The LMS Market:
Is it Alive or Dead?

Josh Bersin
Principal, Founder, Bersin™ Deloitte Consulting LLP
Agenda

- **The Corporate Learning Market**
  - The enormous and growing importance of corporate training
  - How skills and careers have changed
  - A new paradigm: Learning in the Flow of Work
  - Market size and growth

- **The Corporate Learning Platform Market**
  - Shift in platforms
  - New categories
  - The new role of the “LMS”
The exponential importance of learning

A business, economic, and social imperative

“The learning curve is the earning curve.”
Robotics and AI

77% of CEOs expect the role of AI, Robotics, and Automation to “increase significantly” over the next 2 years.

Our Economy Is Shifting to Services

Shift to a service and IP-based economy

US BLS estimates that 65% of children entering primary school today will hold jobs that do not yet exist.

Productivity is suffering – is technology helping?

US productivity last ten years

Since 2011 productivity gains have slowed to crawl


iPhone® launched

100 million Twitter users

1 billion smartphones
Employees are overwhelmed

The “average” US worker now spends 25% of their day reading or answering emails.

More than 80% of all companies rate their business “highly complex” or “complex” for employees.

Fewer than 16% of companies have a program to “simplify work” or help employees deal with stress.

The average mobile phone user checks their device 150 times a day.

40% of the US population believes it is impossible to succeed at work and have a balanced family life.

The “average” US worker works 47 hours and 49% work 50 hours or more per week, with 20% at 60+ hours per week.

Sources: Deloitte Human Capital Trends 2014 and 2015
Reality of learning today: 24 minutes a week

OVERWHELMED...

- 5 minutes today
- 27 minutes of the internet
- 41% of time workers spend on things that offer little personal satisfaction and do not help them get work done.

DISTRACTED...

- 4 minutes people unlock their smartphone up to
- 9 times every hour
- Knowledge workers are constantly distracted with millions of websites, apps, and videos days.

IMPATIENT...

- 5 seconds online every day
- 10 seconds to grab someone’s attention before they click away
- 2/3 of knowledge workers actually complete that they don’t have time to do their jobs

1% of a typical workweek is all that employees have to focus on training and development

24 minutes a week

Source: Meet the Modern Learner: Engaging the Overwhelmed, Distracted, and Impatient Employee, Bersin by Deloitte, Deloitte Consulting LLP
A bold new war for skills

*It’s different this time.*

New skills, new roles, the concept of a “job” is changing.
Unemployment rate nearing record lows

Hiring is as hard as it has been since 2001 and “time to hire” is even greater

Mean “time to hire” for new hires is 31 days, higher than it was in 2001.

1970 - 1976
6.2% jumping to 12.3% Inflation

2007
4.1% Inflation

Expected to drop to 3.9%

https://www.thebalance.com/unemployment-rate-by-year-3305506
New skills…and jobs that are more “Hybrid” than ever

Most In-Demand Jobs 2018

1. Machine Learning Engineer
2. Data Scientist
3. Sales Representative
4. Customer Success Manager
5. Full Stack Engineer
6. Big Data Developer
7. Brand Partner
8. Personal Loan Consultant
9. Head of Partnerships
10. Licensed Realtor
11. Guest Experience Manager
12. Marketing Content Manager
13. Reliability Engineer
14. Head of Customer Experience

Most In-Demand Skills
1. Management
2. Sales
3. Communication
4. Marketing
5. Start-ups
6. Python
7. Software development
8. Analytics
9. Cloud computing
10. Retail

Most In-Demand Capabilities
1. Adaptability
2. Culture fit
3. Collaboration
4. Leadership
5. Growth potential
6. Prioritization

And we are living longer, stretching the talent cycle

“Since 1840 there has been an increase in life expectancy of three months for every year.”

Source: Gratton, Lynda; Scott, Andrew. The 100-Year Life

Source: http://www.mortality.org/

Today’s Millennials have a 50% chance of living to 100+

Will generational bias be the hot button of 2018?
Demanding a completely new career model

58% of companies are redesigning or planning to redesign their career model
- Deloitte HC Trends 2017

83% of companies expect to have an “open” or “highly flexible” career model within the next 3-5 years
- Deloitte HC Trends 2017

While 33% of companies promote vertical career moves, 67% now promote horizontal or project based career progression
- Deloitte HC Trends 2017

31% of companies expect careers to be 3-5 years long; 60% expect them to be 10 years or less
- Deloitte HC Trends 2017

Learning and career management software is the #1 fastest growing segment in HR technology
- (Sierra-Cedar 2016–2017 Survey HR White Paper)
Our challenge in 2018

How do we re-architect corporate learning to deal with this new world of work?

In a world were people have less time, yet there is more than ever to learn?
And note that until now, we have not been keeping up

- 75% of the workforce will be made up of Millennials by 2025, yet 45% tell us they get no leadership development at all.

- 45% of North American survey respondents think their current skills will be inadequate in three years

- 59% of global survey respondents think their companies are not giving them opportunities to develop

The Net-Promoter Score of L&D rated by non HR professionals is -8!

- Bersin HILO 2017


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And also our L&D team and budgets are growing

Learning & Development is the fastest growing headcount growth in HR function

The L&D Market is over $180 billion Worldwide (Bersin research) and is #1 growth area in HR Tech (Sierra-Cedar)

Source: Sierra-Cedar HR Systems Study November 2017
A New Paradigm Has Arrived:

Learning in the Flow of Work
First let us respect where we have come from...

<table>
<thead>
<tr>
<th>Year</th>
<th>E-Learning &amp; Blended</th>
<th>Talent Management</th>
<th>Continuous Learning</th>
<th>Digital Learning</th>
<th>Learning In Flow of Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-2002</td>
<td>Course Catalog Online University</td>
<td>Learning Path Career Track</td>
<td>Video, Self-Authored Mobile, YouTube</td>
<td>Micro-Learning Real-time Video Courses Everywhere</td>
<td>Learning In Flow of Work</td>
</tr>
<tr>
<td>2005</td>
<td>Instructional Design Kirkpatrick</td>
<td>Blended Learning Social Learning</td>
<td>70-20-10 Taxonomies</td>
<td>Design Thinking Learning Experience</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>Self-Study Online Learning</td>
<td>Career Focused Lots of Topics</td>
<td>Learning On Demand Embedded Learning</td>
<td>Everyone, All the Time, Everywhere</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>LMS as E-Learning Platform</td>
<td>LMS as Talent Platform</td>
<td>LMS as Experience Platform</td>
<td>LMS invisible Data Driven, Mobile</td>
<td></td>
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<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: Bersin by Deloitte, Deloitte Consulting LLP
## A simple model to consider

### Micro-Learning

<table>
<thead>
<tr>
<th>I need help now.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 2 minutes or less</td>
</tr>
<tr>
<td>• Topic or problem based</td>
</tr>
<tr>
<td>• Search by asking a question</td>
</tr>
<tr>
<td>• Video or text</td>
</tr>
<tr>
<td>• Indexed and searchable</td>
</tr>
<tr>
<td>• Content rated for quality and utility</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Is the content useful and accurate?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Videos, articles, code samples, tools</td>
</tr>
</tbody>
</table>

### Macro-Learning

<table>
<thead>
<tr>
<th>I want to learn something new.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Several hours or days</td>
</tr>
<tr>
<td>• Definitions, concepts, principles, and practice</td>
</tr>
<tr>
<td>• Exercises graded by others</td>
</tr>
<tr>
<td>• People to talk with, learn from</td>
</tr>
<tr>
<td>• Coaching and support needed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Is the author authoritative and educational?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courses, classes, MOOCs, programs</td>
</tr>
</tbody>
</table>

Is the content useful and accurate?

Is the author authoritative and educational?
Where does macro and micro learning apply?

- **New on the Job**
  -商务部
  -Micro
  -Micro
  -Micro
  -Macro

- **Seasoned**
  -Macro
  -Credential
  -Micro
  -Micro

- **Expert**
  -Great
  -Teach
  -Bad
At the employee level – an opportunity to create “flow”

If we do this, learning in the flow of work drives productivity, energy, engagement, and retention.
New research demonstrates this cycle

Evaluation of more than 200,000 learning activities in the O'Reilly books and media network

Structured Content (Macro Learning) (58%)

Un-Structured Content (Micro Learning) (42%)

O'Reilly study of over 200,000 learning interactions for engineering and software skills found that 58% are "structured" or linear, and 42% are "ad-hoc" or content focused.
Who are these learners?

Seasoned, High Performers

Use self-directed discovery for problem-solving, and nonlinear instruction to acquire new skills.

Require high-quality, relevant content with depth and breadth.

New to Topic, Role, Skill

Learn basics through comprehensive, sequential (linear) instruction.

Require structured, highly curated content

O'Reilly study of over 200,000 learning interactions for engineering and software skills found that 58% are “structured” or linear, and 42% are “ad-hoc” or content focused.
Does Micro-Learning work? Absolutely!

Yes.... the Ebbinghaus forgetting curve

Add “Practice” or “Retrieval” …learning goes up even more!

• “Not only does retrieval produce learning, a retrieval event may actually represent a more powerful learning activity than an encoding event.”

• “Retrieval practice produces more learning than elaborative study, implying that the act of reconstructing knowledge itself is one of the most powerful learning activities we can produce.”

Source: "Retrieval Practice Produces More Learning than Elaborative Studying with Concept Mapping," Karpicke and Blunt, Purdue, 1/21/2011
But it’s not quite enough: Four modalities of learning are still needed

**Micro Learning**
Videos, blogs, articles, micro-learning programs, curated feeds, on-demand, in the flow of work

**Macro Learning**
MOOCs, courseware, courses, simulations, assessments and *may include VR and AR*

**“University” Learning**
Events, innovation sessions, leadership programs

**Experiential Learning**
Coaching, developmental assignments, mentorship, exposure

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Only 31% of companies offer continuous learning opportunities, only 14% feel effective in this area, yet 79% of L&D professionals investing in this model

42% of companies believe they effectively help people perform in future role, 29% in future role, yet focus here is high and growing

83% of companies have a corporate university and 32% say its usage is *increasing*

Only 38% of companies offer development activities outside of formal training, continuous focus needed

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Source: Bersin by Deloitte High-Impact Learning Organization 2017, n=1200
ATD “Microlearning: Delivering Bite-Sized Knowledge,” n=596
The Highest-Impact companies do all these things

- External job swaps
- Apprenticeships
- Job rotations
- Job shadowing
- After-action reviews
- Mentoring
- On-the-job assignments
- Conferences
- On the Job Assessments
- Development plans

Bersin by Deloitte Maturity Level
And we are slowly getting there (Bersin Maturity Model)

Level 4
Anticipatory / Flow 6%

Level 3
Continuous / Empowering 20%

Level 2
Responsive / Contextualized 39%

Level 1
Episodic / Programmatic 35%

Source: 2017 Bersin by Deloitte High-Impact Learning Organization, n=1,200, >1,000 employees; Bersin by Deloitte, Deloitte Consulting LLP
So...

Are we really ready for this shift?

Yes we are.
Learning technology has been modernized

CBT

E-Learning

Video

Everything
The content shift has happened

- **ILT shrinking in volume, growing in importance**
- **Online and collaborative learning is finally working**
- **OTJ and apprenticeship is growing rapidly**

Today only 16% of L&D spending is allocated to instructor delivery, vs. 21% in 2011 and 33% in 2006

Source: Bersin Corporate Learning Factbook® 2015, Bersin by Deloitte, Deloitte Consulting LLP
Needed L&D technical capabilities are changing

**Traditional** Learning Organization Capabilities

- Content Development
- Learning Delivery
- Division / Country Leadership
- Instructional Design
- L&D Performance Consulting
- Learning Evaluation
- LMS Administration

**New** Learning Organization Capabilities

- Core
  - Strategic
    - Experience Leadership
  - Data Analysis
  - Content Curation
  - Experience Management/Architecture
  - Experience Design
  - Tech Tools & Leadership
  - Branding & Communication

- Enablers
  - User Experience/Interface Design
  - Multimedia Development
  - App Development

“You’re no longer managing curricula, you’re managing employee journeys”
The new learning architecture

*Is now becoming clear.*

*And the LMS is NOT DEAD. In fact it’s more important than ever.*
Many Tools Must Come Together

A proliferation of learning tools are now needed

Evidence of Change

38% of LMS users want to “improve the user experience”

28% of companies are buying a new core learning platform

14% are planning on replacing their LMS

Source: Sierra-Cedar HR Systems Study, 2017
Lots of experiments and pilots now going on

### Top Trending Technologies in 2017

- **User-generated content**: 38% (16% increase)
- **Continuous learning platforms (e.g. Degreed, Axonify, Fuse)**: 15% (0% increase)
- **Augmented reality (e.g. live situations augmented by computer generated sensory input such as sound, video)**: 14% (75% increase)
- **Virtual reality (e.g. Oculus Rift)**: 14% (0% increase)
- **Artificial intelligence tools (e.g. Intelligent tutoring systems, virtual assistants, chatbots)**: 9% (69% increase)

Toward Maturity, 2017 and Learning Technology Survey, Don Taylor, 2017

96% want to increase self-directed learning, but only 24% consider that they have been successful.
How can you get there?

Realign your strategy, process, skills, and technologies.
Many New Delivery Modes and Business Rules Have Arrived

**Business or Usage Rules**

- Self-Study or Prescribed
- Mandatory
- Social Assessment
- Certification
- Revenue Generating
- Accredited Assessed
- AI-Based Paths
- Manager Approvals
- Compliance Dashboard
- Development Plans
- Badges Certificates
- Points, Credit Cards
- X-API Tracked
- Intelligent Chat

**Timeline**

- 1980s: Instructor Led Learning
- 1990s: Blended Learning, Competency Based, Compliance Based
- 2010s: Curated Micro Learning, Spaced Learning, Adaptive Learning, Embedded in Flow
- 2020s: Virtual Reality, Augmented Reality, Always On, Intelligent Predictive

- Asynchronous
- Self-Study
- In The Flow
- Always On
Many New Delivery Modes and Business Rules Have Arrived

We Need A Platform To Manage All This

Business or Usage Rules

- Self-Study or Prescribed
- Mandatory
- Social Assessment
- Certification
- Revenue Generating
- Accredited Assessed
- Al-Based Paths

1980s 1990s 2010s 2020s

Self-Study or Prescribed
- Mandatory
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We Need A Platform To Manage All This

Asynchronous Self-Study In The Flow Always On
How Learning & HR Infrastructure Works

HR system of record

Job Descriptions
Job Architecture
Job Skills Learning

Career Paths
Career Management
Leadership Assessment & Development

Performance Management
Goal Setting
Customer Training & e-commerce

Assessment & Development
Goals
Development Plans

Leadership Development

Pulse Surveys
Sentiment Analysis

Feedback Engagement
Recognition
Learning Assessment

Wellbeing
Pay, vacation, hours

Rewards
Schedule, overtime, pay

Payroll Benefits
Comp, bonus, awards, options

Employee Self-Service
Employee Communications

Sourcing
Interviewing Recruitment

Prehire Assessment
Employment Brand

Background Checking
Onboarding

Employee Self-Service

Content Aggregation
Content Tagging

MOOCs
Adaptive Learning

External Content

Program Management
Game Mechanics

Testing
Social Assessment

Badges
Accreditation

Program Management
Video Authoring

Video Distribution

Content Authoring and Development

Content Authoring

Content Delivery

Micro Learning
How Learning & HR Infrastructure Works

**HR system of Record**

- **Job Descriptions**
- **Job Architecture**
- **Job Skills Capabilities**
- **Employee Communications**
- **Employee Assessments**
- **Recruitment Platform**
- **Interviewing Recruitment**
- **Prehire Assessment**
- **Employment Brand**
- **Background Checking**
- **Onboarding**
- **Employee Self-Service**
- **Payroll Benefits**
- **Hourly or gig work**
- **Comp, bonus, awards, options**
- **Pay, vacation, hours**
- **Schedule, overtime, pay**
- **Case Management**
- **Sourcing**

**Learning Management System**

- **Customer Training & e-commerce**
- **Learning Assessment**
- **Classroom Scheduling & Administration**
- **Testing**
- **Badges**
- **Accreditation**
- **Social Assessment**
- **Group Practice**
- **Program Management**
- **Game Mechanics**
- **VR & AR**
- **Simulations**
- **Video Authoring**
- **Video Distribution**
- **Content Authoring**
- **MOOCs**

**Micro-Learning**

- **Learning Paths Curricula**
- **Learning Management**
- **Content Delivery**
- **Personalization**
- **External Content**
- **Content Authoring and Development**

**Rewards**

- **Recognition**
- **Wellbeing**
- **Goals**
- **Ratings**
- **Development Plans**
- **9 box grids**
- **Leadership Assessment & Development**
- **Career Management**
- **Coaching**
- **Accreditation**
- **Certification**
- **Badges**

**Engagement & Feedback**

- **Feedback Engagement**
- **Goal Setting**
- **Performance Management**
- **Performance Management System**
- **Performance Management of record**
- **Content Tagging**
- **Content Aggregation**
- **MOOCs**
- **External Content**

**Employee Experience**

- **Pay, vacation, hours**
- **Comp, bonus, awards, options**
- **Schedule, overtime, pay**
- **Case Management**
- **Sourcing**
- **Interviewing Recruitment**
- **Prehire Assessment**
- **Employment Brand**
- **Background Checking**
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**Content**

- **MOOCs**
- **External Content**
- **Content Authoring and Development**
- **Learning Experience**
- **Career Aggregation**
- **Content Tagging**
- **Video Authoring**
- **Video Distribution**
- **Content Authoring**
- **Micro-Learning**

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Extending The LMS Paradigm: A Corporate Learning Platform

From Content-Centric to Continuous to Intelligent

The Learning Platform Of The Future

E-Learning & Blended
- Rich Catalog
  - Online University
- Instructional Design
  - Kirkpatrick
- E-Learning Simulations, Virtual Classroom
- LMS as E-Learning Platform

Talent Management
- Learning Paths
  - Role-Based
- Career Curricula
  - Social Learning
- Blended Learning
- LMS as Talent Platform

Continuous Learning
- Video Takes Off
  - Self Authored Content
- 70-20-10
  - Content Experience
- Content Management
  - Taxonomy
- LMS as Experience Platform

Micro Learning
- Micro-Learning
  - Video, Embedded
- Job, Career Relevant
  - Accredited, Tested
- Curation, Social, Analytics Driven
- LMS is Invisible
  - (Where is the LMS?)

Intelligent in Flow of Work
- Integrated into work, Task, activities
- Integrated into Job, Career, Self-Assessed
- Micro, Adaptive, Experiential, Embedded
- LMS Comes Back
  - As Learning Platform

The HR Technology Architecture Of The Future

Teams@Work
(productivity, services, team management, wellness, feedback, recognition, learning)

Leaders@Work

Candidates@Life
Candidates (products, jobs, projects, opportunities)

People@Work
(productivity, services, team management, wellness, feedback, recognition, learning)

Alumni@Life

Self Service

Case Mgt.

AI, Chat, Language

App Interfaces

Intelligent Services

Sourcing
Recruitment
Assessment
Learning
Career
Coaching
Performance
Goals
Succession
Engagement
Feedback
Recognition
Wellbeing
Rewards
Benefits
HRMS
Payroll/Time
Communications
ONA
Analytics/AI
Workforce Mgt

Teams@Work

Leaders@Work

Candidates@Life

People@Work

Alumni@Life

Teams@Work

Leaders@Work

Candidates@Life

People@Work

Alumni@Life

Senior Geographic Business Partners

Junior Geo Bus Partners

Talent Specialists (OD, sourcing, recruiting, learning, organized in networks of excellence)

Wellbeing, safety, culture, engagement, recognition

Analytics, Monitoring, Predictive, WF Planning

HR Ops, AI and Bots, Intelligence

Comp, Ben, Rewards

HR Tech, App development

Research, Market Best Practices,
Learning Platforms: Reinvention Is Now
Thank you.