

Building the Business Case for Learning Technology Systems

Business Builder



Litmos
by CallidusCloud



Brandon Hall
GROUP

Brandon Hall Group Research Team

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This report will focus on why companies need to rethink their learning technology decisions and what type of learning management system is required to meet the rapidly evolving needs of the learning audience.

Executive Summary

Organizations today are facing extreme changes in the learning requirements of their workforces. Particularly, the influx of Millennials into the workforce has clearly shifted the way organizations need to create and deploy their learning. These new set of learning requirements are forcing companies to rethink their learning strategies, and world-class organizations are responding to the challenge by rethinking their learning technology selections. The goal of this report is to assist organizations in thinking through the technological decisions and business case for the right learning technologies. The report will focus on why companies need to rethink their learning technology decisions and what type of learning management system is required to meet the rapidly evolving needs of the learning audience.

The Agenda

- **Business Need:** What are the top challenges in addressing the learning needs of the workforce?
- **Solution:** What do learning management systems offer today?
- **Questions to Consider:** What are the questions organizations must ask themselves before making an investment?
- **Building a Business Case:** What are the action steps to gain buy-in?
- **Stakeholder Analysis:** Who are the key stakeholders and what do they need to know?



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Learning technology solutions must provide a stronger link between education and training and individual and organizational performance.

Business Impact

Based on Brandon Hall Group's research, 92% of companies are using LMS technology to support a blended learning approach. Organizations investing in these systems have experienced the following impact on their business objectives:




54% of companies have seen productivity and engagement improve since implementing a learning technology system

91% of companies report a stronger link between learning and organizational performance

Companies are integrating learning technology with other systems, such as HRIS (**37%**), Content Management (**29%**), Talent Management (**28%**) and Workforce Management (**21%**), ERP (**50%**) and CRM (**45%**)

Business Need

Key Takeaways

-  Learning and Development is becoming more challenging as the workforce continues to evolve into a multi-generational learning audience.
-  Organizations are finding that their current learning technology strategies do not meet the learning requirements of their employees.
-  Learning technology solutions must provide a stronger link between education and training and individual and organizational performance.

Organizations are learning quickly that a learning strategy that is dominated by instructor-led training (ILT) is not a long-term strategy. More than three-quarters of



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With the right learning management system in place a company can dramatically improve its ability to attract multi-generational learners and deliver high impact education and training to wide audience.

organizations say that formal learning experiences like ILT are either important or critical to their business, and informal learning experiences are seen as just as important. However, more companies (86%) say that experiential learning is this important (more than half say it is critical to their business).

In a world of multi-modal learners, organizations are quickly finding out that their LMS needs to be multi-faceted. Many companies are relying too heavily on legacy systems that do not provide the latest technological advances to support multi-generational learners. Learning and development within companies has reached a new level of sophistication and complexity. In order to address this challenge, organizations must adopt a new approach to learning and development and the leveraging of a learning management system. In a world where more than half (58%) of companies are trimming their learning and development budget or leaving it the same, the demand for return on investment for learning is at an all-time high and so is the budget for learning technology. With the right learning management system in place a company can dramatically improve its ability to attract multi-generational learners and deliver high impact education and training to wide audience.

Action Plan

Answering these questions will help companies articulate the business need back to business leaders.

-  What are your greatest learning and development challenges?
-  Is your existing learning management system improving business outcomes?
-  What is at stake if you do not make a change now? How will your business be impacted?






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New learning management systems offer the ability to support the entire blended learning strategy to include both formal and informal learning.

Solution

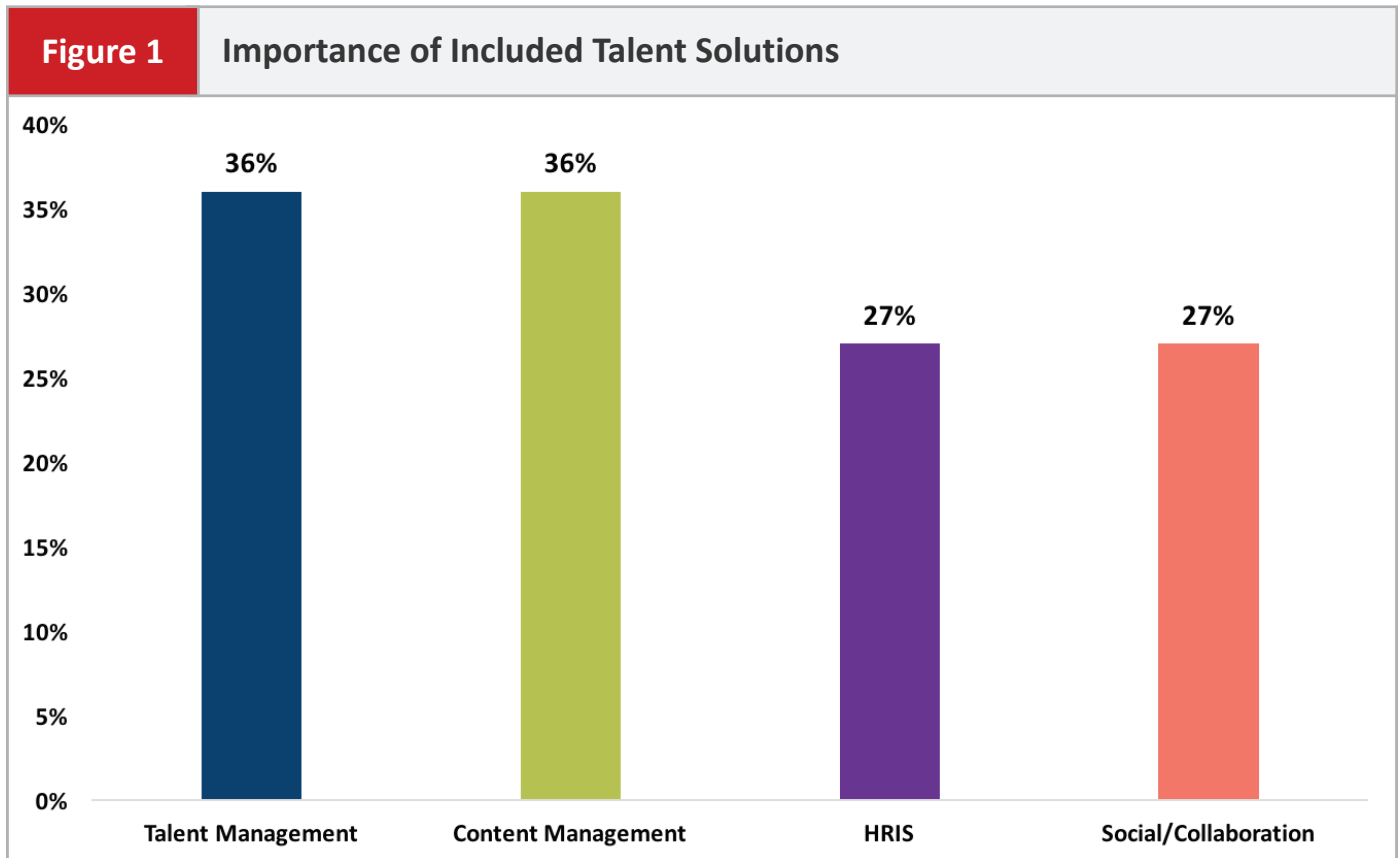
Key Takeaways

-  Next-generation learning management systems offer much more than a traditional learning management system.
-  These systems offer advanced capabilities, including mobile, social, assessments, advanced reporting and analytics.
-  These systems can have a dramatic impact on the learner experience.

Next-generation learning management systems have evolved from rudimentary training platforms used to support compliance-based training to a complete array of features that serve both the administrator and the learner. New learning management systems offer the ability to support the entire blended learning strategy to include both formal and informal learning. These systems promote a learning experience that attracts learners through learning portals, peer to peer learning, gaming and simulation, mentoring capabilities, straightforward integration with other systems, mobile capabilities, and the ability to support extended enterprise learning. More recently, these systems support Experience API (Xapi/Tin Can) and several also include integrated talent management functionality.

The goal of these solutions is to provide full support for a blended learning strategy – whether it is instructor-led or self-paced eLearning. As indicated in Figure 1 (next page), companies are looking for learning systems that incorporate multiple talent discipline technologies. Learning technology is a major focal point of consolidation where content development and deployment can be done on




one system. This strategy reduces the need to manage multiple vendors and multiple point solutions. Advanced learning management systems provide end-to-end support of the learning experience.



Source: 2016 Brandon Hall Group Learning Technology Study (n=302)

Action Plan

Answering these questions can help companies clearly articulate how this solution will enable business outcomes.

-  How is a new generational LMS different from our existing technology?
-  What are the key capabilities that will improve business outcomes?
-  How will these systems support our overall corporate objectives?

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When thinking about the learning technology budget, companies should consider what they have spent in the past, what they can spend today, and what is realistic for the future.

Questions To Consider

With an investment in a newer learning management system, organizations will need to consider the following questions related to resources.

Budget

- What is our budget for learning management technology?
- What are we currently investing in and what are we planning to invest in for the future?

Determining the organization's learning budget is critical before moving forward with selection. When companies invest in on-premise solutions, IT departments typically are responsible for HR technology. When companies invest in SaaS or cloud solutions, the L&D function usually becomes responsible for the budget. When thinking about the budget, companies should consider what they have spent in the past, what they can spend today, and what is realistic for the future.

Pricing

- What is the cost of a next-generation system and what is the pricing model available to us (pay per user, subscription model, licensing model, implementation fees, etc)?
- What happens if the price escalates after the first year?

After determining the budget, understanding pricing options is a critical component for selecting a system. Since many factors influence pricing, it is nearly impossible to compare different pricing models for these systems. The most important thing that companies need to consider is what they are spending for every aspect of product



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Companies must develop a plan for rolling-out their technology -- possibly by region or by business unit. Companies must also be patient when implementation does not go smoothly and plan accordingly with additional resources if needed.

capabilities, implementation, and upcoming releases. Companies can combat this challenge by asking very detailed questions about pricing. They also must plan for additional costs such as implementation services, training or additional users.

Implementation

- Do we need third-party support for implementation?
- What is a realistic implementation timeframe?
- Will HR or IT own implementation?
- Do we need training post-implementation?
- Do we need a global implementation strategy?

Implementation is challenging for many companies and frustrating when you have expectations about when and how you will be able to use your system. Companies must develop a plan for rolling-out their technology -- possibly by region or by business unit. Companies must also be patient when implementation does not go smoothly and plan accordingly with additional resources if needed.

Timeframe

- When do we need to revisit our existing contracts with our technology providers?
- When do we need to upgrade our technology?

Companies often look to replace technology when it is time to upgrade their existing technology. Companies look at what options are available and if a new system will be able to meet its individual workforce needs. Considering a timeline will depend on a company's existing technology and its readiness to change.



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In order to maximize the level of investment in these systems, organizations need to consider the long-term implications of an integrated strategy and begin any communications and change management to support this strategy before investing in a system.

Delivery Model

- What is our preferred delivery model?
- If we currently use on-premise solutions, what resources do we need internally to support a SaaS or cloud-based system?

Many organizations have a delivery model preference or requirements based on their overarching company strategy and policies. For example, industries with high security needs require an on-premise or hosted model. The majority of next-generation learning management system providers offer an on-demand Software as a Service (SaaS) model or a cloud-based solution.

Integration

- How will we handle integration?
- What existing solutions do we need to integrate with?

This high degree of integration in learning can feel overwhelming for organizations feeling pressure to select and implement a system in a short period of time. In order to maximize the level of investment in these systems, organizations need to consider the long-term implications of an integrated strategy and begin any communications and change management to support this strategy before investing in a system.

Metrics

- How do you measure the real impact for your organization?
- Which metrics do we need to measure the effectiveness of our learning management system?
- How will this system enable competency and skills progression as well as productivity and performance?



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Organizations should consider including a senior leader outside of Learning and Development to champion the technology initiative and the funding request as a way to help to bridge the gap between the business and L&D.

Metrics include both traditional learning metrics such as course completions and course satisfaction. For a better understanding of what metrics to consider and how to translate these metrics to business leaders, please see the “Metrics” section below in this report.

Learner Experience

- How will this solution improve the learning experience?
- Is the technology simple and engaging?

Organizations of all sizes are looking for ways to engage with candidates on a daily basis. In fact, nearly 60% of companies found that enhancements of learning technology had a significant impact on their employee engagement scores. Technology solutions should provide a simple experience that encourages better communication and engagement between employer and job seeker.

Building A Business Case

Based on qualitative and quantitative research, Brandon Hall Group identified several critical steps for building a business case and moving forward with a next generation learning management system.

- **Identify a Champion:** Organizations tend to struggle with clearly articulating and quantifying the value that they will receive from the investment. Organizations should consider including a senior leader outside of Learning and Development to champion the initiative and the funding request as a way to help to bridge the gap between the business and L&D.
- **Build Your Internal Team:** In order to evaluate and select a technology solution, organizations must identify a “selection committee” responsible for creating RFPs,



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scheduling demos and evaluating providers. For many organizations, IT professionals, procurement professionals, HR professionals and business leaders are often included in these meetings.

- **Timeframe for Selection:** Ensure that the selection process has a realistic timeframe that fits in with overall organizational projects and objectives. If IT has several other selection projects in place, you may need to adjust the timeframe.
- **Identify a List of “Must-Haves”:** Consider your unique learning needs before investing in technology and determine “must-haves” and “nice-to-haves” when selecting a system. Organizations will typically identify “must-haves” in terms of functionality, technical requirements and solution provider viability. This is not meant to serve as a list of requirements but rather a general understanding of what priorities are in place depending on their line of business, size and geography.
- **Measure the Effectiveness:** Although most organizations will be able to determine the effectiveness shortly after going live with their system, companies must define the metrics for success prior to selection. Organizations need to continually evaluate and measure this efficiency to make a case for this system. The most common metrics measured for a learning system include time savings, cost savings and compliance. Additionally, organizations must look at skills development, productivity, and performance.
- **Develop a Change Management Strategy:** Any technology change typically requires some level of change management. It provides a transition to the future state and for some organizations this can involve moving from a paper-based process and for others, moving



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Change management begins at the leadership level and requires strong communication to employees expected to use the system. A successful change management program will have a tremendous impact on adoption rates.

off of a legacy system. In most cases, change management begins at the leadership level and requires strong communication to employees expected to use the system. A successful change management program will have a tremendous impact on adoption rates.

- **Begin Communication:** A communication strategy should be developed to articulate the need for the technology investment with key stakeholders and overall business leaders. This communication strategy should be revisited regularly through the selection process as well as implementation.

Stakeholder Analysis

The learning management technology ecosystem includes key players both inside and outside of an organization. Managing these relationships and understanding their interaction across key practices is a critical part of any talent acquisition strategy. More importantly, it is critical when investing in a learning management system. These different stakeholders evaluate the impact of learning and development in different ways, and communicating with them requires a focus on different metrics. The following is a list of key players within learning, their role in a next generation learning management system, and the critical metrics that must be tracked in order to help them see progress.

Figure 2		Stakeholder Analysis	
Stakeholder	Interests	Metrics	Translating Metrics
HR/Learning Professionals	Integration, Analytics	Course Completion, Course Satisfaction, Behavior Change, Performance Change (Kirkpatrick Levels 1-4)	Learning professionals want a strong correlation between learning and performance. This technology should provide learning leaders with the information they need to support competency and skills progression and report these metrics to the business.
IT Professionals	Integration	Adoption rates	IT departments are often responsible for training users on adopting these systems and will need to plan accordingly. Additionally, they will need to know how to support the system, particularly if the system is hosted or SAAS.
Managers	Analytics, Ease of Use, Mobile	Performance Improvement, Promotions, Increased responsibilities	Managers are concerned with traditional metrics such as performance review ratings but also with forecasting metrics that will help them to understand who will be their successor and who can take on more responsibilities over time. They will also want to invest in a system that is easy to use and mobile accessible.
Learners	Ease of Use, Innovation, Learner Experience	Learning engagement experience, look- and-feel of the content.	Learners want to be drawn into their learning and “live” their learning. They will want a solution that allows them to learn but at the same time enjoy the experience and access highly relevant learning in a timely fashion.

Source: Brandon Hall Group 2016

Metrics

Defining metrics to evaluate technology is a challenge. It may seem clear why cost, time and quality are important but how can organizations ensure their solutions are improving these areas? Below are a few ideas for correlating your technology with your learning and development metrics. Although these metrics are the most common learning and development metrics, some may not be critical to every company. Organizations should define the metrics they want to track in advance and determine how to communicate these metrics with key stakeholders.

Figure 3		Metrics
Metrics	Business Impact	Benefit of Technology
Cost	Measuring the reduction of costs associated with learning	<ul style="list-style-type: none"> • Companies can reduce their costs on in-person ILT. • Companies can save costs by eliminating paper-based processes and improving the overall efficiency through eLearning. • Companies can reduce the cost of maintaining an on-premise system including maintenance fees and the cost of implementation and upgrades.
Time	Measuring the impact of learning on performance	<ul style="list-style-type: none"> • Companies can save time by lifting the administrative burden and improving efficiencies • Companies can save time by making it easier for learners to access learning when and where they need it • Companies can save time by making learning easier to find and providing more choices that reduce the amount of time needed to find the right learning
Employee Engagement	Measuring employee engagement and its impact on turnover and productivity	<ul style="list-style-type: none"> • Companies can improve the employee engagement by offering learners the innovation they expect from the learning experience including mobile, gaming, simulation and social capabilities. • Companies can improve the learner experience through technology that offers more collaborative opportunities for employees to work together
Time to effectiveness	Measuring the ability of an employee to take on more responsibility in a shorter amount of time	<ul style="list-style-type: none"> • Companies can provide a more engaging learning experience that makes learning more interesting and closely aligned to the individual needs of the learner, which leads to faster competency and skill progression and greater performance capacity
High-Potential Employee Development	Measuring the ability to develop learners that have unique potential	<ul style="list-style-type: none"> • Companies can improve the efficiency of developing high-potential employees by offering a robust learning environment that brings greater breadth and depth into the blended learning environment.
Leadership Development	Measuring the ability to develop more leaders rather than recruiting them	<ul style="list-style-type: none"> • Companies develop greater talent pools for next-generation leaders by leveraging technology that makes it more effective and efficient to develop leaders.
Team Development	Measuring the ability to develop teams	<ul style="list-style-type: none"> • Companies can scale their team development capabilities by providing specialized training for the development of teams and helping people to work more effectively in teams

Source: Brandon Hall Group 2016

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About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management.

With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

At the core of our offerings is a Membership Program that combines research, benchmarking and unlimited access to data and analysts. The Membership Program offers insights and best practices to enable executives and practitioners to make the right decisions about people, processes, and systems, coalesced with analyst advisory services which aim to put the research into action in a way that is practical and efficient.

The Value of Membership

The Brandon Hall Group Membership Program encompasses comprehensive research resources and an array of advisory services. Our Membership Program provides:

Cutting-Edge Information – Our rigorous approach for conducting research is constantly evolving and up-to-date, providing your organization with current and future trends, as well as practical insights.

Actionable Research – Your membership includes advisory services and tools that are research-driven and provide you a breakthrough approach to addressing immediate challenges and opportunities inside your organization.

Customizable Support – Whether you are an executive or entry-level practitioner, our research and analyst insights can be leveraged at an individual level and across the entire organization. We realize that every organization has unique needs, so we provide multiple analyst and research access points.

Community of Peers – We realize the value of connecting with your peers and being part of a community that is focused on continuous improvement. Your membership provides you with personal connections to fellow professionals.

Unlimited Access – Every member of your team has the ability to utilize research, best practices, and advisory services when they need it most.

To learn more about Brandon Hall Group, please call us at (561) 306-3576 or email us at success@brandonhall.com.