

## “Understanding supplier vested interests”

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So after many months of wrangling, you’ve finally managed to get everyone agreed (well at least the ones that matter!), this project would be an ideal opportunity to try a different approach. Your presentation and business case shows a clear advantage of using e-learning, and you’ve had meetings with a few vendors, all with good stories about how they’ve other companies do similar things. You’re ready to go. Now all you have to do is work out the right partner to help you deliver it. As well as your own contacts, you’ve also some information someone brought back from one of the e-learning conferences. You’ve also read a couple of case studies from other companies using different suppliers and products. Time to decide.

In theory this should be the easy bit before the leap into the challenge of making it actually happen. But finding out what the vendors really do as opposed to what they say they do is sometimes not as simple as you would expect. With a lots of hype and market turbulence, e-learning vendors are a bit of a moving target. Protestations of uniqueness aside, with nearly all the vendors positioning themselves as “e-learning solutions” companies, and offering you consulting advice, an LMS, custom content services and so on, how do you really tell the difference?

I’m not exaggerating. many companies have historically ended up with disappointing outcomes because of unmet expectations of their suppliers and what they were buying. And the market is even more complex now. Whilst everyone is trying to differentiate, they are also inevitably following the major trends or bandwagons. Initially they became e-learning suppliers, then they had to offer an LMS, then to be a “solutions” company, now to do “blended learning”. The need to be relevant to these major trends inevitably masks their core proposition. So what’s the key to understanding what vendors really offer? In my view, it’s understanding their vested interests.

In crude terms, e-learning suppliers can be structured into content companies, technology companies and services companies. Content companies have a pre-existing content asset that they are licensing you to access or deploy for your staff. This is their core business, their primary source of revenue and investment, and their primary basis of valuation if they are publicly quoted. Almost without exception though, they will also offer a “solutions” wrapper including an LMS or portal, hosting, and online tutoring and support. But their core business and asset is their content, and as a customer, that it was ultimately you need to know you are buying.

Technology companies have historically been very segmented, with the main segments including learning management systems, content development tools, learning content management systems, learning delivery technologies such as virtual classrooms, virtual learning environments, assessment tools and so on. Each one has hundreds of vendors with new companies appearing all the time, many of whom are US-based with limited capabilities in Europe. Most vendors are small to mid-sized in corporate terms and there is lots of change and consolidation happening. Whilst many may position “end to end” capabilities, in reality they are likely to have one major product line forming their main source of business and vested interest.

Service companies can be viewed in at least three distinct types, training suppliers, custom content developers and e-learning services companies. Training suppliers core business is their main (classroom-based) training business, with e-learning either blended-in, or as an add-on option. Whilst increasingly important, in reality e-learning is typically a small part of their business and most of their organisational behaviour is dictated by the main training business. Very few training companies have in reality fully transitioned to an integrated offering.

Custom content development has been a major slice of the e-learning activity to date, and there are a plethora of small suppliers meeting this need. Their main focus and

source of revenue is from fee-based multimedia projects, and their main vested interest is the assumption that custom online content is the answer. With custom content costing £15-25K plus per hour to develop, this can be quite an expensive assumption.

The e-learning services companies are a relatively smaller group but include some high prestige providers such as the large consultancies and systems integrators. They are primarily focused on building solutions based on other people's technology and content. Their expertise is in sourcing appropriate components and putting it all together. Typically positioned as independent, in reality most tend to pre-chosen partners with reseller or referral relationships. Their vested interest is fee-based implementation projects and in leveraging their reseller/referral relationships to get margin on products.

So everyone has some axe to grind, the challenge is in making sure it's the one you think you're buying. I've played this game many times, and sometimes, the answers are not what we were expecting. Good luck!

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