

Building the Business Case for Learning Management Systems

Business Builder

SAP Litmos 



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Introduction

The learning-technology landscape continues to evolve at a breakneck pace as organizations struggle to keep up. Responsive/adaptive design, collaborative tools and other technologies have matured and are now staples in the learning ecosystem.

The desire to deliver a relevant, contextual learning experience means that organizations must totally rethink what learning technology means to them. Currently, only 46% of companies say they are either satisfied or very satisfied with their current LMS platform and 47% say the same about their LMS provider. These results show virtually no improvement over the past two years.

The goal of this report is to assist organizations in thinking through technological decisions to present a business case for the right learning management system. The report focuses on why companies should rethink learning technology decisions and what type of learning management system is required to meet the learning audience's rapidly evolving needs.

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?

Business Impact

The shift in the way companies deliver learning is not just about learner preferences. Based on Brandon Hall Group's research, 91% of companies that moved to a blend of formal, informal and experiential learning say they see an improvement in the link between learning and business performance. Organizations have also recognized the importance of learning personalization and contextualization. While only 22% of companies are satisfied with the personalization features of their learning technology, 71% say they seek to improve those capabilities with a new platform. Brandon Hall Group research shows that companies using personalization are more likely to have learning that impacts outcomes such as individual performance, time to productivity and employee engagement:

 Low impact

 High impact

8%

A link between learning and personal objectives

15%

Learning recommendations based on learner information

54%

A link between learning and personal objectives

57%

Learning recommendations based on learner information

31%

Personalized learning plan that allows them to track their own progress

31%

Contextualization based on learner requirements

58%

The ability to search, explore and discover learning opportunities

61%

68%

71%

Key Takeaways

Learning & Development becomes more challenging as the workforce evolves into a multi-generational learning audience.

Organizations find 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.

Learning & Development has evolved from traditional classroom training to experiential learning. Organizations are discovering that a learning strategy dominated by instructor-led training is not a long-term strategy.

More than 70% of organizations say that formal learning experiences such as instructor-led classroom training are either important or critical to their business, and informal learning experiences are seen as equally important. However, more companies (91%) say experiential learning is important, with almost half saying it is critical to their business.



In an environment of multi-modal learners, organizations quickly discover their learning management system must be multifaceted. Many companies rely too heavily on legacy systems that do not provide the latest technological advances to support multi-generational learners.

Learning & Development within companies has reached a new level of sophistication and complexity. To address this challenge, organizations must adopt a new approach to L&D and leveraging their learning management system.

In a world where three-quarters of companies are trimming their Learning & Development budget or leaving it the same, the demand for return on investment for learning is at an all-time high and the learning technology budget is under increased scrutiny. However, with the right learning management system in place, a company can dramatically improve its ability to engage and develop multi-generational learners, and deliver high impact learning to a wider audience.

Action Items

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

1 What are your greatest Learning & Development challenges?

2 Is your existing learning management system improving business outcomes?

3 What is at stake if you do not make a change now?



Next-generation learning management systems offer much more than traditional learning management systems.

These systems offer advanced capabilities, including mobile, social, assessments, advanced reporting and analytics.

These systems can have a dramatic impact on the learner experience.

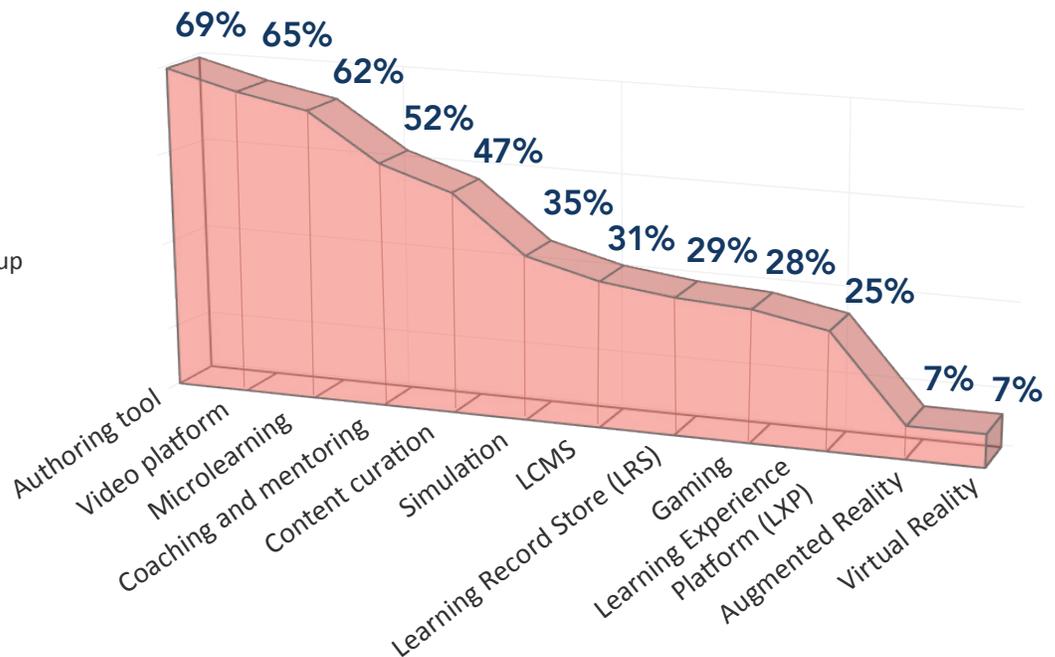
Next-generation learning management systems have evolved from rudimentary training platforms supporting compliance-based training to a complete array of features that serve administrators and learners. New learning management systems support the entire blended-learning strategy, including formal, informal and experiential learning. These systems promote a learning experience that attracts learners through portals, peer-to-peer

studying, gaming and simulation, mentoring, integration with other systems, mobile capabilities and extended enterprise learning. More systems offer ways to curate content and create relevant learning experiences, and employ tools (such as xAPI and Learning Record Stores) to capture, measure and analyze the new learning experiences beyond the classroom and the course.

Presence of Platforms Other Than an LMS

Which of the following learning technologies is your organization utilizing, either as a point solution or as part of a suite?

Source: 2019 Brandon Hall Group Learning Technology Study



Action Items

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

1 How is a next-generation LMS different from our existing technology?

2 What are the key capabilities that will improve business outcomes?

3 How will these systems support our overall corporate objectives?

Questions to Consider

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

	Questions	Answers
Budget	What is our budget for learning-management technology? What do we currently invest in and what are we planning to invest in for the future?	Determining the organization’s budget is critical before moving forward with selection. When companies invest in on-premises solutions, IT departments are typically responsible for the technology. When companies invest in SaaS or cloud solutions, Learning becomes responsible for the budget. When thinking about the budget, companies should consider what they spent in the past, what they can spend today and what is realistic for the future.
Implementation	Do we need third-party support for implementation? What is a realistic implementation timeframe? Will HR or IT own implementation? Do we need post-implementation training? 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 use your system. Companies must develop plans for rolling out their technology by region or business unit, be patient if implementation does not go smoothly and plan accordingly with additional resources, if needed.

	Questions	Answers
Pricing	<p>What is the cost of a next-generation system and what pricing model is available to us (pay-per-user, subscription, licensing, implementation fees etc.)? What happens if the price rises after the first year?</p>	<p>After determining budget, understanding pricing options is a critical component for selecting a learning system. Since many factors influence pricing, it is nearly impossible to compare different pricing models for these systems. The most important thing to be aware of is the cost for each aspect of product capability, implementation and update. Companies can combat this by asking very detailed questions about pricing. They also must plan for additional costs, such as implementation services, training and additional users.</p>
Timeframe	<p>When should we revisit our existing contracts with technology providers? When do we need to upgrade our HRMS or ERP technology?</p>	<p>Companies often consider replacing incumbent systems when it is time to upgrade existing ERP or HRMS technology. They review available options and whether a new system will meet its needs. A timeline depends on the company's existing technology and readiness to change.</p>
Delivery Model	<p>What is our preferred delivery model? If we currently use on-premises solutions, what internal resources do we need to support SaaS or cloud-based systems?</p>	<p>Many organizations have delivery model preferences or requirements based on an overall company strategy or policies. For example, industries with high-security needs require an on-premises or hosted model. The majority of next-generation learning technology providers offer on-demand Software as a Service (SaaS) models or cloud-based solutions.</p>

	Questions	Answers
Metrics	How do you measure the real impact for your organization? What metrics are required to measure the effectiveness of our learning management system? How will this system enable competency and skills progression as well as productivity and performance?	Metrics include traditional learning data such as course completions and learner satisfaction. For a better understanding of what metrics to consider and how to communicate them to business leaders, please see the “Metrics” section in this report (below).
Integration	How will we handle integration? What existing solutions are needed to be integrated with and how will this integrate with our ERP or HRMS?	This high degree of integration in learning systems can be overwhelming for organizations pressured to quickly select and implement a system. To maximize investment, they must consider long-term implications of an integrated strategy and begin communications and change management to support the strategy before investing in the system.
Learner Experience	How will this solution improve the learning experience? Is the technology intuitive and engaging?	Organizations of all sizes seek ways to engage with employees on a daily basis. In fact, nearly 60% of companies found that learning-technology enhancements had a significant impact on employee-engagement scores. Technology solutions should provide a simple experience that encourages better communication and engagement between employer and employee.

Building a Business Case

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

1

IDENTIFY A CHAMPION

Organizations struggle with clearly articulating and quantifying the value they receive from the investment and should consider, including a senior leader outside of Learning & Development to champion the initiative and funding request to bridge the gap between the business and L&D.

2

BUILD YOUR INTERNAL TEAM

To evaluate and select a technology solution, organizations must identify a “selection committee” responsible for creating RFPs, scheduling demos and evaluating providers. For many organizations, IT professionals, procurement professionals, HR professionals and business leaders are often included in these meetings.

3

TIMEFRAME FOR SELECTION

Ensure the selection process has a realistic timeframe that fits with overall organizational projects and objectives. If IT has several other projects in place, you may need to adjust the timeframe.

4

IDENTIFY A LIST OF ‘MUST-HAVES’

Organizations must consider their unique needs before investing and determine their “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.

5

MEASURE EFFECTIVENESS

Although most organizations will be able to determine effectiveness shortly after going live with their system, companies must define the metrics for success before selection. Organizations should continually evaluate and measure this efficiency to make a case for the system. The most common metrics measured for a learning system include time savings, cost savings and compliance.



6

DEVELOP A CHANGE-MANAGEMENT STRATEGY

Any technology change typically requires some level of change management to facilitate a transition to the future state. For some organizations, this involves moving from a paper-based process and for others, moving from 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.

7

BEGIN COMMUNICATION

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



Stakeholder Analysis

The learning-technology ecosystem includes key players inside and outside an organization. Managing these relationships and understanding their interaction across key practices are critical parts of any technology strategy. More importantly, it is critical when investing in a learning system. These stakeholders evaluate the

impact of Learning & Development in different ways and communicating with them requires a focus on different metrics. The following is a list of key players within Learning & Development, their roles in a next-generation learning management system and the critical metrics that must be tracked to help them see progress.

SKATEHOLDER	INTERESTS	METRICS	TRAINING 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.

SKATEHOLDER	INTERESTS	METRICS	TRAINING METRICS
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 their successor will be 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 Learning	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.

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 & Development metrics. Although these metrics are the most common one for L&D, some may not be critical to every company. Organizations should define the metrics they want to track in advance and determine how to communicate them to key stakeholders.

METRICS	BUSINESS IMPACT	BENEFIT OF TECHNOLOGY
Cost	Measuring the reduction of costs associated with recruitment including external services and the overall cost of hire while increasing the return on investment	<ul style="list-style-type: none"> ✓ Companies can reduce their costs on in-person instructor-led training. ✓ 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 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.

METRICS	BUSINESS IMPACT	BENEFIT OF TECHNOLOGY
Time to Effectiveness	Measuring the ability of an employee to take on more responsibility in a shorter amount of time	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	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	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	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.



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About Brandon Hall Group

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