a wealth of experience, tools, research and profiles at our disposal. We don't have any products to sell and we have no vested interest to bias your outcomes. We concentrate on pragmatic, independent advice.

Accuracy of information and warranties

The analysis and recommendations made in this document are based on the information currently available to Fosway and from sources believed to be reliable.

Fosway disclaims all warranties as to the accuracy, completeness or adequacy of such information. Fosway will have no liability for errors, omissions or inadequacies in the information contained herein or for interpretations hereof.

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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.

Talk to us today at:

Email: info@fosway.com

Telephone: +44 (0) 20 7917 1870

Web: www.fosway.com

About Learning Technologies

Learning Technologies is Europe's leading L&D exhibition and conference. It is organised by CloserStill, Europe's premier media group for the learning industry, which provides conferences and exhibitions, industry awards, weekly webinars, publications and online resources: all in support of organisational learning and the technology used in learning at work. Its events and publications comprise of:

- Learning Technologies Conference and the Learning Technologies and Learning & Skills Exhibitions
- Learning & Skills Group Conference and the Learning Technologies Summer Forum
- Learning and Skills Group, an international community of over 7,000 learning and development professionals
- E-Learning Awards - celebrating excellence in e-learning and learning technologies
- Inside Learning Technologies & Skills Magazine

Contact us at:

Email: info@learningtechnologies.co.uk

Telephone: +44 (0) 1730 817600

Web: www.learningtechnologies.co.uk