![Fosway Group logo]

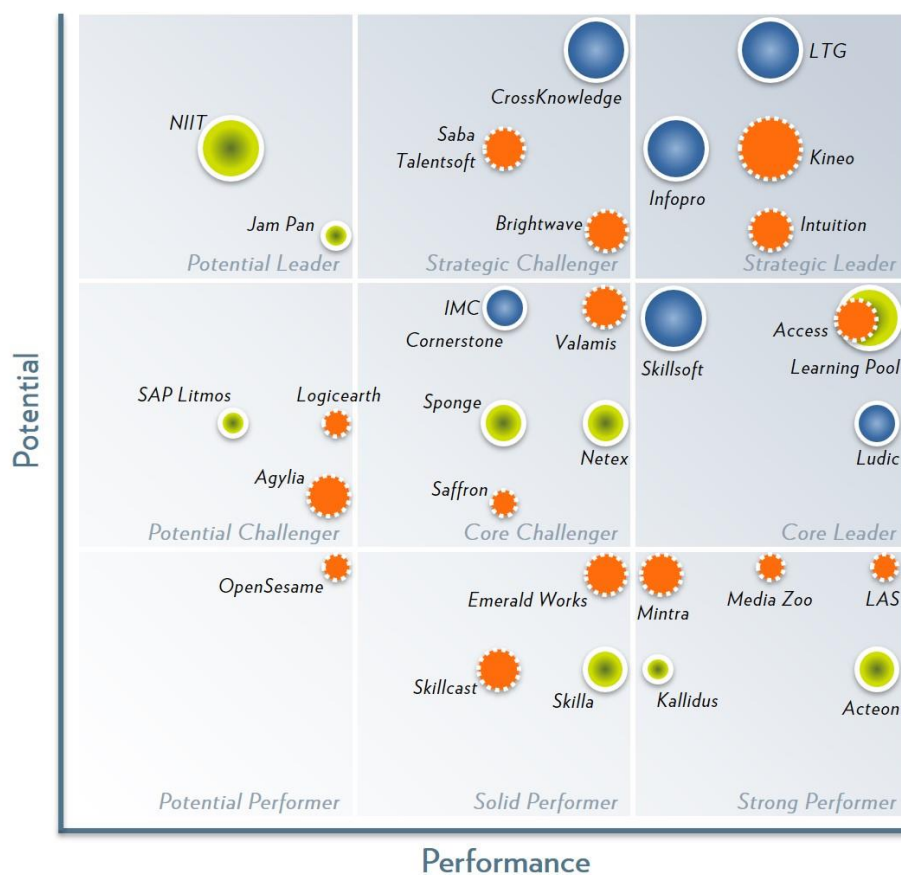# Fosway 9–Grid™
DIGITAL LEARNING

January 2020

Independent Analysis of the Digital Learning Market

Fosway 9-Grid™ - Digital Learning

Key Headlines

The Market

The demand for digital learning continues to grow

The European digital learning market continues to be buoyant, with average customer growth across enterprise vendors of around 30% and some innovators much higher. But the increasing diversity and complexity of solutions means the digital learning market is becoming an ever more bewildering place to navigate. Performance support, content curation, video, augmented and virtual reality, microlearning, social learning, learning experience platforms and AI are all vying for a role alongside traditional tools like e-learning and blended programmes. Finding a digital learning partner that helps you make good choices beyond what you can buy from them, is becoming critical for client success – more so now than ever before.

Content takes centre stage as learning system providers cash in on content

In the last 12-18 months, the major learning system providers have woken up to the value of content to their customers and are now looking at content as a route to increasing and diversifying their revenues for the next decade. The ability of these major players to disrupt the traditional content market either through marketplaces or curated content offerings is considerable. This emerging trend will impact existing content provider/buyer relationships too.

Partnering between vendors is essential as ecosystems become more complex

As the range and diversity of solutions grows, so does the complexity of a corporate digital learning ecosystem. Learning professionals need to work hard to create, connect and manage a growing number of solutions, making buying choices more exciting, but also increasing risk. Compatibility is key and with that the onus needs to be on suppliers to work harder at cross-partnering to ensure that solutions work seamlessly together. The reality though, is that progress continues to be slow.

Classic e-learning remains in demand, but buyers are looking to support more workplace learning and support for the full learning cycle

There is no dispute that classic e-learning content *still* dominates the digital learning market. But the most

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successful providers have broadened services outside content, to include platforms and consulting to impact the full learning cycle[1]. Any provider that only talks ADDIE and classic (page turning) e-learning is in a declining segment of the market. Those who have workable performance support and enable deep social learning in the workflow have a distinct advantage

The rise of skills offers the opportunity to impact the workforce beyond content

With the demand for skills growing across all industries, especially in the fields of science, technology, maths and engineering, the learning agenda is hotting-up for corporates. Organisations need to grow their existing skills base as the hiring agenda simply cannot keep up with demand. The role of technology in developing skills is growing as a result. Solutions that support the transition of knowledge to skills (beyond the provision of pure content), are expected to grow significantly in the 2020s.

New supply options are disrupting buying behaviours

Digital learning 'marketplaces' continue to build momentum with corporates and vendors alike – providing a 'one stop shop' resource base for projects and for digital content. Marketplaces also provide some welcome disruption in connecting buyers to the expertise they need, when they need it, and with greater choice. Some innovators are already more closely partnering with providers so they become an extension to the internal team. We expect more corporates to pick up on this with extended resourcing growing over 2020.

The strategic opportunity for learning to transform organisations is ripe for the taking

There is growing focus in organisations leveraging learning as the central pillar of their Employee Value Proposition (EVP). Packaging learning into skills paths, career development and succession planning is becoming an important differentiator in attracting and retaining the best people. As learning increases its opportunities for true transformation, expect to see greater demands for digital learning solutions that bridge employee engagement, career planning and skills development. As organisations tackle the war for top talent, offering learning as an employee benefit is going to become more and more important. Given the importance of attracting employees that can learn fast and cope with changing roles, agile learners are better able cope with the needs of fast-paced organisations.

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[1] PLASMA Learning Cycle

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Traditional instructor-led learning providers start to make their presence felt in the digital learning arena

Of all the laggards in the learning market, it is the traditional face to face learning providers that seem to have been the slowest to really turn up to the digital party - wary no doubt, of cannibalising their classroom operations with other delivery channels. But the digital learning market has now become so influential, that traditional face to face providers cannot simply pretend to play at the digital learning game. Instead, they are beginning to jump in with both feet. There have been some acquisitions, but many are building internal capability as their traditional revenue sources begin to wane. Will this accelerate further in 2020? Possibly, but what is already certain is that traditional training companies are investing more into digital learning, and this will further impact their businesses and the market over the coming years.

Solution Trends

'Experience' is everything

Given the frankly dull user experience and user interface that has previously fronted a lot of digital learning, the explosion of interest in better learning experiences is not a surprise. The number of employee engagement solutions and experience-focused platforms continues to grow, and this is changing the access points to learning as a result. But this is just the tip of the iceberg. The rise of context driven tools, chatbots and prompts for conversations about learning is shifting into other touchpoints. Knitting different tools and solutions together with experience design will be a key challenge this decade.

Programmatic learning: journeys and structure are increasingly important

As organisations look to how they can better support their people in developing skills, the number of channels and resources continues to increase. This is leading to a demand for solutions that truly support programmatic learning, creating and managing personalised structures to accelerate and deepen development with feedback and continuous agile improvement as much as content. Programmatic learning is a segment to watch, disrupting the 'resources not courses' thinking to deliver more focused outcomes.

Knowledge management and learning is converging

One of the most interesting digital trends is the growing cross-over between knowledge management and learning. As social learning, user generated content and curated content converge, this is likely to grow

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further, especially as chat bots and performance support tools grow to help transition learning into doing.

Artificial Intelligence, Augmented Intelligence and Intelligent Assistants rise

Of all the promises behind the next wave of technology, those promised by AI continue to be the most transformational. As well as AI and machine learning for personalisation and analytics, the opportunities for intelligent assistants are significant, especially for corporate process and systems support. Corporate adoption is still not mainstream, but this is rapidly changing. AI-curated channels might be the only way L&D can ensure their content stays up to date. Learning chatbots are certainly going to be a hyped feature for 2020, and worth experimenting with given the broader importance they will have in your IT strategy.

Personalised learning is becoming a key differentiator, but is still not the norm

'One size fits all' learning is the bane of most learners, whose experience of the corporate sheep-dip approach is a waste of time. As a result, there is increasing attention on personalised learning to increase relevance and filter based on learner needs. L&D should continue to adopt more consumer psychology and techniques to facilitate engagement, underpinned by better use of data to profile and support learners.

Next gen searchable content is a core part of effective learning in the flow of work

The ability of users to quickly find the right content at the right time continues to be a barrier to workplace learning. Better tagging and deeper search is essential. And if learning is to be commonplace through workplace tools like Slack, then AI needs to be able to surface what is relevant, at the point of need. The importance of approaches that make content searchable outside learning platforms cannot be overstated.

Video is mainstream and growing and as bandwidth issues subside

Video has rapidly become the media of choice in digital learning, with predicted increases in its use for the third year running[2], whether it's for performance support, learning nuggets, or user-generated content. Potentially low cost and quick to develop, its only weakness is the ability for learners to search at a frame level, but this is already being addressed by some solutions. As we look at the growth of 5G, learners will expect video to be ubiquitous. Which also raises the importance of automated transcripts as well as search.

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[2] Digital Learning Realities Research

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Mobile content is not a requirement for buyers it's a necessity!

Whilst smart phones are still not the primary destination for content delivery for the majority of learners, buyers want to know that learning content will work on all screen formats without republishing or additional costs. Mobile compatibility is *not* optional, and content must work on all devices. Providers that have geared up to produce multi-format content have an advantage, as re-programming for different devices is not sustainable for the developer or the buyer.

Microlearning builds more momentum in 2020

Whilst the adoption of bite-sized learning has been a trend for over 15 years, its latest incarnation under the label 'microlearning' will inevitably feature more in 2020. Whilst this has many positives, buyers need to look at how they build real proficiency and capability in the workforce. That means building learning experiences which include purposeful practice and learning cycles in the workplace. Beware the trap of relying on another e-learning content type. Learning is a process and a journey; content alone, is only one part of the answer. Ignore those who talk about nano-learning as the next big thing. It's just marketing hype.

Augmented Reality and Virtual Reality are still niche, but making inroads

AR and VR are starting to deliver compelling niche learning solutions. Some use-cases for practical and situational skills training, especially in high risk environments, are impressive, but they are yet to find the rationale for broader adoption and barriers to entry are not insignificant. The emergence of VR glove-based controllers may add the next level of fidelity to the learner experience, but both still remain 'ones to watch'.

Impact is really the most important measure of success for corporate learning

Today, business impact is the most important measure of success for digital learning. Many still talk about adoption and engagement, but savvy buyers will look at business value and contribution. This means more effective measurement and better integration of learning data with real business data (sales, customer satisfaction, growth etc). Data driven approaches are on the rise, but sadly, still far from mainstream.

Provenance matters: what's your source?

As bespoke learning content continues to be the bedrock of most digital learning, the off the shelf side of the market continues to flex and grow. Whilst generic content can be a blunt tool, one of the ways providers are addressing this is to increase their focus on the provenance of their content. For some this has

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always been the case – they have partners with Business Schools and Technology Institutions. But we expect those who have traditionally provided their own branded content to increasingly partner with world leading academic or professional organisations. To both grow their content quality and solution credibility.

9-Grid™ Vendor Rating

Solution	9-Grid™ Rating
Access Group	Core Leader
Acteon Consultancy	Strong Performer
Agylia Group	Potential Challenger
Brightwave Group	Strategic Challenger
Cornerstone OnDemand	Core Challenger
CrossKnowledge	Strategic Challenger
Emerald Works	Solid Performer
IMC	Core Challenger
Infopro Learning	Strategic Leader
Intuition Publishing	Strategic Leader
Jam Pan	Potential Leader
Kallidus	Strong Performer
Kineo	Strategic Leader
Learning Age Solutions (LAS)	Strong Performer
Learning Technologies Group (LTG)	Strategic Leader
Logicearth	Potential Challenger

Learning Pool	**Core Leader**
Ludic Group	**Core Leader**
Media Zoo	**Strong Performer**
Mintra Group	**Strong Performer**
Netex	**Core Challenger**
NIIT	**Potential Leader**
OpenSesame	**Potential Performer**
Saba Learning	**Strategic Challenger**
Saffron Interactive	**Core Challenger**
SAP Litmos	**Potential Challenger**
Skilla	**Solid Performer**
Skillcast	**Solid Performer**
Skillsoft	**Core Leader**
Sponge	**Core Challenger**
Talentsoft	**Strategic Challenger**
Valamis	**Core Challenger**

Inclusions and Exclusions

Entries into the Fosway 9-Grid™ for Digital Learning are made on the basis of the appearance of those solutions within Fosway's Corporate Research network, which focuses on European enterprise-scale (large and mid) corporates. As a result, there are a number of US-based solutions that are omitted because they do not currently have an adequate international presence for us to provide a relevant commentary. Conversely, there may be providers with little recognition outside EMEA that are included because they have built a sufficient presence with European companies to warrant inclusion.

2020 Additions and Removals

This year has seen the addition of the following new names to the 2020 Fosway 9-Grid™ for Digital Learning:

- Learning Age Solutions (LAS) – Award-winning digital learning organisation with a strong client list

- Media Zoo – Creative agency with specialist expertise in digital learning, its partnering practices with clients is disrupting traditional boundaries between inhouse and external digital learning teams

- Cornerstone OnDemand – Building on its position in learning systems, Cornerstone is extending into the digital learning and microlearning space with its Content Anytime solution

- Skilla – Leading Italian digital learning agency, Skilla has been expanding its international footprint and enterprise client base for bespoke and off-the-shelf e-learning.

- OpenSesame – Well known US e-learning catalogue provider, with a growing focus on EMEA.

In further changes to the Digital Learning 9-Grid™:

- GoodPractice has been renamed Emerald Works as part of an organisational restructure.

- Unicorn has been acquired by Access Group as well as Safety Media, Reliance and Socrates

Both GoodPractice and Unicorn's names on the 9-Grid™ have been updated to reflect these changes.

This year also saw the removal of Digits, Filtered, QA, TATA and The Working Manager (TWM) as they no longer met our inclusion criteria. Filtered are included on the Fosway 9-Grid™ for Learning Systems – a reflection of their increased focus on their learning system over digital learning content.

Accuracy of Information and Warranties

The analysis and recommendations made in Fosway 9-Grid™ are based on the information currently available to Fosway Group from sources believed to be reliable. Fosway Group disclaims all warranties as to the accuracy, completeness or adequacy of such information. Fosway Group will have no liability for errors, omissions or inadequacies in the information contained herein, or for interpretations hereof. Opinions expressed herein, are subject to change without notice. All content is copyright Fosway Group Limited, unless otherwise identified.

Understanding the Fosway 9-Grid™

What is the Fosway 9-Grid™

The Fosway 9-Grid™ is a five-dimensional model that can be used to understand the relative position of different solutions and providers in a selected market segment. It allows organisations to compare different solutions based on their Performance, Potential, Market Presence, Total Cost of Ownership and Future Trajectories across the market.

9-Grid™ is unique, because the model contains value in *all* of its zones – not just the top right. 9-Grid™ not only provides an understanding of the market, but also identifies the high-level actions that can help corporate organisations get the best from vendors. 9-Grid™ is based on Fosway Group's independent research in the HR, talent and learning market over the past 20 years, and draws upon the insights and experience of our Corporate Research Network. The Corporate Research Network is a group of HR and learning professionals, who between them represent over 150 of Europe's leading companies. These companies are typically enterprise-scale organisations with their Head Offices in Europe (or the EMEA HQ of global companies).

Essentially the 9-Grid™ Model brings together our independent view of solution providers, including their:

- **Performance** - comprising of two elements: Market Performance and Customer Performance.

- **Potential** - Scope, capability and sophistication.

- **Presence** - Historic and current presence in the market. This includes the size of the customer base, the number of enterprise customers and the overall size of the business, within the scope of the market segment we are examining.

- **Total Cost of Ownership** means the FULL cost of acquiring, implementing and operating the solution (typically over a 3-year period). Importantly, this includes both internal and external costs.

- **Future Trajectory** – our view of their direction of **travel** in terms of Performance and Potential, relative to their current position and the market as a whole.

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Interpreting the exact position of the vendor in a 9-Grid™ zone is explained in more fully in our **Introduction to the 9-Grid™** document available from our website www.fosway.com. We strongly recommend reading the full document to understand the model in detail.

The Critical Difference Between the 9-Grid™ and Other Analyst Models

There is a very important difference between 9-Grid™ and other Analyst models. In the 9-Grid™ all of the nine zones have value, and more interestingly, have an associated set of actions that can help you to maximise the value of the relationship with different vendors. This means that being in the top right is <u>not</u> the only valid selection point. For some organisations top right may not even be desirable. There are many other zones that offer success, especially when balanced against Total Cost of Ownership.

The 9-Grid™ Variables for Digital Learning

2020 highlights the continued evolution in digital learning away from pure-play e-learning. Digital learning includes the full range of solutions available (content, platforms and services), the range of learning experiences and formats offered across the learning cycle.

Performance

As usual this still covers the questions of when people make a choice about solutions: do they get short listed by customers, do they win, do they deliver and are customers happy? This is viewed through the lens of large international corporates and the experiences of our Corporate Research Network and general market briefing. This may not necessarily reflect the experiences of smaller and mid-sized organisations.

Potential

Two key aspects: scope and sophistication. The definition of **Scope** includes:

- the range of digital learning, content, consulting, support services and platform offerings a provider can use in order to drive a digital learning strategy for its customers.

- the range of learning content and different learning experiences a vendor can offer.

- the experience of delivering solutions for different learning contexts, which might include induction, product launches, systems training, leadership and management, sales and technical expertise.

- the breadth of sector focus such as Finance, Retail, Telecoms etc.

Sophistication defines a vendor's potential to act as a strategic digital learning partner. It considers:

- the ability to provide strategic digital consultancy to guide effective outcomes

- the ability to deliver, manage and scale complex digital learning projects

- the ability to support digital learning software and solutions through implementation and delivery – including offering administration support

- the capability of their digital learning platforms to power a wide range of learning strategies.

So, whilst the depth of e-learning design, and ability to blend are important, it's the ability of vendors to bring digital learning to life for an organisation – in its entirety – that is critical to our assessment.

Presence

This is very much about the size of the customer base as well as presence in the enterprise market. Again, this is not a linear scale, but represents three bandings that group levels of maturity/distinct groupings we see in the market. Higher Presence solutions will be being used in large numbers of corporate enterprise scale customers and have high numbers of overall end-learners using their digital learning solutions.

Total Cost of Ownership

TCO is about the overall cost of buying and maintaining the content. This is a combination not only of initial cost of project management, design and development, but also the cost of delivery, ongoing innovation, localisation, deployment and ongoing updates and maintenance.

Trajectory

For Digital Learning, Trajectory is our sense of potential direction of travel in terms of both Performance and Potential. Trajectory is measured relative to the current Performance and Potential of that solution and the market as a whole. **It is not a relative positioning compared to other solutions in the same zone.**

Next Steps

Make better HR buying decisions faster

A key difference of the 9-Grid™ to other analyst models, is that all the nine zones have value. Top right is not always best! The key question you should be asking is 'what is best for you?' i.e. your specific organisation, your likely investment/resources and your real needs and requirements.

Referencing the 9-Grids™ is a great place to start when evaluating current suppliers, planning your future or looking for new tools and technology. But what you see here is just the tip of the iceberg. As well as access to the data behind the 9-Grid™, Fosway also has developed tools and a methodology that help companies make better HR buying decisions faster. From aligning your stakeholders and validating your buying options through to accelerating your RFP and procurement, Fosway has all the resources you need. *Why start your procurement process from scratch when we already have the research and insight to help you make better supplier decisions much faster?*

For companies seeking greater detail of the data behind the Fosway 9-Grids™ or looking for a 'critical friend' to provide independent feedback and advice, please contact us at info@fosway.com or by phone on **+44 (0)20 7917 1870**. As well as accessing the best existing research and market insight, you also have the security of knowing that we are completely independent and don't have a vested interest in the outcome of your decisions, other than ensuring it's right for your organisation and your people.

If You Are a Vendor

Fosway Group is constantly researching the market via our direct research projects, through conversations with our Corporate Research Network, and via direct vendor tracking and briefing. Vendors interested in engaging with Fosway Group more deeply are encouraged to consider joining our **Fosway Vendor Programme (FVP)**. Please contact Philippa Bean on **+44 (0)20 7917 1870** to discuss further.

About Fosway Group

Fosway Group is Europe's #1 HR Industry Analyst focused on Next Gen HR, Talent and Learning. Founded in 1996, we are known for our unique European research, our independence and our integrity.

For over 20 years, we have been analysing the realities of the market, and providing insights on the future of HR, Talent and Learning. Fosway analysts work extensively with our corporate clients to understand the inside story of the challenges they are facing, and their real experiences with next gen strategies, systems and suppliers. Our independent vendor analysis also provides a vital resource when making decisions on innovation and technology.

And just like the Roman road we draw our name from, you'll find that we're unusually direct. We don't have a vested interest in your supplier or consulting choices. So, whether you're looking for independent research, specific advice or a critical friend to cut through the market hype, we can tell you what you need to know to succeed.

Example clients include: Alstom, Aviva, Boots UK, BP, BT, Centrica, Deutsche Bank, Faurecia, HSBC, International SOS, Lloyds Banking Group, Novartis, PwC, Rolls-Royce, Royal Bank of Scotland, Sanofi, Shell, Swiss Re, Telefonica, Thomson Reuters, Toyota Europe, and Vodafone.

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