

The Red Hot Market for Learning Management Systems (Oct 14)

We just released our newest research on the corporate Learning Management Systems market and the numbers are astounding. The market is well over \$2.5 billion and grew by over 21% this year.

This week SAP, one of the world's largest software companies, announced a [significant set of new product features](#) and investments in its corporate learning solution. After the company's acquisition of Plateau (leading LMS company) and Jambok (social learning platform) in 2011, the company has now revamped and totally integrated its learning solutions under the SuccessFactors brand.

This not only gives SuccessFactors a market leading product, but also demonstrates how important corporate learning has become to buyers and software vendors.

These are big numbers, especially since the market grew by only 13% the prior year. Why all the growth? There are four big drivers:

First, corporate HR and talent managers are very heavily focused on corporate training.

The training industry as a whole grew by 15% this year (Bersin Corporate Learning Factbook), the highest growth rate since we started studying the market.

Why this growth? As the economy improves companies are struggling to reskill technical teams, sales teams, managers, and professionals at all levels to deal with accelerating changes in technology, leading to an ever-rapid need for people to reskill themselves.

Auto manufacturers are radically changing their products to become software-based electric vehicles. This means they have to largely reskill their engineering and manufacturing teams. [Tech](#) workers need to learn Big Data technologies and advanced mathematics. Healthcare workers are constantly getting new technology to learn, and bio-science companies are constantly training people on new medicines and manufacturing. Even financial services companies are finding an increase in training due to new global regulations.

Second, the learning market is radically changing.

Today for the first time in nearly 15 years we have a huge array of new content companies ([MOOCs](#) for example) and instructional content is everywhere. Most major universities are offering no cost or low cost online training and many new providers have emerged.

We just launched our own new free MOOC ("[The New HR: 21st Century Talent Management](#)," hosted with Udemy) and most other experts are doing the same. So companies want modernized platforms which are easier to use, offer mobile learning, and tightly integrate with talent and collaboration systems. Our research shows that many LMS systems developed for the educational market are now reaching into the corporate space, a play which Blackboard started more than five years ago.

Third, learning platforms are in a replacement cycle.

Most LMS (learning management systems) are 4-7 years old (learning management was the very first talent management category created) and our research shows that 61% of companies plan on replacing their learning platforms in the next 18 months, the most frequently cited product to be replaced.

LMS systems today are quite different from platforms only a few years ago. Today's LMS is an online course catalog, an expert management system, a collaboration and knowledge sharing platform, and a content and talent management system. All this functionality has been integrated into the LMS, leaving companies with older products anxious to upgrade.

Fourth, there are hundreds of exciting new systems to choose from.

Despite all the mergers over the last year or so (Skillsoft just acquired SumTotal, Wiley acquired Cross-Knowledge, Infor acquired CERTPOINT, HealthcareSource acquired NetLearning), we are tracking more than 500 LMS vendors around the world. This is an amazing number, driven by the fact that *every single company with more than a few employees needs some type of training management system.*

In the early days of this market (I have been covering this space since 2001) the LMS market was focused on the needs of big complicated companies. At that point vendors were concerned about being gobbled up by ERP companies ([Oracle ORCL +1.72%](#), [SAP](#), ADP, Infor, and [IBM IBM +1.39%](#) all sell learning platforms) and losing their opportunity to grow. Today the market has expanded by 100-fold, driven largely by mid-sized and now even small companies. We had a simple LMS at Bersin & Associates, for example, and it was embedded in our online collaboration tool. So the learning platform market is getting bigger every year.

Our research also shows that the learning management systems market in Europe and Asia is growing very rapidly. While many US firms are now into their second or third generation system, fast-growing newer companies in Asia or Europe need these systems too, so vendors are setting up shop there and growing at almost twice the rate they are in the US.

The LMS of the future is also coming along. New LMS vendors are now starting to build adaptive systems which run on mobile devices, they are now adding features for intelligent recommendations using Big Data analytics, they have new tools that embed learning right into your workflow, and they are starting to implement a new software interface called the Tin-Can API.

While the name Tin-Can may sound silly, this is very important technology. It lets you track any web-related activity for learning – so if you read a webpage, download a PowerPoint, take a quiz, or click on a game, the learning platform can keep track. This new technology means we will have very rich and deep “click streams” of learning data in these platforms, enabling the LMS to do even smarter things (like recommend content, let you skip chapters, give you scores, and much more)



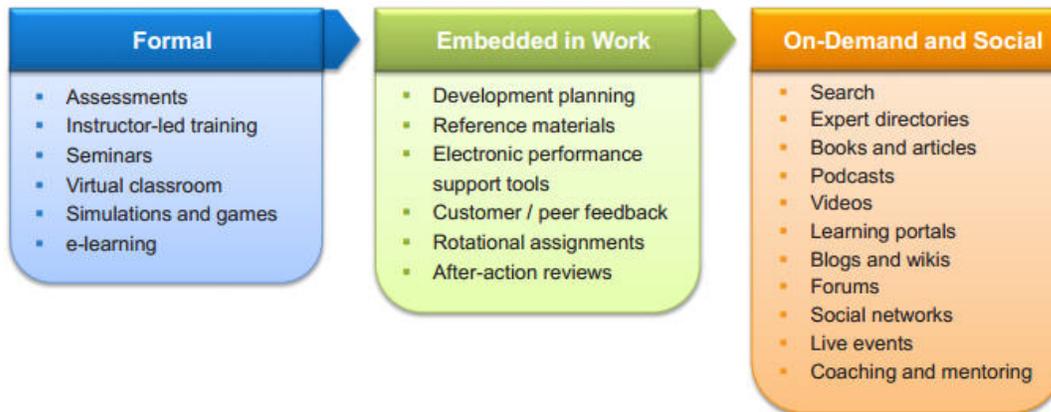
Figure 14: LMS Providers by Region²⁷



Source: Bersin by Deloitte, 2014.

Figure 20: Learning Content Is More Than e-Learning

Learning Content Means Anything That Supports / Improves Performance



Source: Bersin by Deloitte, 2014.

I remember the days when LMS products were simple online course catalogs that launched, tracked, and marked the completion of courses. This simple functionality now represents less than 10% of what an LMS will do, making it more important than ever for companies to invest in their learning systems.

As someone once said to me years ago, human beings will always have a desire to learn. In the corporate world, the new era of learning platforms is making this easier and more exciting than ever. We

are pleased to see this important market grow at such a tremendous rate and look forward to sharing more innovations and news in the market ahead.

About the Author: Josh Bersin is a leading analyst in HR, talent, leadership, and HR technology. He is also founder and Principal of Bersin by Deloitte, a leading research and advisory firm.

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