Enterprise Vendors are Good for the LMS Market:
Both Kevins are Right
By Sam S. Adkins

Perhaps you've been following the continuing saga, which started with Kevin Oakes's article, "Supplier Savvy: Will Enterprise Software Companies Take Over E-Learning?" and continued with an open letter, "Enterprise Software Redux," from eLearningGuru.com's Kevin Kruse.

Well, a non-Kevin, Sam Adkins, is adding his two cents. Adkins's perspective: The integration of elearning technology into the enterprise application suites of the large enterprise vendors such as Sun, Oracle, IBM, Siebel, Microsoft, PeopleSoft and SAP is good for the elearning industry. Their global reach is a catalyst that will accelerate the wide adoption of learning technology in the enterprise. Their products are not threats to the current best-of-breed LMS vendors. The integration of learning technology into enterprise applications is not a "nice to have", but rather a primary prerequisite to achieving next-generation products.

With all due deference to the opposing views of "The Two Kevins" (screenplay in the works), you're both right. How can these views be reconciled?

To wax Boolean, it isn't an "either/or" situation, but rather a "both" situation. The robustness of evolving purebred LMS solutions and the integration of that technology into enterprise application suites are both required to achieve next-generation e-learning technology. It's a product migration path that neither pure-plays nor large enterprise suppliers can avoid. All roads lead to enterprise application integration.

I contend that the integration of learning technologies in enterprise applications is good for the industry, particularly the LMS vendors. The presence of the large suppliers validates the demand for the products. Their global market penetration will accelerate the adoption of e-learning technology. A rising tide lifts all boats.

The upbeat analysis

There's plenty of room for both enterprise application suite suppliers and best-of-breed LMS suppliers in the enterprise ecosystem.

I just completed six months of product research on the new learning technologies from the large enterprise suppliers. I interviewed executives from IBM, Sun, Oracle, PeopleSoft, Microsoft, Siebel, and SAP. I also interviewed innovative best-of breed suppliers in the e-learning industry such as Saba, Plateau, VCampus, Element K, Knowledge Products, and THINQ.

A product pattern is emerging that's essentially identical to that which formed after the large suppliers began assimilating CRM and SCM products (roughly 18 months ago) into their suites. In that situation, best-of-breed suppliers emerged and carved out profitable--albeit

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Note: The analysis in th article was based on research compiled in th second report of the fo part *Simulation in the Enterprise* series entitl *"The Gravity of the Situation: The Assimila of e-learning by Enterp Applications"*. The individual reports, as w as the entire series, car purchased at www.internettime.com store.

recession-challenged--markets. This occurs because the large suppliers and the best-of-breeds have different competition, and regardless of integrated modules, different products.

The competition is different, the products are different

When I interviewed the large suppliers, I asked them what companies they considered to be competitors. Not a single one of these suppliers mentioned a best-of-breed when asked that question. All of them mentioned each other as the primary competition. The best-of-breeds answered the question in exactly the same way. They identified themselves as their chief competitors.

Pure-play suppliers sometimes say that the native learning technologies that are now part of these integrated enterprise application suites dilute the functionality of a robust best-of-breed solution.

That's not completely accurate but it does reflect the recognition that something is indeed ***different*** about the learning technology in these suites. That difference is present regardless of whether the learning technology is native or a best-of-breed solution integrated via Enterprise Application Integration (EAI). Once learning technology is integrated into a suite, it becomes part of a different product.

Why now?

The early adoption stage is over, the market has been seeded and customers want the product. The large suppliers, much to the credit of the pure-play market creators, have little choice but to respond to customer demand. The thought may gall some best-of-breeds, but the presence of the large suppliers validates the market for the product.

The punchline: Learning is a core business process

The one thing that all the big suppliers have collectively and explicitly done is to redefine learning as a core business process. The business logic is impeccable and is one reason that their presence in the market creates the status of the best-of-breed.

The customers are told that learning is a core business process that must be automated like all the other business processes. It must then be integrated like those other processes. While their goal is to line customers up for their *pre-integrated suites* (odd term), the marketing message serves the best-of breed suppliers as well. Best-of-breeds seeded the market, and now the large suppliers are marketing the products for everybody.

Customers weigh in on the debate

The top three customer demands in the enterprise are cutting costs, integrating existing technology, and increasing workforce productivity. Even when the recession winds down, it's unlikely that customers will stray very far from this corporate business strategy.

Customers are steadily migrating away from courseware-based e-learning products and enthusiastically adopting next-generation, real-time, embedded workflow products. These products are helping them reduce costs. They include business process management (BPM), workforce automation, multi-user collaboration workspaces, inward-looking (i.e. workforce) business intelligence, and most importantly, workflow optimization products.

The strong demand for integration products and services has spawned a new industry category called Enterprise Application Integration (EAI). EAI is a thriving middleware industry and emerged just in the last two years to mitigate the widespread challenges (customer pain) of integrating existing enterprise technology.

Integration isn’t an elective (and if you fail, you have to do it again)

Both pure-plays and the large enterprise suppliers have let customers down when it comes to integration, but so has almost every other software provider. This isn’t a weakness of any particular product or platform but the clumsiness of first-generation integration technology in general. Web Services seems to be the solution.

Web Services provides parity for best-of-breeds and allows them to co-exist with the large suppliers in a relatively cooperative eco-system. In the presence of Web Services, customers will painlessly mix and match optimal feature sets from a wide range of suppliers. Of course, granular feature sets of products are being “consumed” and all suppliers will have to adopt new service-centric business models. In this scenario, specific functions in LMS products such as enrollment, assessment or skills management will be “published” as a service that can be “consumed” by other applications.

Completely upgrading code bases to either J2EE or .NET is the best way for any supplier to be Web services-ready. IBM released its new LMS and virtual classroom in modular J2EE components. One by one, all the major suppliers--large and small--are moving quickly in that direction. The absence of comprehensive J2EE or .NET compatibility will cripple any software vendor going forward.

Workforce analytics: exporting raison d'être

If there was one feature that clearly illustrates why best-of-breeds will succeed, it’s workforce analytics. Only pure-plays with core experience in human performance measurement can supply the level of performance analysis needed in integrated systems. It’s perhaps the core expertise of our industry, our primary export into the new global village of integrated suites.

The data exports from new workforce analytics products from suppliers, such as Docent and Saba, depend entirely on the ability to access enterprise-wide data, which is held in other systems such as ERP, CRM, and SCM. Integration isn’t an optional situation; it’s the primary condition necessary to achieve workforce analysis in the context of the workflow.

Best-of-breeds move up the food chain

In a February 2003 *Red Herring* article, Marc Andreesan said, “The rules of this business are changing fast. When we come out of this downturn, high tech is going to look entirely different”

The integration of learning technology into enterprise suites isn’t a threat that has to be avoided by best-of-breeds. It is their natural product migration path. The presence of the large suppliers with integrated suites has accelerated the evolution of best-of-breeds. Not a bad pedigree.

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