Report Excerpt

Learning Experience Platforms:
Market Overview 2019

Enterprise Platforms Designed for Creating and Managing Learning Experiences that include Microlearning, Content Curation and Personalized Learning Paths

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Executive Summary

This report highlights key trends impacting the evolution of Learning Experience Platforms (LXP) and the community of vendors providing these solutions. These platforms, which are generally cloud-based offerings, focus on delivering a personalized learner experience – one that goes beyond the traditional Learning Management System (LMS) – for enterprise Learning & Development (L&D). Major influences shaping the development of this relatively nascent market include the following:

- Vendors following different paths to success. Market leaders Degreed, Fuse and Skillsoft illustrate the varied go-to-market approaches taken to produce solutions that provide a compelling learning experience. WR believes that this diverse set of vendor strategies is fostering the vitality of the Learning Experience Platform (LXP) market. Focused on experiences around aggregation of content (Degreed, Skillsoft) or customized experiences (Fuse), these vendors have added millions of learners under license and doubled their annual revenues since the publication of our previous market overview.

- Competition is not far behind. LMS leader Cornerstone is all-in on learning content, with its LXP as a top priority. Workday Learning is growing rapidly but is playing catch-up in terms of content. And the somewhat enigmatic LinkedIn Learning, a leading learning content platform that already partners with most LXPs, is the industry wild card with its 600-million member social network to leverage. Recent entrants, Learning Pool and Learning Technologies Group, bring novel approaches, with the former offering a greenfield approach to analytics and the latter making user-generated video core to its platform.

- Growth will continue. While most of the LXP business has been in North America, vendors are looking to Europe and APAC to sustain growth. Vendors also are upping their game and moving beyond the development of aggregation solutions and custom experiences and expanding efforts on solutions that enhance skills management, analytics and learning in the flow of work.

In short, the LXP market is vibrant and vendors are providing solutions likely to be very persuasive to learning professionals. The last two years have been very exciting, and WR sees no significant roadblocks to sustained growth for the foreseeable future. Readers of this excerpt are invited to contact the author to discuss the findings of this report in the context of their business needs.

Overview

In this report excerpt, we explore market dynamics and trends among the suppliers that are advancing the adoption of the Learning Experience Platform in the enterprise. This market encompasses the offerings that make it possible for enterprises to deliver a personalized learner experience – one that goes beyond the traditional LMS. Included in this report are the following:

- Discussion of the 2020 enterprise learning ecosystem and how the LXP fits in.
- Description of LXP key capabilities.
- Profile of Skillsoft Percipio, sponsor of this report excerpt.
- WR predictions for technology and market trends that will help shape the industry going forward.

LXPs fill an easily-identifiable market need: Organizations increasingly need software solutions to support learning initiatives that keep workers engaged and enable them to quickly learn new skills and processes. In addition to being able to better respond to opportunities and threats, enterprises using LXP solutions may also see improvements to their recruiting and employee retention initiatives. Employees of all ages, but especially those early in their careers, want their employers to invest in them. A past WR survey of more than 2,000 learners showed that about nine of ten respondents look favorably on organizations that provide accessible learning tools to help with career development.

Figure 1: Interest in Career Development and Its Impact on Recruiting and Retention

Agreement with the following statements regarding career development tools	Overall	32 or younger	33 to 49	50 or older
Recruiting: Impressed by employers that offer training that helps one prepare for different career paths	92%	96%	95%	86%
Retention: More likely to stay with an employer that provides accessible learning tools for career advancement	88%	89%	91%	84%
Career advancement: Useful to receive links to videos related to my job and career interests	86%	92%	88%	78%
Source: Wainhouse Research Learner Survey, Fall 2017. n = 2,004.				

With a strong global economy and unemployment rates in North America at 50-year lows as of mid-2019, companies are recognizing it is a better investment to develop their talent than recruit for key skills. The LXP vendors are benefiting, made obvious by the fact that LXP market revenues grew more than 80% in 2018 from the prior year. Strong growth continued into 2019, and WR anticipates that this will continue for the next few years due to these talent shortages and the continued need for organizations to engage with employees. Like other enterprise systems, an LXP deployment is an investment. And like any enterprise system, the ROI calculation is either too complex or overly simple. But it's worthwhile to state the simple version we have heard: "Improving learning pays dividends – so choose your area of focus: compliance, job performance, internal promotions, employee retention or recruiting efficiency. If you move the needle even a modest amount that area, that's easily 2x the cost of the LXP." LXPs make learning programs more flexible, engaging and personalized, and it appears fairly easy to justify the $10 to $30 per-learner, per-year cost.

Methodology

This report is based on primary research conducted by Wainhouse Research analysts and researchers. For this report, our senior analysts held multiple briefings and demonstration sessions between March and June 2019 with several dozen vendors that provide solutions that address corporate learning. WR's team also gathered data from integrators that focus on L&D solutions and L&D professionals related to LXP product functionality, pricing, and positioning. The report also draws on data collected in WR's annual learner survey from 2017 and 2018. In addition to informing the analysis within this report, the research activities have resulted in a companion report, the 2019 Learning Experience Platform Worldwide Market Sizing & 5-Year Forecast.

Evolving Technologies in the Context of Corporate Learning

LXPs address a problem that has festered for decades but has become more visible with the advent of eLearning: how to make enterprise learning more relevant and accessible. For much of this past decade, the central locus of Enterprise L&D (Figure 2) was the Learning Management System (LMS). And the notion that they should be enabling better learning experiences was not lost on the LMS vendors. Throughout this decade, they have made numerous improvements to their learner portals and mobile clients, and they have expanded the universe of content available through their systems.

Figure 2: Enterprise Learning Infrastructure 2010-2020
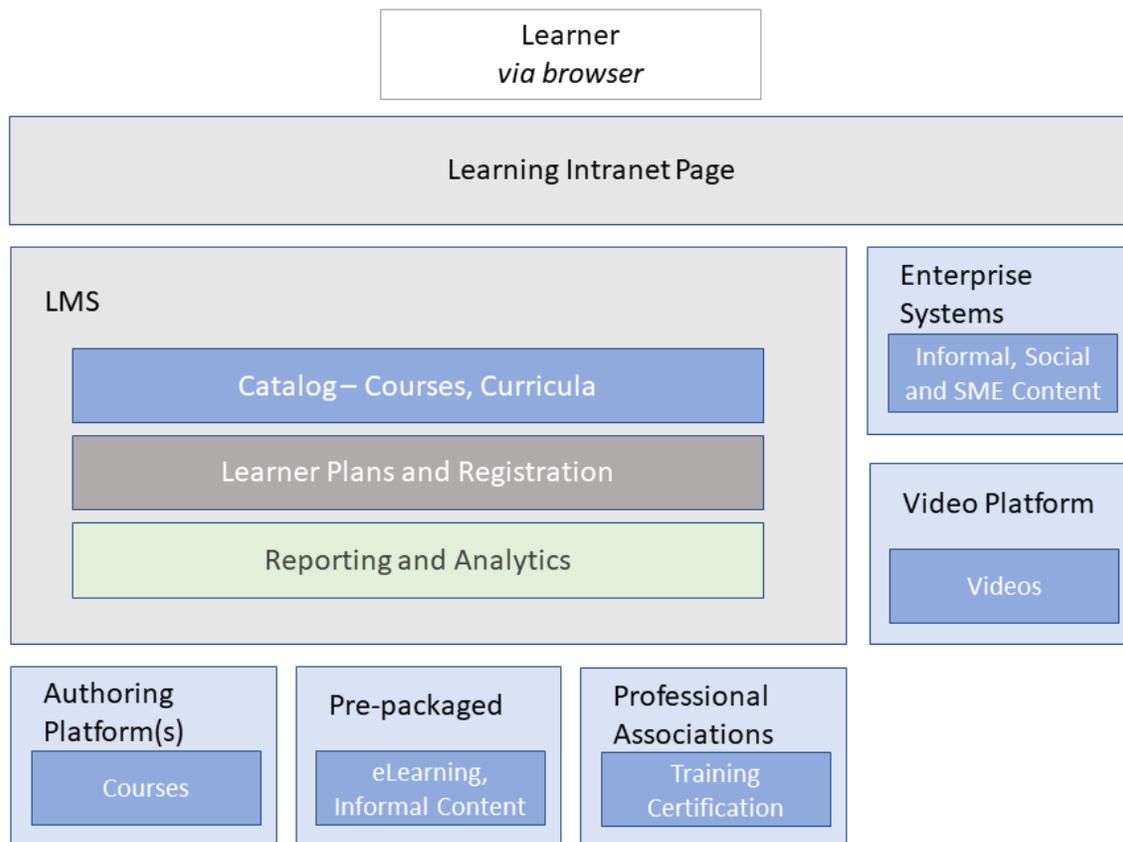
Source: Wainhouse Research, July 2019.

But it has not been enough. As is often true in technology disruption, the Learning Experience Platform providers, starting with a clean slate, were free to think outside the box (or more accurately, outside the course). The course, which is the atomic building block core to the LMS, has constrained many of the aging platforms from efficiently creating engaging, relevant experiences at scale. At the root of this is that LXPs handle microlearning content much better than do LMSs. Microlearning content includes the innumerable online articles, videos, blogs, wikis, podcasts and other bite-sized content that provide

educational value. This content can be on the internet, behind a paywall, or on a company's intranet. LMSs, originally designed around the course metaphor, have added the ability to include microlearning content, but often with much or all the overhead required by a full course.

The LXP is designed for the new world of content, so it connects to many sources:

- Free or purchased content from Internet sources such as YouTube, Wikipedia, Quora and many others.
- Team messaging and social enterprise sites such as Microsoft Teams, Slack and Yammer.
- Enterprise file sharing systems, such as SharePoint, Box and Dropbox.
- Enterprise video management solutions such as Kaltura, Mediasite, Panopto, and others.
- MOOCs such as Coursera, edX, Udacity and Udemy.
- Pre-packaged eLearning and informal content such as GetAbstract, LinkedIn Learning, Skillsoft and many others

Most importantly, the LXP fronts the LMS, which is home to Instructor-Led Training (ILT) courses and may store eLearning courses as well. Not every LXP connects to every solution, in every box, in the future-looking Enterprise Learning Infrastructure 2020 chart below. It's an important consideration for buyers to know their content requirements for their strategic programs when evaluating LXPs.

In terms of analytics, LXPs track usage and sentiment around content items and pathways, but variance in approach is greater than in content. As a result, buyers should make sure any proposed solution is well defined and will meet their needs. The more robust LXP deployments generally include a Learning Record Store (LRS), which stores the data, in theory, from all learning experiences, so it is key piece of the 2020 learning ecosystem.

Figure 3: Enterprise Learning Infrastructure 2020 and Beyond
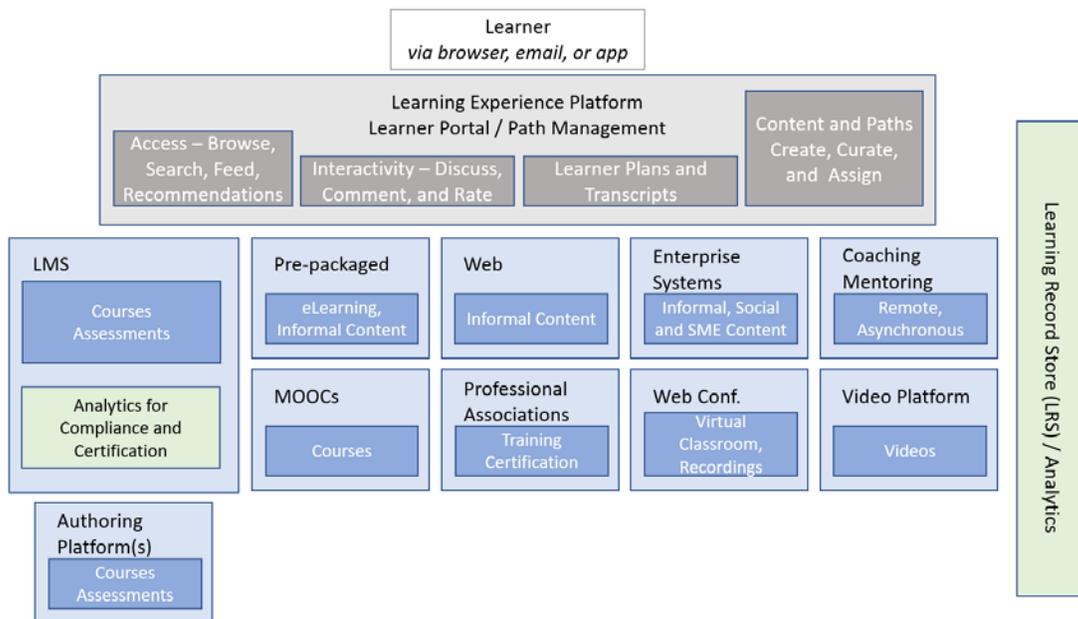
Source: Wainhouse Research, July 2019.

In 2017, we first posited that most L&D teams by 2020 will have recognized that learning has shifted from being solely course-centric to having a much larger mix of microlearning-based pathways. Our interviews for this report confirm that the learning experience is now front-of-mind for most L&D leaders, who view the course as an option, albeit an important one, in the enterprise L&D toolbox. And while the LXP vendors have yet to fully monetize this interest, WR forecasts their number of licensed learners will pass 20 million this year and increase to close to 100 million by 2023.

The bottom line is that the LXP does not replace the LMS, but it does displace it as the primary window into an organization's learning initiatives. The LXP is designed to manage and curate learning content from a range of sources, while the LMS still serves as the keystone for managing course-based content that represents only a fraction of an enterprise's overall learning resources. Many LXP users interviewed by WR report that they have kept their LMS(s) and those platforms continue to do what they do well, which typically includes tracking and reporting on compliance training and professional credentials; hosting and tracking in-house developed eLearning; and managing instructors, classrooms, and other resources.

Key Capabilities of the LXP

The vendors that deliver LXP solutions share certain traits, including the ability to serve up a modern learning experience that goes beyond what a course-centric LMS can deliver in volume. LMSs have been evolving for two decades, and the systems have grown to be feature-rich, especially with respect to management of ILT and eLearning courses. But in the past four years, microlearning has proven to be extremely valuable in nearly every enterprise learning context. Since most LMSs cannot handle microlearning's volume of content or deliver it seamlessly to learners, LXPs, designed to create and manage microlearning-infused experiences at scale, have been deployed by many organizations.

LXP Features

Some products appeared with LXP capabilities as early as 2010 and these initial concepts varied quite a bit. Some were mainly social learning systems, some were reinforcement systems, and some were more about aggregating and delivering relevant Internet-based content. Regardless of the starting point, all have coalesced around the idea of providing a feature set that contains all or most of the following items:

Support for informal and formal learning content – As noted above, learning items are typically informal and relatively quick to consume – microlearning in nature – but also can include three categories of formal courses: those that are internally developed and delivered, MOOCs, or off-the-shelf courseware. Some LXP vendors produce their own content (Axonify, Cornerstone, Skillsoft), while others focus more on curated sources (Degreed, EdCast, H2T Labs, Learn Amp). Most vendors provide learner-generated content capabilities, with some vendors (EdCast, Fuse, LTG) showing greater focus on this area. The LXP vendor community recognizes that good content is necessary for effective learning programs.

Learning Portal and Paths – Portals are intended to be the first stop for the learner. Thus, home pages often include links to required formal courses that are resident on the LMS and learning resources such as communities of practices and performance support tools or systems. The portals typically have paths (aka pathways, playlists and channels) that often are displayed as horizontal bands of learning activities, much like how consumers experience on-demand TV viewing via Netflix or Amazon Prime. The bands are central to the consumer experience and are titled "Learning in progress," "Recommended for you," "Because you are a Sales Manager," etc. Like their TV-watching cousins, learners typically can pick and choose which activity interests them at that moment in time. Activities include both formal and informal learning items and will show the available format (video, article, eLearning and audio) and an estimated amount of time to consume.

Curation and Personalization of Content – A key aspect of LXPs is the ability to sift through a large set of content and deliver relevant recommendations to each individual learner. Content may be delivered based on a learner's expressed preference, activity within the LXP, and a learner's personal data, which may include role, groups / teams, and other attributes as determinants. Most vendors now use some degree of Artificial Intelligence (AI) to improve personalization results and to determine which content is most effective. Content also is curated via human intervention. Managers, mentors or content creators can decide on and suggest learning paths.

Assessment – Some LXPs offer assessment capabilities that can be part of a learning path to test learner progress. Most integrate with one or more of the following: assessment tools (e.g., Question mark or Metrics that Matter), third party assessment packages (e.g., Wiley or IBM) and/or assessments created in eLearning authoring tools. With a sharper desire to focus on skills expressed by the marketplace, some vendors have been adding to their assessment capabilities.

Search and Browse – An important capability for these platforms is the ability for learners to explore what courses, content items, and information are available to them. Some vendors, notably Skillsoft and Cornerstone, have extensive indexing and filtering capabilities.

LMS Built-in and/or Integrations – All platforms either have a built-in LMS or integrate with an LMS or multiple LMSs, at least for access to courses and compliance requirements that may become part of learning pathways. Once deployed, an LXP, at least in theory, becomes the learner's primary source of learning content, serving as an engagement engine. The typical LXP understands enterprise system APIs so it can collect content and data from not only LMSs, but also from other platforms. Examples include enterprise portals, unified communications / collaboration suites, streaming video platforms, and social or enterprise file sharing systems such as Jive and SharePoint.

Discussions, Ratings, Comments and Tags – Vendors differ in the degree of social interactivity they support. Most let learners rate and comment on learning items, and many allow for tagging and discussions. Vendors have been adding to the breadth of social collaboration capabilities, with video and screen recording tools that support learner or SME (subject matter expert)-generated content becoming fairly common. These social mechanisms, particularly ratings, help the AI-powered curation engines determine which content is most engaging.

Tracking, Reporting and Analytics – Because the LXP is even "closer" to the learner than the LMS, with more interactions on a daily or weekly basis, one of its most-used features is to report on learner interactivity with content. The LXP vendors have developed a rich set of tools, notifications, reports and dashboards to help companies measure the effectiveness of their informal and formal learning efforts – and even to help learners benchmark themselves against their peers or against their own learning paths. Several vendors are looking at ways of improving the analytical capabilities of their systems to move from simply reporting on what happened (transaction counting) to helping L&D groups tie their efforts to business outcomes (advanced analytics).

Vendor Evaluation

WR evaluates the vendor community based on a variety of both objective and subjective factors, examining the respective completeness of offerings, innovation, depth of vision, breadth of content, support for learning processes, customers, active learners, revenue, potential for growth, and ability to partner with other vendors and content providers. This vendor comparison has been constructed based on briefings and product demonstrations received from vendors, presentations by customers, and/or interviews with content partners and integrators.

Figure 4: LXP Vendor Landscape
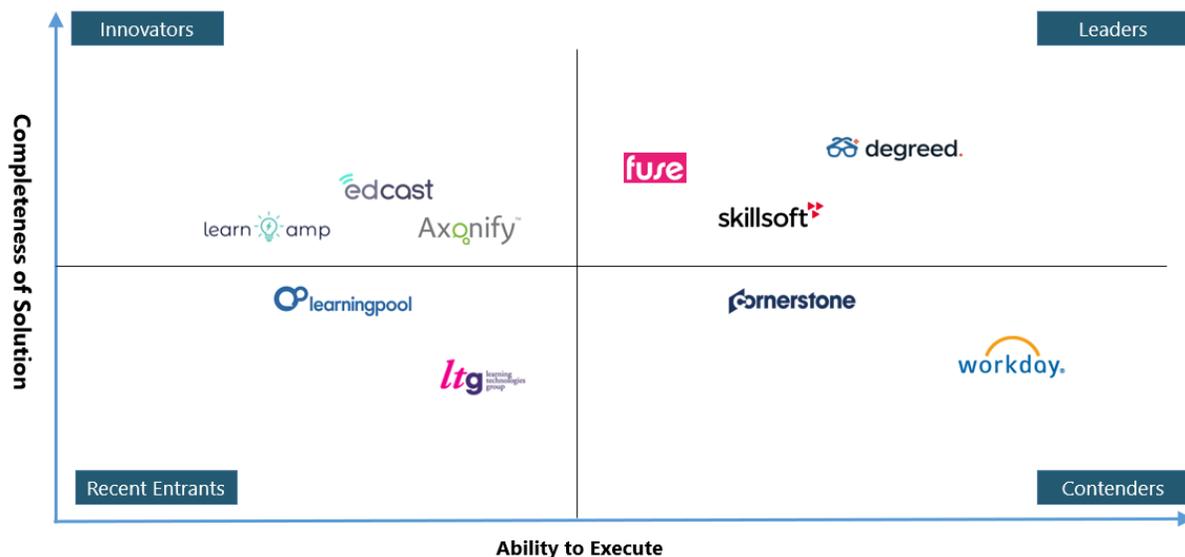
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Source: Wainhouse Research, July 2019.

While hundreds of vendors sell learning management software and content, the ones referenced in this report offer solutions most relevant to LXP-style content management and distribution. WR has developed four labels designed to further identify and distinguish between the leading vendors in the burgeoning LXP market. The four LXP categories are:

- **Leaders** have shown strongest growth in terms of revenue and learners under license and have a compelling, complete product.

- **Contenders** have the potential to be leaders with a strong ability to execute but their solutions may lack key functionality or need time to capture more market share.
- **Innovators** have compelling solutions, often taking a different tack than others, and while they have sizeable customer base, they do not have the market reach of leaders or contenders.
- **Recent Entrants** are just that – the latest solutions in the market, so their share is the smallest; however, with time, they may become an innovator, contender or leader.

Leader: Skillsoft Percipio

Having just celebrated its second birthday, Skillsoft Percipio is growing up fast. From talking with several Skillsoft customers, we note a shift from a year ago: many are moving from interest into adoption of Percipio as their main learner experience platform. Skillsoft informs us it has more than 1,000 corporate customers on Percipio today, with the potential to double that total by the end of 2019. We find the *watch, read, listen,* and *practice* modalities of Skillsoft content compelling, and mobile users give the Percipio app higher marks than we've seen received by most of the other LXPs. Percipio is personalized for each learner with AI-driven recommendations that reflect each learner's interests and behavior on the site. Administrators can give assignments, and the manager role has been enhanced to enable team-based learning. Compliance courses and assessments are now accessible on the mobile app, rounding out the mix of formal and informal learning.

Percipio is an open platform that gives users access to Skillsoft content, content from free and paid sources, as well as proprietary content. Clients can now manage their own content, hosted either on Percipio or elsewhere, in a variety of standard formats, including SCORM, AICC, PDF and MP4. Potential benefits for organizations using Percipio's hosted, custom content capability include:

- Central point of access to all content, including search results, which streamlines access to and discovery of relevant content. This helps reduce friction for the learner and makes sanctioned content more prominent.

- An engaging, personalized user interface that helps make the learning experience and skills achievement more consistent throughout an organization.

- Integrated reporting of content usage that gives managers, admins and learners straightforward dashboards to monitor progress, engagement, and outcomes.

Percipio's content partners include MIT Press, IT Pro TV, Bleeding Edge Press, Wintellect, Woz U and others. We don't expect the likes of LinkedIn Learning, CrossKnowledge or other learning content suite competitors to integrate with Percipio any time soon. But who knows? In the ever-evolving world of co-opetition, some might be surprised to learn that Percipio integrates with Saba, SuccessFactors, and Degreed, and connections to other top-tier LMSs are on the roadmap.

One partnership we're watching is with IBM, which is applying its AI engine, Watson Talent, to help joint customers map Skillsoft content to their employees' skills gaps via the Percipio platform. Today, Skillsoft's customer service team handles several thousand skill mappings per month, so just the cost savings here could be enormous. Because the company is privately held, little public financial data is available. However, in spring 2019 Ronald Hovsepian, Skillsoft's Executive Chairman, announced an additional $15 million had been earmarked for marketing. This leads us to conclude that things are going

well. To all appearances, the company has the funds to continue to build out its ambitious plans for Percipio.

Technology and Market Trends

Looking across the enterprise learning marketplace, Wainhouse Research sees several trends likely to drive the long-term health of the Learning Experience Platform market:

Skills

Skills and skills management may be the hottest topic today in L&D. It appears to be the atomic level for talent management – with the rapid shifts in nearly every industry, being able to redeploy and upskill the workforce is needed to stay competitive. Talent managers want to know what skills the workforce has, talent developers want to know what skills the workforce needs to improve, and the talent wants to know what skills they need to work on to get ahead. In contrast to yesteryear's highly structured competency models, which proved nearly impossible to maintain, we're seeing the emergence of agile solutions that allow some customization for each enterprise. Vendors with more comprehensive approaches include both LXPs (Degreed, LinkedIn, Skillsoft and Workday), and LMSs (Instructure).

Learning in the Flow of Work

Everyone agrees that more learning in the flow of work is a good thing, but there's not much agreement on how to actually do a better job of enabling this. EdCast and Learn Amp will gladly publish learning recommendations in various team collaboration or other enterprise systems, and Skillsoft Percipio has its ELSA search tool so learners can quickly get training on a topic. However, these feel like first steps in an area that appears to require more extensive, in-depth solutions.

One example that may provide some direction is Slack's integration capabilities. Today, you can retrieve and update records from your CRM, help desk, and many other enterprise applications, never leaving the Slack channel. It's not a stretch to imagine asking for help – or having the team collaboration software such as Slack recognize one is need of assistance – and having the LXP respond in the channel with the top-rated resources. Slack, Microsoft Teams, Cisco Webex Teams, SharePoint and many other solutions that enable workforce collaboration have a wealth of data, and AI-powered coaches could review the discussions and other activity and then provide individuals feedback and advice, which could include learning opportunities.

LMSs and LXPs: Compete or Partner

In our WR 2018 LXP Market Overview, we noted that the LXPs were adding LMS features and LMSs were adding LXP functionality, and this continues. In the last year, Percipio has built out compliance capabilities and Learn Amp has added numerous LMS features. Cornerstone is a prime example of an LMS adding LXP features, by making learning playlists the central element of its portal. Partnering may be new approach. That's what SuccessFactors has done – rather than compete with LXPs, it has partnered with Skillsoft and Degreed. Not only does this allow the company to allocate limited resources

to develop other parts of its HCM suite, it also acknowledges that enterprise learning, as detailed above, is an ecosystem of solutions and few clients will be satisfied with a single vendor solution.

Video and Learner-Generated Content

The benefits of capturing expertise and making it available to the entire organization is the sort of knowledge sharing that today's agile business climate demands. Most of the LXPs allow learners to create pathways and share content, so generating your own content is a logical next step. And it is effective – we are hearing about learners, often SMEs in many enterprises, generating short-clip videos to explain everything from how to update your employee profile to how to operate a rarely-used medical device at a hospital. Motivating employees to share can be a challenge, but without the tools to facilitate the capture and share process, it won't happen at all.

Artificial Intelligence

Almost every vendor claims to have AI and machine learning algorithms hard at work, largely in content curation and finding learning items and activities to recommend to individual learners. We don't doubt them, but we don't see much differentiation in the results – we look forward to hearing from a customer who will tell us that their workforce is reaching new heights due to amazing personalized recommendations. Perhaps we are setting the bar too high, or perhaps too many vendors are relying on their cloud hosting provider such as Amazon Web Services for their core technology in this area. Or perhaps we are overvaluing the potential here, but the hype certainly supports lofty expectations. Several vendors have told us they are doubling down in this area, so we remain optimistic that we may see some breakthroughs in late 2019 and 2020. IBM, LinkedIn and others are focusing on skills, so is this the first area where we will see something substantial? Time will tell, but we still believe this is an area where vendors can differentiate themselves from their competition.

About the Author / About Wainhouse Research / About Skillsoft

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About Wainhouse Research: Wainhouse Research is an independent analyst firm that focuses on critical issues in the unified communications and collaboration market. The company provides 6 different vendor subscriptions covering unified communications, group videoconferencing, personal & web-based collaboration, audio conferencing, streaming & webcasting, and distance education & e-Learning solutions, as well as a single all-inclusive subscription for enterprise users. The company acts as a trusted advisor providing strategic advice and direction for both the UC&C industry and its enterprise users. For further details contact sales@wainhouse.com or see http://www.wainhouse.com.

About Skillsoft: Skillsoft is a global leader in corporate learning, delivering beautiful technology and engaging content that drives business impact for modern enterprises. Skillsoft comprises three award-winning systems that support learning, performance and success: Skillsoft learning content, the Percipio intelligent learning experience platform and the SumTotal suite for Talent Development.

Skillsoft provides a comprehensive selection of cloud-based corporate learning content, including courses, videos, books and other resources on Leadership Development, Business Skills, Digital Transformation, Technology & Developer, and Compliance. Percipio's intuitive design engages modern learners and its consumer-led experience assists in accelerating learning. The SumTotal suite delivers measurable impact across that entire employee lifecycle via award-winning technology that powers talent acquisition, learning management and talent management.

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