LEARNING SYSTEMS BUYER'S GUIDE

THE CRAIG WEISS GROUP

ABSTRACT
Everything you need to know about Learning Systems – The essential buying guide.

Craig Weiss
CEO and Lead Analyst of The Craig Weiss Group

I love buyer's guides. There is something about gaining insight and knowledge around various products or offerings when you either have limited or zero-knowledge about these items, but you want to purchase one at some point. The problem today is when you surf the web, you see all these guides written by content marketers, not experts in L&D or training or learning systems, or even e-learning. As a result, people base their decision-making and buying on folks whose expertise is the same as Mollie, who you waved to at the park last week. Mollie is your accountant.

This guide is going to cover quite a few topics, including a few that I have discussed in the past, and for those, I am linking back to the post unless there needs some updating to the post – which I will include here.

Any buyer's guide should have some caveats.

Always do due diligence. Always check out the learning system, ask the right questions (which are in this guide), and drill them. Always remember there are no refunds in this industry. A key when it comes to pricing, BTW. Always see a demo – you steer, they drive (I'll explain that later). Never assume that they know the terminology in the industry, nor assume that what you think one term means doesn't necessarily mean what the vendor thinks it means.

Too many vendors believe that everyone out there has a learning system already (not true), knows e-learning (totally not true), is only in the L&D community (totally not true), and that talent management is the same thing as learning (it is not, and yes, there are vendors in the learning system space pushing talent management as though it is a key component of learning/training – it isn't).

Factoid to keep you up at night – All of them are 100% True

- In Enterprise and Large Enterprise, it is not uncommon to get pricing that is quite high, especially if the vendor knows procurement is involved. Why?

They fully expect procurement to negotiate down the price, so they price high intentionally.

- Enterprise means whatever the vendor wants it to mean in employee (end-users) numbers. It could be 1,000 or 5,000, or even 10,000. One well-known vendor for a long time considered any business over 300 people – Enterprise. The problem is that if you are, say, 2,500 and consider yourself Enterprise, and you ask if they have Enterprise clients, to which they say yes –, it will be common to think that those clients are at least in your range when in reality, they may be more at say 500 people.
- There are learning system vendors out there who push the term "traditional" to refer to an LMS, even though there is nothing that validates that. Now some vendors are saying an LMS is Legacy, again, totally not true, but the term means "old school and dated." Many LMSs are NexGen; in fact, it comes to how the client wants to use the system and the system themselves. If a vendor is 15 yrs old, it doesn't mean their system is that old, and they never updated it. And LMSs were not created for compliance, assigned, or formal learning. I should note that every LXP can do compliance, assigned, and formal learning.
- Extended Enterprise is a dated term, yet vendors still use it. The newer term is customer education (refers to customers, clients, partners, B2B/B2C). The newest term is "customer learning."
- Speaking of LMS, the main spin nowadays is to say you are anti-LMS, not an LMS, and so forth – which is totally fine, but there are vendors who say this yet have the word "LMS" as part of their keywords for search engines. Thus, you type in LMS, and they appear – yet, the pitch they are not an LMS.

Learning System Types

A Learning System is any system or platform where learning/training (via e-learning, aka online learning) is the core of the solution. It is the main part – the essentials if you will.

Originally there were three types of systems – LMS, LCMS, and CMS to a degree. LCMS and LMS were the kings. When e-Learning first launched, and for a long time thereafter, it was the key umbrella term, and under it were LMS, LCMS, authoring tools, and so forth.

Over the years, more types of systems arose, and thus I felt the term "learning systems" was more appro to the industry rather than staying under the umbrella term of e-learning.

Despite vendors who love to coin their own learning system into some type nobody would ever say out loud or search for, here are the main types of learning systems.

I should add that many have some similar features -and thus are becoming ubiquitous. And it is why, for me, I believe folks should look at whom those systems focus on – employees, customers, or combo, rather than the specific type per se.

LMS – Learning Management System. They vary, and brand new doesn't mean the latest and greatest features. A system is driven by the client and how the client wants to use the system. LMS has the highest market share in the learning system space. More continue to come in.

Learning Platform – In the majority of the cases, they have the same standard features as an LMS but prefer to separate themselves as a different type. Some people use LP and LMS interchangeably. Never assume, though, that any LP is the same as every LMS, nor that every LMS is the same as every other LMS, and ditto on LP.

LXP – Learning Experience Platform. What they were initially designed for has changed. What they are now – 3rd party content/publishers (marketplace, where you, the client, buy the content and your learners get it for free), playlists, content curation, some skill capabilities – but that varies, and Netflix-like UI. As noted earlier, more and more are adding LMS features. They have assigned learning, formal learning, and compliance content.

Coaching Platform – It is all about coaching from the behavioral skills standpoint. Yet, some LMS vendors are adding "coaching" in terms of skills for a job role(s). This makes a lot of sense and is something that you would want.

Mentoring Platform – It is all about mentoring here. Please note, that coaching and mentoring are not the same thing. Thus, with many learning systems who have "coaching" they often switch their terms and say coaching, then later, mentoring. Anyway, mentoring platforms are mentoring only.

Learning Suites – A combo of "modules" – skills, LXP, LMS or similar, authoring tool, advanced analytics, content marketplace, and so on. Some of these systems include all the mods – at no additional charge; others, it is by module. If the latter, the main system – let's say LMS and the content marketplace are a bundle (you still purchase the 3rd party courses/content).

TXP – Talent Development plus LXP. The TD part is heavily focused on learning. A TXP is not the same thing as a talent management or performance management system. **TXP detailed explanation**. Vendors who were TXP, are now referring to themselves as Talent Development, or Employee Experience Platform or even, united talent platform.

A tiny fractional are skills measurement-only platforms. They are designed specifically for skills measurement and analytics, and thus the UI/UX reflects this. While some are adding content that you can buy or upload, their core is the measurement angle. I recommend only one skill measurement platform – **Skills Base**. It's the best one out there.

Primer Articles

Here is a list of articles that will help you if you are new to the learning system space, have been there, and want to do or know more.

- **Learning Systems with your Employees**
- **Learning System Contracts – The terms and structure you want** – It refers to LMS, but it is for any learning system
- **Decision Criteria before buying a Learning system**
- **Need to hire an LMS Administrator? Here is the info you need to hire the right one** (for any learning system, not just LMS)
- **LMS Administrator Guide** – Again, this is for any learning system, not just an LMS
- **LXPs – The Answers that you seek**
- **LMS or LXP?**
- **Turn Training into a Profit Center – B2B/B2C, Customer Education**
- **Red-Hot Skills Functionality in 2022**
- **What is WBT – Great introduction to understanding what WBT is** (now referred to as e-learning) and the power of asynchronous (referred to now as self-paced).
- **Where the Corporate LMS market is heading** – Really refers to all types of learning systems
- **Talent Experience Platforms (TXP) Guide** – The two biggest players are Degreed and EdCast TXP; Schoox is next
- **Open Source Learning Systems Insight – Be careful out there**
- **Why did you buy your learning system?** – Great read for those of you about to purchase; for those who already did, well…
- **Some Deep Integrations to Consider for your learning system** – Depending on your needs
- **Did you know?** Discusses the benefits of "all included" versus per mod, plus other tidbits

- **Learning Styles and E-Learning** – If you are new to L&D, Training, or new to overseeing a learning system and have to figure out some basics around L&D and Training, this is for you.
- **Did you get the best deal?**
- **Interoperability it works every time – WRONG** – This still happens – so a great read- applies to all types of learning systems
- **Thinking of going to Moodle?**

Learning Systems Focused on your Target Audience

For me, with so many systems starting to blend into one another, I zero in on who their target audience is in terms of whether they are solely focused on employees, customers, or a combo.

This will explain why they went the route they did, with their functionality/capabilities compared to, say, another vendor. If I am solely focused on employees, it would be highly unlikely for me to have built-in e-commerce. If I am focused solely on customer education, I wouldn't necessarily be focused on manager capabilities, or anything tied around job roles.

The challenge is that even the salesperson may not know who their target focus is and may agree to whatever you ask. "Are you customer-focused?" Yes.

The easy way to find out is to ask them what percentage of their clients are using their system for only their employees versus those who are using it only for customer education. If they don't know, ask them to find out.

The Big Three by Market Share

Combo – Focuses both on employees and customers. It tends to skew more toward employees, but there are exceptions. The breakouts at the high range are up to 79% employees vs. 21% customers. The usual range falls in the 55-65% mark towards employees. Vendors in this category (that you might recognize) – Absorb, Learn Amp, Cornerstone, and Fuse. Skill Jar which pitches itself as a customer education-focused system, breaks close to 50-50 employees vs. customers. So, really, they are a combo. Combos make up the largest segment of learning systems. Docebo is 60% customers and 40% employees.

Customer Focused – When I say customers, I am referring to customer education, customer learning, customer training, partner training, B2B/B2C, and training partners. They focus solely on this audience. A system that fits into this bucket will have a min. of 85% of its clients focused on the above terms. The majority in the space, though, exceeds 90%. Vendors in this category include Thought Industries, Eurekos and Intellum.

If you are an association, you will slide under customer education; thus, a combo or customer-focused would align.

Employee Focused

This means that the vendor's clients, over 80% of them, purchase it solely for employees – the usual buyer is someone in L&D. If the vendor breaks past 85%, you can expect to see quite a bit around workforce development in the system – all tied to learning mind you. Vendors in this category include SuccessFactors and SumTotal.

If you use **FindAnLMS.com**, my learning system comparison platform, you can filter by an employee or customer to see the details, even implementation times.

Pricing

I've written quite a bit about pricing and how it works in the industry. Behind the scenes is what we refer to as "bundled" and "range/band pricing."

These pricing methods have been around since 2000, and their only change is the spin.

Always remember the golden rule – there are no refunds.

Monthly Active Users – The most popular price model in the industry

The term means "Monthly Active Users," and it is red hot in the learning system space.

Depending on how the vendor pitches it, it will get you quite excited because it sounds so much like a pay-per-user aspect based on monthly use.

For me, it is a reminder of the three-card monte game one could find on numerous street corners in NYC in the eighties.

Here is how it works:

- Does the vendor say how many "active users" will be in the system in a given month?
- An active user is defined as either a person who logs into the system for that month OR logs into the system and takes a piece of content (regardless of what it is and regardless of if it is completed or not)
- Typically, folks will base active users on one person who logs into the system at least once in a 12-month period.
- With MAUs, though, that is the wrong way to calculate because, after all, why pay for an active user who uses the system only once in June and you never see them again

That's the kicker and part of the spin. It is alluring. It is enticing. It says "You are right"!

But (is there always a "But")

- Vendors who go MAU will always ask you – the total number of active users you are projecting for the year (as defined as they have gone into the system at least once over a given year). There are vendors who will ask what your user base (regardless of 'active or not") is
- The "total projection" is the key
- Your proposal will include two magical words, 'up to' – which either appear right there with the total cost or down below in the text, which, uh, most folks look at the very big number.

Example

I have 5,255 active users and identify active based on that person accessing the system at least one time in a given year.

The vendor asks, "how many per month." I am lucky because I have some data from my current system (I'm leaving them). The data says, on average, the count is really 3,200.

The vendor then may say, "well, you really only have 267 active users per month," OR re-state the 3,200. Why pay for folks who are not using the system?

Yeah, you are right. This is a great deal.

The vendor goes thru their whole approach, and I listen. I think I totally understand.

The proposal arrives. The cost for "Up to 5,225" is $85,000 USD. It seems like a good deal because of the active user-per-month shtick that I have listened to over and over again.

BUT

- You are paying "up to," – so whether or not you ever get to that total number doesn't matter because you are paying for the full active projection
- One vendor goes with the MAU based on buckets of them. They will note they are completely different than others. Yet, they will ask the same thing – a total count. And when you get the quote, it seems like they are – but if you go over the "bucket," you pay for another bucket and those seats in the bucket? Well, you may never reach that count."

The pricing that first came out in the industry (and is still very popular) is bundled pricing. The vendor asked how many seats you would need (they may have used a different term). You say I will need 5,255. The vendor would either quote you at 5,255 OR quote at 5,500 or 5,300 or whatever their range was (now called bands).

Then if you went over, no problem, they would sell you another bucket.

With bundled pricing, even if you never hit 5,525 users, you would still pay for that amount.

I know of only a few vendors that goes MAU, and that will invoice you each month. One of these systems is **Eurekos**. Every other vendor I run into that goes MAU charges you either ahead of time (think about that for a second) or quarterly – depending on your negotiations. If they charge you ahead of time, then are they really monitoring your monthly? Because there are no refunds in this industry.

True Story

A few weeks back, I was on a call with a vendor who does MAUs. Even though I know how their pricing model works and their pricing approach, I was getting confused over the MAU x Month angle. It is easy to fall into this trap. So, remember, it is always about the total number on the proposal – which they will always ask to know.

Watch out for

I wouldn't be surprised if some vendors start attaching a percentage increase in their contract for each year under the guise of "inflation or some similar angle." There are vendors who do this already and cite it as an offset for ongoing charges on their end. Always negotiate this off. When did the cost of living become a factor here? When you sign a contract, you lock in the price they agreed to – hence the point of a formal proposal. Make sure that is in the contract, a locked-in price.

Contracts

Three Years is the way to go

A three-year contract is an appropriate way to go. It is the right amount of time to get the full potential of the system, maximize its potential to your audience, market it effectively to your employees/customers to use it (I know, shocking, huh?), and roll it out in terms of ROI. THREE YEARS. Not long and not less. Why?

One year: Worthless

You sign and dine. Then near the end of the year, you decide to renew and sign longer, an additional hassle, more problems, potentially higher costs, and really you have other things to build and grow upon – even with the LMS, but also other aspects of your training dept.

Two years: Cannot assess your ROI on this

How long did it take you to find your current LMS partner? Right.

Longer than three years: Risky

Your new BFF could be bought out, and then what happens to you? Customer service-wise? Does the solution stay the same features? From your standpoint, what if they make some changes or do some things, and now you no longer want to go with the system but are locked into this long-term deal?

Use Case and Business Case

I see these as two different items.

A use case is crucial, and it says this is why I need this learning system. Here is what we want to accomplish. Here is what we want to achieve with our online learning for our employees, customers, members, etc. If you have a system and are seeking a new one, why? What challenges did it not solve? What were the problems?

Provide examples – scenarios of what an employee or whoever the end-user will do in the system. For example, if it is for customer education, they can purchase X courses or a bundle and then blah blah. An employee might be – at a manager level, they will need to do this and that, and then do this and that, versus a new employee who needs to do this or that, and so forth.

Be as detailed as you can. Ambiguity is what causes a lot of folks to pick the wrong system. A vendor is going by the use case. Some will come back asking for more details – that isn't bad unless it is the stuff you already gave them.

If you need a system to integrate with other systems, you have – to tell them the systems. They may need some documentation if the system is unknown; have it ready to give them.

A business case is what the business wants to accomplish with training/learning. Business cases come in handy when selling your own content/courses or training to B2B or B2C, customer education, customer learning, partner training, etc. For associations that sell training, a business case is essential too.

If you are buying your learning system for your employees, your business case may be that you want to increase sales by 35% and reduce incidents by 12%. The great thing about a business case is that it can be measured with a learning system.

If your business case is to make your training department a profit center thru online courses and vILT, okay, that starts it off. But how much do you want to generate? To be realistic, some folks shoot for the moon, which is great, but Rome wasn't built in a day. Or so I have been told.

Demo

Questions to ask during your demo and things you can do and will seek prior to the demo

Customer Support

The number one reason why people hate and leave or hate and stay (yes, plenty do) is due to poor support and customer service. It is the reason why I established the first certification program in the industry around customer support/service. The program is rigorous and requires the vendor to provide data (twice a year) around key metrics, plus adhere to specific guidelines.

Here is a list of the vendors who are Customer Support Certified.

If you do not see your vendor, ask why. I know of vendors whose support is below par, and not surprisingly, they are not on the vendor list. Sadly, a vendor will always tell you they have great support. The challenge is how do you know?

Here are the requirements for the Certification.

1. Provide exceptional customer support and service.
2. Maintain high ethical standards in sales, service, and business.
3. Take care of customer's needs and assistance in a timely fashion – this includes response times (no more than 120 minutes, during vendor's business hours, daily follow-ups if applicable, and providing the customer on how their queue works (in other words, what is considered low, medium and high).
4. Provides the customer with a customer support/service member or team. This person or group will be the customer's point of contact. Eliminating the game of "who can help me, where do I go" – a huge problem in the industry.

Provide twice-a-year data that presents the following information: response times, follow-up, and the number of support calls.

Present twice a year (i.e., every six months) the top five issues that have arisen (or they can present a list, and we can go thru it) and the average amount of time to solve those issues.

Present twice a year, the average number of calls/e-mails in support compared to the number of clients.

Any vendor who says they do not capture or keep any data on their customer support is either misleading or, if they truly do not, then stay away. That screams bad business.

Proposals from the Vendor, Proposal from you

When seeking a proposal from a vendor, you will want what the industry refers to as a “formal proposal.”

This is a proposal provided to you as a PDF file (normally) with graphics and text, which includes some information about them, a listing of some clients, some marketing spin, features/functionality they want to highlight, the benefits for selecting them, and the formal pricing proposal. Some vendors go beyond this, but these are the basics.

Unless you ask, you may get an e-mail with the pricing in it, a word doc with pricing, or an excel file with pricing; really, it is all over the map. Vendors should include an SLA.

Sadly, many proposals are too generic; just cut and paste. A great proposal is one that says in writing here is how we solve your problems/issues.

Keys

- Pricing is itemized. Never assume the discount is there; you want to see it
- Setup pricing (if applicable) is listed. What is included in the setup should be provided.
- Support – what is included?
- If you said three years, then the proposal should show three years.

I recommend that when seeing skill features that you selected as wanting, and then the vendor says they have it, to show you the function in the system.

There are folks who will submit 60 pages in their RFP with hundreds of questions about security. If the vendor is on AWS, the answers you will receive are on the AWS website. If you have more than eight pages for your RFP, you have too much and need to cut it down.

This is why I recommend my template. Are they extensive? Absolutely. But there is no ambiguity here, and any vendor who wants your business will complete it.

With an RFP, always allow at least three weeks for a vendor to complete it. Give them a specific date and time to return it (make sure to provide your time zone). If they can't meet the deadline, cut them. I mean, three weeks is more than enough time.

Warning RED

When you receive your RFP back from the prospective vendor, always check the following.

- Any misspellings or grammar errors? I mean, spell check takes just a few minutes, and even Grammarly or similar can-do wonders. If they are not taking the time to check, do you want them to really be your BFF learning system provider?
- Did they follow your directions? Again, if they didn't, dump them.
- Did they provide you back a formal proposal (if you requested it)? If not, dump them. This tells you they can't follow instructions, nor care to – it is their way, not your way – and it always must be YOUR WAY – when selecting a system.

Bottom Line

Two final thoughts.

a. Never tell the vendor your budget. NEVER. The price they will quote you initially is what we refer to as a street price or retail, if you will. There are plenty of folks who never negotiate, or if they do, they do a bit and then say, this works.

b. You are going to be with this vendor hopefully for a long time, make sure you know who you will select, and do not waiver. I see folks who say, “I am going with X,” after they have done their due diligence, seen the demo, asked all the right questions, got back the formal proposal, negotiated, verified, and then stopped. They debate again and again and again. Then they heard a new system came out; maybe that’s better. Or their CEO read about a system; maybe that is better. I’ve never seen anything good come out of this. You either know in your gut this is the right system,

Or you don’t.

E-Learning 24/7