



Building the Business Case for Learning Management Systems

Next-Gen Technology Can Make a Huge Impact

RESEARCH BRIEF
2024



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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, 10% of companies rate their satisfaction with their LMS at 7 or above on a 10-point scale, according to Brandon Hall Group's latest *Voice of the Client Study*. Learning technology providers fare slightly better: 29% were rated at 7 or above on the 10-point scale.

The goal of this report is to assist organizations in making a strong 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 ways companies deliver learning is rapidly evolving, with AI playing a leading role. AI drives a wide range of capabilities in learning management systems (LMS), including:

- ◆ Personalized learning paths
- ◆ Adaptive learning
- ◆ Content recommendations
- ◆ Intelligent chatbots
- ◆ Virtual assistants to support learners
- ◆ Automated content curation and creation

The modern LMS must also have mobile compatibility, microlearning, gamification, collaborative and cohort-based learning, robust reporting and analytics, and seamless integration with other systems.

Much of this is table stakes for learning technology providers. Technology buyers need to look beyond functionality and determine what features and functionalities are most important to meet their unique learning and business needs.

Brandon Hall Group™ helps many companies with learning technology selection. Our analysts are often struck by how little time buying organizations spend on developing specific and detailed use cases to match against a system's capabilities. The average buyer often approaches learning technology selection like car shopping, instead of strategically matching business needs to technology providers who can best meet those needs at a reasonable price.

Most In-Demand Learning Technology Functionalities

34% Social learning/
collaborative learning

32% Learning Content
Management System
(LCMS)

28% Authoring tools

24% Video platform

22% Coaching platform

Source: Brandon Hall Group™
Learning Benchmarking Study

Key Takeaways

01

Learning and development within companies has reached a new level of sophistication and complexity to meet the needs of multi-modal learners.

02

Organizations find current learning technology strategies do not meet the learning requirements of their employees.

03

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

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-modal learners. Learning and 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 LMS

In a world where three-quarters of companies are trimming or freezing 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



What are your greatest Learning & Development challenges?



Is your existing learning management system improving business outcomes?



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

Next-generation LMSs have significantly evolved from their origins. These advanced systems now offer a comprehensive suite of features that cater to the needs of both administrators and learners.

These systems prioritize creating engaging learning experiences that:

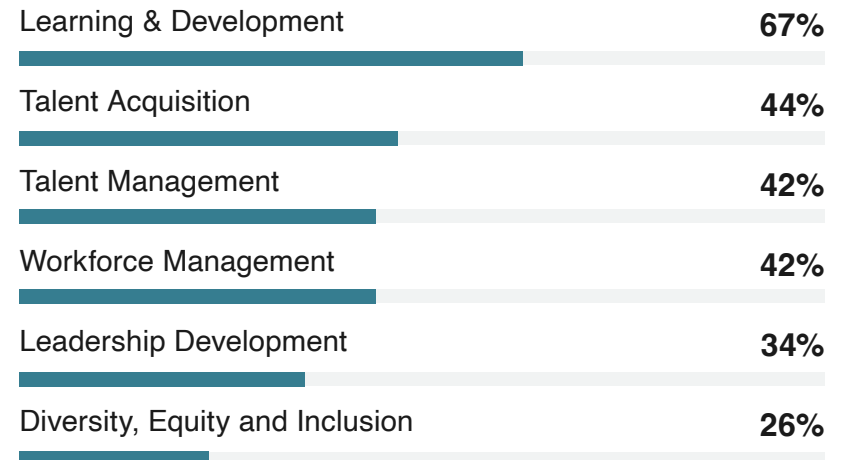
- ✦ Captivate learners through intuitive portals
- ✦ Facilitate peer-to-peer learning
- ✦ Incorporate gaming and simulation elements
- ✦ Provide opportunities for coaching and mentoring
- ✦ Seamlessly integrate with other enterprise systems
- ✦ Offer robust mobile capabilities
- ✦ Extend learning beyond the confines of the organization (customers, channel partners, etc..)

AI-driven features are already becoming ubiquitous in learning technology. Algorithms provide:

- ✦ Content recommendations
- ✦ Intelligent chatbots or virtual assistants
- ✦ Adaptive learning experiences
- ✦ Personalized learning paths

AI-powered analytics enable predictive insights, skill gap analysis, and automated assessment and feedback, enhancing the effectiveness and efficiency of the learning experience. AI also enables organizations to measure the impact of learning on key performance indicators and continuously improve their learning programs based on real-time data and insights.

Most Likely Uses of AI in Human Capital Management, 2024



Source: Brandon Hall Group™ Learning Benchmarking Study

Action Items

Answering these questions can help buyers communicate business needs to leadership.

📍 How is a next-generation 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?

Questions to Consider

	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?	<p>There are so many factors to consider when determining the appropriate budget to fit learning needs. Organizations should consider all of the following and determine which should have the highest priority:</p> <ul style="list-style-type: none"> ◆ The potential ROI of the new technologies, e.g., improved employee performance, increased productivity, reduced training costs and employee retention ◆ Scalability and adaptability ◆ Integration with existing systems ◆ User experience and engagement ◆ Maintenance and support costs ◆ Employee demographics and preferences ◆ Security and data privacy ◆ Pilot testing and phased implementation vs. full-scale rollout ◆ Future-proofing — Consider the long-term viability of the learning technologies and their ability to adapt to emerging trends, such as AI

	Questions	Answers
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, plan accordingly with additional resources and be prepared to evaluate solution providers that offer implementation support services.
Pricing	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?	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.
Timeframe	When should we revisit our existing contracts with technology providers? When do we need to upgrade our HRMS or ERP technology?	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.

	Questions	Answers
Delivery Model	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?	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, though that is beginning to change. The majority of next-generation learning technology providers offer on-demand Software as a Service (SaaS) models or cloud-based solutions.
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?	It is critical that organizations go beyond traditional learning metrics such as course completions and learner satisfaction. Learning is about improving individual and organizational performance and your system must be capable of leveraging advanced metrics. You will find more information on metrics later in this report.
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.

	Questions	Answers
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 75% 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.

01 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. This can help bridge the gap between the business and L&D.

02 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. End-users from multiple generations should also be included as they bring a different perspective to the discussion.

03 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.

04 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.

05 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 user adoption, time savings, cost savings and compliance.

06 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. Involve end-users from multiple generations and functions in building your change management strategy.

07 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.

Stakeholder	Interests	Key Metrics	Key Outcomes
HR/ Learning Professionals	Integration, analytics, functionality that enables learners to apply new skills in realistic business situations	Behavior change, performance change	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.

Stakeholder	Interests	Key Metrics	Key Outcomes
Managers	Analytics, ease of use, mobile access, adoption, learner engagement, scalability, flexibility, data security, privacy, customer support and service	Proof of skill acquisition, performance improvement	Managers seek improved employee performance, increased productivity and the development of critical skills that align with the organization's strategic goals. Managers expect the system to provide insights into learning effectiveness, such as skill acquisition and application of learning on the job. They also look for evidence of increased employee engagement, motivation and job satisfaction as a result of the personalized and interactive learning experiences provided by the platform.
Learners	Consumer-grade experience, ease of use, innovation	Level of use, satisfaction with the technology	Learners expect personalized, engaging and interactive learning experiences that cater to their individual needs and preferences and learning styles. They anticipate a platform that offers relevant, up-to-date content in diverse formats, such as videos, podcasts and simulations, to keep them motivated and interested in the learning process. Learners also seek a system that provides clear learning paths, milestones, and feedback to help them track their progress and identify areas for improvement. They also want access to learning anytime, anywhere.

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 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	By optimizing training expenses, organizations can reallocate resources to other strategic initiatives, such as research and development, innovation, or market expansion. This reallocation of funds can lead to increased competitiveness, growth and long-term sustainability. Moreover, a cost-effective learning system allows organizations to provide training opportunities to a larger number of employees, fostering a culture of continuous learning and development. This, in turn, can lead to improved employee skills, productivity and job satisfaction, resulting in reduced turnover and associated recruitment and onboarding costs.	<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.

Metrics	Business Impact	Benefit of Technology
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.
Time 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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