

# Magic Quadrant for Corporate Learning Systems

Gartner RAS Core Research Note G00170409, Carol Rozwell, 10 September 2009, R3178 09182010

**Demand for corporate learning systems remains steady, but what differentiates vendors has shifted. Social software tools, reporting and analytics, support for metrics relevant to the business, engaging content and integration are key.**

## WHAT YOU NEED TO KNOW

Vendors of corporate learning systems (CLSs) have put together solid packages of the core technologies, including learning management systems (LMSs), learning content management systems (LCMSs), virtual classrooms and multimodal course delivery. These functions respond to customers' demands for comprehensive learning systems. Now changing enterprise needs have also shifted the site of battle for vendors attempting to differentiate themselves. Enterprises increasingly emphasize:

- Improving business performance.
- Boosting the individual worker's performance.
- Increasing operational efficiency.

Therefore, CLS vendors need to offer consistent reporting and analytics across the enterprise so that companies know if they are meeting their performance goals. Senior managers and business-unit and learning leaders need information on business metrics rather than metrics internal to learning programs. In addition, social software tools for supporting the structured social learning activities of individuals, teams and learning communities have increased in importance. The integration of CLS components for ease of use, and content that will engage learners, remain as important as ever.

## MAGIC QUADRANT

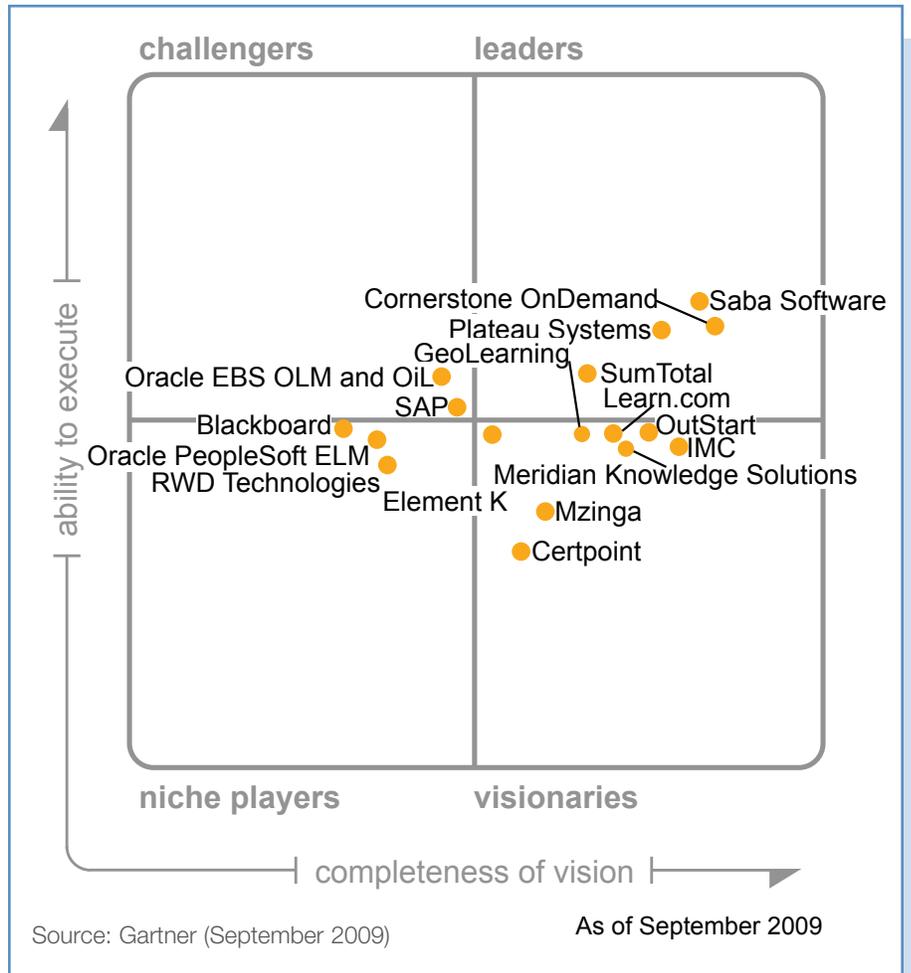
### Market Overview

The CLS market has shifted from a relatively narrow software market focused on supporting training or e-learning to the creation of broader social learning platforms. These platforms make learning more integral to the actual work that people do. In particular, advanced learning and development (L&D) programs now focus on increasing business performance and creating communities of learners who teach each other, often on the job within the task that the learner needs to perform. Competition in the CLS market revolves primarily around these two needs. In our survey of reference customers for this Magic Quadrant, respondents picked "improve business performance" and "reduce time to competence" for workers as the top reasons for their investments.

Business performance. IT and business leaders often justify investments in CLSs by citing the need to educate employees, partners and customers so that the enterprise can improve its business performance faster. This goal leads many firms to implement a CLS enterprisewide, which often consolidates several department-level implementations. An enterprisewide platform provides a common set of reporting and analysis tools so that management can track and compare learning activities consistently between different parts of the enterprise. However, most L&D programs do not yet track metrics appropriate to this goal. L&D teams typically track the number of learners reached, course completions and other internal measures of success rather than metrics that bear directly on learners' job performance, such as time to competence. Still fewer L&D teams align their own metrics to the metrics of business performance that enterprise management really cares about — for example, speed of product launches or level of customer satisfaction. CLS vendors and system integrators need to provide better support for these kinds of metrics too, along with better reporting and analysis tools.

Learning communities. L&D programs must enable workers to change and improve. Traditionally, CLSs have supported this requirement by delivering more engaging content, expanding from slides with voice-overs into areas such as interactive simulations. L&D programs can also encourage people by supporting informal communities of learners. People learn more from peers than from an e-learning system or even an instructor. Peers share work and goals. They deal with each other every day on the job. They speak the same language. They know how to teach each other at the right time and in the right way. For this reason, CLSs have started offering social software tools, such as wikis, blogs and profiles. When we surveyed reference customers for this Magic Quadrant, 39% said they planned to implement wikis, blogs and other collaboration tools from their CLS vendor within the next two years. Just as no social software vendor offers all kinds of functions, so no CLS vendor has a complete solution. Through at least 2011, CLS vendors will battle to differentiate themselves through their social software functions.

Figure 1. Magic Quadrant for Corporate Learning Systems



More generally, the learning market consolidation of previous years has led to the creation of more vendors with strong LMSs, LCMSs, support for virtual classrooms and multimodal e-learning delivery. In addition, in 2009, the CLS vendors added features that support a collaborative style of social learning. So firms have many choices if they want to deploy a CLS enterprisewide. At the same time, the degree of integration varies widely among individual CLS components that vendors sell ostensibly as a single package (and with employee performance management applications). This variation has confused and disillusioned buyers. Vendors that offer better integrated, more comprehensive packages differentiate themselves from rivals that don't. CLS vendors will continue to battle on this front.

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Enterprises will also want to use CLSs to reach new populations. For example, 48% of the references we surveyed said that they use their CLS for non-employees such as customers and partners. Thirty-seven percent said that, by 2011, they plan to use their CLS to deliver content to mobile users (14% said they do already).

## Market Definition/Description

In 2009 we have added social learning to the core components that a CLS should provide:

- **LMSs** support the administration and management of learning programs, such as assessment, records management, provisioning of learning, management of training resources and reporting.
- **LCMS and content authoring tools** enable the creation, storage, delivery and reuse of learning content.
- **Virtual classrooms and multimodal e-learning delivery** underpin various approaches to learning, including formal (for example, instructor-led), structured social, informal and blended styles.
- **Social learning** supports the collaborative learning activities of individuals and teams as well as the creation and interaction of communities of learners.
- **Professional services** help create custom content, develop learning strategies and support implementation.

Many vendors offer functions beyond these core components (for example, support for industry-specific requirements), and vendors will continue to add functions and generally improve their CLSs in response to several trends:

- **Enterprise deployments.** Many reference customers we surveyed for this Magic Quadrant implemented their CLS to build a standard learning environment for the whole enterprise so that, for example, management could receive consistent reports across business units. Many references also wanted to improve operational efficiency by consolidating department-level e-learning systems into enterprise CLSs. Vendors whose products can scale to the enterprise level will do well.
- **Consolidation.** An emphasis on using training to boost workers' contribution to business performance may lead the CLS market to consolidate with the HR and talent management software markets.
- **Reporting and analysis.** Enterprises increasingly want to plan, measure and manage their workforce better, and CLSs provide reports and analytics to help. Yet many CLSs focus too much on internal details (for example, attendance at training classes), rather than measuring the impact of newly trained workers on business performance, such as revenue growth, customer satisfaction and operating efficiency. The appetite for reporting and analytics will only increase because the more management finds out, the more questions it will ask.

- **Integration.** Several references expressed disappointment at the level of integration between the components of their vendor's CLS or with related applications, such as HR and talent management. Vendors have an opportunity to differentiate themselves by providing easy methods of application integration, and by expanding the ability to track learning that occurs outside the enterprise yet is part of the learner's development.
- **Compliance.** Many references implemented their CLSs specifically for compliance. Enterprises must demonstrate that they meet regulatory and statutory certification requirements. CLSs provide the necessary training, and also offer the management, reporting and analytics for enterprises to show regulators that they have complied with these training requirements.
- **Software stacks.** Major software vendors such as SAP and Oracle include CLSs as part of comprehensive software stacks that combine infrastructure, middleware, software and enterprise applications. Many references said they implemented CLSs to maximize the value of other investments in a megavendor's software infrastructure and applications. This trend will diminish, though, as other CLS vendors increase the options for integrating with enterprise applications, and as social software intrudes into the technical architecture of most firms.

## Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, a vendor must:

- Be the primary developer of an integrated CLS offering that includes functions for the core capabilities: LMS, LCMS and content authoring tools, virtual classrooms and multimodal electronic delivery, and social learning.
- Sell, deliver and support the CLS offering, and provide professional services and other maintenance services.
- Integrate learning management, content management and electronic delivery components, even if some components come from other vendors.
- Generate revenue from CLSs of at least \$10 million a year, including revenue from software licenses, maintenance and learning-related services.
- Be regularly identified by Gartner clients and prospects as a notable vendor in the CLS market.
- Be confirmed by secondary research as a significant or emerging player in the market.
- Market, sell and support its learning products in at least two of the following continents: North America, Europe and Asia/Pacific.

## Vendors Added

- Blackboard appears in this year's Magic Quadrant as a niche player.
- Element K appears in this year's Magic Quadrant as a visionary.
- RWD Technologies appears in this year's Magic Quadrant as a niche player.

## Vendors Dropped

- ACS Learning Services was not included in this year's Magic Quadrant because it does not meet the inclusion criteria as a primary developer of CLSs.

## Evaluation Criteria

### Ability to Execute

Gartner evaluates vendors based on their ability to articulate current and future market direction, innovation, customer needs and competitive forces, and based on how well they map to Gartner's view of the market. We also assess their understanding of how vendors can exploit market forces to create opportunities. In addition, we consider their products' capabilities, quality and reliability. Vendors' overall viability, installed bases, geographic distribution, customer support and satisfaction, and management teams factor into our ratings as well.

Table 1 shows weightings for our specific evaluation criteria.

**Table 1. Ability to Execute Evaluation Criteria**

| Evaluation Criteria  | Weighting |
|--|-----------|
| Product/Service  | High      |
| Overall Viability (Business Unit, Financial, Strategy, Organization) | High      |
| Sales Execution/Pricing  | Low       |
| Market Responsiveness and Track Record                               | Standard  |
| Marketing Execution  | Standard  |
| Customer Experience  | High      |
| Operations   | Standard  |
| Source: Gartner (September 2009)                                     |           |

### Completeness of Vision

Gartner evaluates vendors on the quality and efficacy of the processes, systems, methods and procedures that enable them to be competitive, efficient and effective, and to grow revenue, retention and reputation. We judge providers according to their ability to capitalize on their vision and their success in doing so.

In 2009, on the Completeness of Vision axis, we evaluated CLS vendors particularly for the comprehensiveness of their offerings. Those that presented more effective components and capabilities generally improved in the areas of analytics, learner ease-of-use and support for structured social and informal learning. The social learning platform has emerged as a key component.

Table 2 shows weightings for our specific evaluation criteria.

**Table 2. Completeness of Vision Evaluation Criteria**

| Evaluation Criteria              | Weighting |
|----------------------------------|-----------|
| Market Understanding             | Standard  |
| Marketing Strategy               | Standard  |
| Sales Strategy                   | Standard  |
| Offering (Product) Strategy      | High      |
| Business Model                   | Standard  |
| Vertical/Industry Strategy       | Low       |
| Innovation                       | Standard  |
| Geographic Strategy              | Standard  |
| Source: Gartner (September 2009) |           |

### Leaders

Leaders must not only meet the market's current requirements, which are continually changing, but also anticipate future requirements. Vendors must also articulate how they will address these requirements as part of a vision for an expanded CLS. In addition, Leaders have a track record of financial performance and an established market presence. Their installed base gives them a strong presence in the CLS market, and they demonstrate continued growth in customers and revenue. The market perceives Leaders as thought leaders, with well articulated plans for product development, marketing and channel support. Leaders have the highest combined scores for Ability to Execute and Completeness of Vision. These strategic providers will continue to drive the market forward by broadening their CLS functions and integration. Buyers can expect that, as a group, Leaders will be considered as part of most new product purchases and will continue to have high success rates in winning new business.

### Challengers

Challengers can deliver the goods today but have a limited or evolving vision of the CLS market. They have the financial and market resources and capabilities to become Leaders, but the question is whether they have the necessary understanding of market trends and market requirements. They do not own all the most relevant components of a complete CLS; instead, they use partners to fill out their offerings. They may not devote sufficient development resources to deliver a product with broad market appeal and leadership features. Challengers have capable products and can perform well for many enterprises. But their products may have limitations in several areas — for example, capabilities for content management and application simulation, as well as interoperability and integration with other business applications.

## Visionaries

Visionaries are forward-thinking vendors, but their performance has not given them a leadership position. These vendors are differentiated by their product innovation, but they have not achieved the completeness of solution or the sales and marketing success required to give them a high profile.

## Niche Players

Niche Players either have not achieved a broad customer base or lack some of the modules available in a complete CLS. They lack a substantial presence in the CLS market. Some focus on specific industries or geographic markets, and their learning products are typically optional components of their more comprehensive product offerings. The most significant challenge for Niche Players is to invest in making their learning products more robust and in marketing them so that they become more competitive.

## Vendor Strengths and Cautions

### Blackboard

Blackboard is a new entrant on the CLS Magic Quadrant. Blackboard is well known in the higher education market, but despite a large installed base it has a low profile in the corporate market. The design center for its offering is social learning, where instructors and learners interact and share. In this regard it differs from other CLS vendors, whose heritage is more often based in learning management, which focuses on tracking and administrative tasks. Administrative functions are provided by partners that integrate with Blackboard using Blackboard Building Blocks.

#### Strengths

- Blackboard provides an intuitive system that allows instructors and learners to interact with each other and engage in structured social and informal learning.
- Users comment on the ease of uploading, updating and distributing custom learning content in a wide variety of formats, including documents, audio and video.
- The speed of implementation, with minimal user training required, is another advantage.
- A large, active user community with many regional support groups provides a valuable resource to new and experienced implementers.

#### Cautions

- Support for administrative functions such as registration, scheduling and tracking need to improve for Blackboard to meet the needs of more demanding administrators and to build the system into a complete CLS.
- Blackboard should change the way it names functions to be more consistent with the terminology used by the corporate market, and should increase its support for dealing with compliance-related training.

- The company would benefit from devoting additional marketing attention to corporate buyers.

### Certpoint

Certpoint's product, CertpointVLS, is an integrated suite architected around Microsoft technologies. The CertpointVLS suite is hosted on Microsoft Windows 2000 or 2003 and the Internet Information Server, including the .NET server to provide the interfaces into the application. CertpointVLS offers a mobile learning solution used to create, deliver, play and track content and assessment for all major smartphones. It offers three levels of analytics and reporting: standard, dynamic and ad hoc. Most of Certpoint's implementations are software as a service (SaaS) deployments, although it also provides hosted or on-premises options.

#### Strengths

- CertpointVLS Content Creator is an integrated authoring environment used for the creation of multimedia courses for the Web and mobile devices.
- A library of Web services is available to facilitate communication between CertpointVLS and other applications.
- Certpoint has a sizable installed base outside North America, and it has put considerable effort into developing multilingual functions.
- Certpoint supports learner collaboration by providing wikis and blogs.

#### Cautions

- As Certpoint builds out its offering, it should work on enhancing the functions that support social learning.
- Certpoint has stepped up its marketing efforts, but its lack of name recognition still hinders the vendor in making the shortlist.

### Cornerstone OnDemand

Cornerstone OnDemand provides a dependable SaaS-based CLS, as well as performance management capabilities integrated into a talent management offering. Cornerstone's CLS is built on Microsoft .NET technology with Structured Query Language (SQL) on the back end. Its offering includes a central portal that integrates e-learning from a variety of providers. The company has continued its strong year-over-year growth. Its reseller agreement with ADP gives it additional leverage in the market. Cornerstone recently signed a reseller agreement with Talent2, which will extend its reach in the Asia/Pacific region.

## Strengths

- Cornerstone OnDemand offers an intuitive product that is easy to use for learners, managers and administrators, with analytics and reporting functions.
- An approach to knowledge sharing is built into Cornerstone's offering. Users can ask questions of peers, view documents and other types of content, and track topics being discussed in communities. The company has continued to expand its social networking functions.
- The certification program supports channel partner training.
- The Client Success Framework provides a consistent approach for ensuring customer satisfaction.

## Cautions

- Cornerstone offers only SaaS deployment, so enterprises wanting a behind-the-firewall deployment must look elsewhere.
- Cornerstone needs to continue working to improve system performance since some users indicated the need for improvement.

## Element K

Element K has a solid reputation as a provider of off-the-shelf learning content. It also provides a CLS called KnowledgeHub that is deployed in a SaaS model. The KnowledgeHub Authoring Tool creates Sharable Content Object Reference Model (SCORM)-compliant content that can include interactive elements such as audio or video. Third-party content is automatically integrated into the LMS with the purchase of the content through Element K. Support for customer and partner education is driven by subscription management modes. Element K's parent company is NIIT.

## Strengths

- The system can be personalized using standard administrative tools for custom branding; rules can be modified to meet specific training needs.
- Element K provides an integrated library of off-the-shelf content and tools for developing custom courseware.
- Social learning tools such as wikis and blogs are provided through integration with Jive.
- Element K offers a Web services application programming interface (API) to integrate with other systems such as HR. It also offers standard and custom flat-file options for inbound and outbound data transfer.

## Cautions

- The market still perceives Element K as a third-party content provider; the vendor must work to update this image.
- Users with significant reporting requirements will want to examine which reports come as standard and which would need to be custom developed.

## GeoLearning

GeoMaestro is GeoLearning's enterprise product for learning management. It is built using .NET and Java Platform, Enterprise Edition (Java EE) technology, and is offered via a SaaS model. GeoExpress is a streamlined learning and performance management offering designed for small and midsize firms. The company provides several course authoring options, such as Articulate, Lectora and Raptivity. GeoTalent, built on SuccessFactors, addresses the performance management needs of users. GeoEngage, the offering that enables collaborative learning, looks promising once it is integrated with other GeoMaestro functions.

## Strengths

- Users have a great deal of flexibility when customizing the interface. Rights to configure items such as layout, color scheme and style definitions are managed by permissions and can even be assigned directly to learners.
- Standard competency models are included with GeoMaestro to help learners map content to learning activities.
- Several packaged widgets are offered as part of the "widget module" with which customers can build a user experience that meets their business requirements.

## Cautions

- Functions for structured social and informal learning activities need improvement for GeoLearning to keep up with competitors.
- As GeoLearning grows, it will need to monitor product quality and performance to best serve its customers.
- GeoLearning offers only SaaS deployment, so enterprises wanting behind-the-firewall deployment must look elsewhere.

## IMC

IMC's CLS offering is CLIX, a Java EE application. CLIX works with the course authoring tools Lecturnity and Powertrainer. Livecontext is IMC's electronic performance support system. IMC offers add-on modules for a variety of functions such as virtual classrooms, assessments, competency management and report design. IMC is based in Germany and has worked on extending its global footprint.

### Strengths

- Learners can create and edit profiles, as well as search for other learners by skill or profile using Yellow Pages functions.
- IMC incorporates learning process technology into its offering, which allows learners to create a personalized curriculum of blended courses according to their profile and skill. The learning process sequencing is linked to integrated skill and competency management.
- Built with Web 2.0 communities in mind, Slidestar lets companies establish their own e-learning portal or internal slide archive.
- CLIX can be integrated with Microsoft SharePoint Server technology using CLIX webparts for SharePoint.

### Cautions

- IMC needs to continue to work on its sales and marketing to capture mind share outside Europe and to ensure a positive sales experience.
- IMC should continue to work on improving system performance as well as analytics and reporting functions.

## Learn.com

Learn.com's offering for learning and talent management, LearnCenter, is built on a .NET platform. LearnCenter is primarily sold as a SaaS offering, but clients can also install the system behind their firewall. A content manager allows a range of formats, such as audio, video and documents, to be uploaded into the LearnCenter. Learn.com also offers a stand-alone authoring tool, CourseMaker Studio. WebRoom is a virtual meeting space that can be used for training, demonstrations and other online events.

### Strengths

- The LearnCenter architecture allows users to create multiple Sub-LearnCenters with the same instance of the product. Thus, the needs of multiple groups can be accommodated while reusable content can still be shared and reporting remains centralized.
- Learn.com uses a skill score to help learners understand what competencies they need to progress in their career, and helps them create a development plan.
- Learn.com includes an extensive library of off-the-shelf IT and "soft skills" content as a part of its offering.

### Cautions

- Learn.com needs to devote more resources to extending its customer base beyond the North American market.
- Reporting and analytics functions need to be easier to use and more complete.

## Meridian Knowledge Solutions

Meridian Knowledge Solutions' offerings for the CLS market include Meridian Global, Meridian Workforce Analytics and Meridian Anywhere for mobile devices. Its products are built on .NET, which allows users to integrate with legacy systems and modify the LMS without affecting the base code. The product architecture provides users with over 1,700 APIs that can be used to make modifications to the application or for integration with other systems. Meridian customers have a choice of on-premises, hosted or SaaS deployments. Meridian has a large installed base in the public sector as well as many commercial clients, ranging from midsize to large enterprises.

### Strengths

- Meridian supports social learning with proprietary tools that allow users to interact in a collaboration space, to share, comment and rate learning content.
- The Meridian Global reports console includes more than 50 standard reports which can be exported to Excel, Word, PDF and XML formats. Analysis grid functions enable users to manipulate the structure and format of a wide range of data.
- Meridian is a certified reseller of OutStart LCMS and OutStart TrainingEdge.com collaborative authoring; it also offers Articulate and Lectora for course authoring.

### Cautions

- Meridian has little presence outside North America, and its name recognition in the CLS market remains low.
- The company needs to continue to develop and execute a sales and marketing expansion plan.

## Mzinga

Mzinga's SaaS offering includes learning and performance management, social media and networking, and Web collaboration. Mzinga incorporates social functions in three ways:

- Offered as individual social applications.
- Embedded within formal learning content.
- Wrapped around formal learning for sharing feedback and ideas about learning events and programs.

Mzinga's tools for collaborative authoring and software simulation come separately or as part of the CLS. Mzinga Catalog provides learning with a variety of courseware that is accessible from within Mzinga Learning.

### Strengths

- Mzinga has incorporated social software into its approach to learning.
- Learners can collaborate using discussions, blogs, file sharing, idea sharing and event chat, as well as tag, comment and rate content.
- Mzinga lets users create profiles which allow them to find, connect and "friend" colleagues.
- The company's account management approach works well for larger clients that have a dedicated team to work with Mzinga.

### Cautions

- Mzinga needs to put more energy into simplifying the process of integration with other systems if it is to win deals with firms interested in connecting to performance management tools (as is increasingly the case).
- Mzinga needs to improve the quality of documentation as well as reporting and analytics.
- Mzinga does not offer a behind-the-firewall option, so users wanting on-premises deployment must look elsewhere.

### Oracle EBS OLM and OiL

Oracle offers three products for learning management:

- Oracle Learning Management (OLM) is built into the Oracle E-Business Suite (EBS) and integrates with Oracle Human Resources, Financials and Projects.
- Oracle iLearning (OiL) is a SaaS offering for rapid deployment, and can also be deployed on-premises as a stand-alone product.
- PeopleSoft Enterprise Learning Management (ELM) is integrated with PeopleSoft and JD Edwards HR applications, as well as PeopleSoft Financials.

This description discusses Oracle EBS OLM and OiL. Oracle focuses its sales and marketing efforts for OLM and OiL on companies that use Oracle EBS and OiL today, either in EBS or stand-alone form.

### Strengths

- OLM targets the EBS HR customer base to improve workforce knowledge and performance.
- OiL targets partner, customer and departmental training needs, as well as for-profit training needs. It is a business process outsourcing (BPO) platform implemented via partners such as Seertech Solutions (which provides an iLearning Plus offering) and Quistor.
- Oracle is developing its CLS dashboard product Oracle Business Intelligence Applications (OBIA) to include prebuilt integrations with OLM and OiL.
- The Oracle User Productivity Kit (UPK) offers prebuilt learning content for EBS release 12 (R12).

### Cautions

- Since Seertech provides many of the functions of OiL Plus, clients should clarify the costs, support and availability of these components.
- Oracle needs to continue to develop its approach for multimodal course delivery, including virtual classrooms and mobile content delivery.
- Oracle has not integrated OLM with Beehive.

### Oracle PeopleSoft ELM

Oracle offers three products for learning management:

- OLM is built into EBS and integrates with Oracle Human Resources, Financials and Projects.
- OiL is a SaaS offering for rapid deployment.
- PeopleSoft ELM is integrated with PeopleSoft and JD Edwards HR applications, as well as PeopleSoft Financials.

This description discusses Oracle PeopleSoft ELM. Oracle focuses its sales and marketing effort for this product on companies that use Oracle PeopleSoft.

## Strengths

- PeopleSoft ELM targets the PeopleSoft HR customer base to improve workforce knowledge and performance.
- Oracle UPK offers prebuilt learning content for PeopleSoft Enterprise 8.8, 8.9 and 9.0.
- Oracle provides Web services, called Enterprise Integration Points, to provide bidirectional data integration between ELM and PeopleSoft HR.

## Cautions

- Oracle needs to allocate more product development resources to keep up with the market requirement to support structured social and informal learning.
- Users that need offline course delivery or delivery to mobile devices will need to get these functions from Oracle's partners.
- Oracle has not integrated PeopleSoft ELM with Beehive.

## OutStart

OutStart offers a portfolio of learning applications and knowledge sharing software. Its knowledge management solution, Participate, works with any LMS or LCMS. The company's learning solution focuses on its LCMS. OutStart customers have a choice of on-premises or hosted deployments. OutStart has combined its LCMS, LMS and social learning capabilities into a SaaS offering, TrainingEdge.com, which targets small or midsize businesses (SMBs). OutStart Trainer and OutStart SoftSim provide course authoring. In June 2009, OutStart merged with Hot Lava Software, which provided tools to develop, deliver and track mobile learning content.

## Strengths

- OutStart's approach to social learning allows multiple types of learning content such as documents, websites and learning activities to be aggregated into a single course.
- OutStart maintains a schedule of updating its authoring tools every six months, so users can expect regular enhancements.
- The merger with Hot Lava expands OutStart's multimodal delivery strategy and allows content to reach a wide variety of mobile devices.
- OutStart uses its alliance program to gain access to resellers and service, content and technology providers.

## Cautions

- OutStart must continue to focus on product development to ensure that its authoring tools offer features that allow it to compete with free development tools.
- OutStart will benefit from continued attention to the problems it has with product reliability and the customer support documentation of its recently acquired products.

## Plateau Systems

Plateau Systems provides dependable products for learning management, offline course delivery, course authoring, virtual learning, schedule building and exams. iContent provides a means to access a library of content from third-party providers. Plateau's products are built on a scalable Java EE-based architecture, which includes a full Java API to facilitate integration with other systems. Plateau customers have a choice of on-premises, hosted or SaaS deployments. Plateau also offers an integrated talent management suite.

## Strengths

- Plateau continues to make investments to build out its international presence, resulting in a number of new business wins.
- Users have a variety of options for creating content: Team Content allows authoring based on templates, and Plateau resells Composica, Giunti and Articulate.
- The products are easily configured to meet specific requirements using style sheets that enable the creation of different branding concepts based on user profile.
- A menu-driven workflow configuration allows LMS administrators to adapt workflow flexibly to their specific organizations.

## Cautions

- Plateau should continue on its product development path to add more functions for structured social learning and informal learning. It released Talent Gateway in July 2009 but was behind other CLS vendors in providing such functions.
- Plateau must aggressively market and sell its offerings to capitalize on the interest in using learning systems to boost business performance.

## RWD Technologies

RWD Technologies is a new entrant to the CLS Magic Quadrant. Its offering, RWD Learning and Performance Management, is a combination of products. Some are .NET- and Java EE-compliant; it consists of RWD uLearn for learning management and course delivery, and RWD uPerform for content creation and management. RWD uBenchmark provides employee performance monitoring. Depending on the products selected, RWD customers can choose from on-premises or SaaS deployments.

### Strengths

- RWD has a significant presence in Europe, Asia/Pacific and Latin America, in addition to its North American presence.
- uPerform integrates with the SAP Solution Manager document management system to enable SAP implementations and upgrades.
- In mid-2009, the LCMS expanded its rapid e-learning course authoring to include scenario-based courses with decision trees and branching.

### Cautions

- RWD should put more effort into making itself more visible in the CLS market.
- RWD must continue its product development of features and functions for social learning to compete effectively with others in the market.

## Saba Software

Saba Software is one of the few public companies dedicated to the CLS market. Saba's CLS solution, Saba Enterprise, is built on Java EE and includes Saba Learning, Saba Collaboration, Saba Centra, Saba Performance and Saba Talent. Saba Content Manager manages the workflow among content developers; a variety of authoring tools can be integrated into Saba Content. Saba Publisher is used to author and publish content to the repository and to mobile devices. Saba's customers can choose from on-premises or SaaS deployments. In May 2009, Saba and IBM announced that IBM would provide Saba's enterprise learning offering as part of the WebSphere Portal accelerator family, an agreement that strengthens Saba's position in the CLS market by placing it on the IBM price list for all IBM sales representatives and partners worldwide.

### Strengths

- Saba has global implementation and support services, enabling it to serve large distributed enterprises.
- Saba allows users to create a social profile that connects learners based on common interests; learners can be grouped according to profile attributes or shared activities.

- Users can access Saba Learning via the WebSphere Portal, and there is a new integration between Lotus Connections and the Saba profile. Saba has a plug-in for Microsoft Outlook that allows direct calendar integration with Microsoft Exchange.
- Saba provides a Content Integration Framework that delivers support for SkillSoft's Open Learning Services Architecture (OLSA) Asset Integration, SCORM 2004 3rd Edition and other plug-and-play capabilities across the content delivery life cycle.

### Cautions

- Saba has worked to streamline the implementation process; it should continue to focus on this issue.
- Saba must capitalize on the momentum from its recent agreement with IBM to pursue new sales opportunities, since interest in learning systems is currently high.

## SAP

SAP's CLS offering is SAP Enterprise Learning, which includes functions for learning and learning content management. SAP Enterprise Learning uses Web services based on SAP Exchange Infrastructure (SAP XI) powered by NetWeaver to integrate third-party learning services (such as tests and Web-based content) and virtual classrooms. It focuses its sales and marketing efforts on companies that use SAP Human Capital Management (HCM).

### Strengths

- SAP Enterprise Learning shares data with all other applications in the SAP Business Suite via a single competency, organizational and employee data model, so changes appear in all components in real time.
- SAP integrates with social software such as Jive, Socialtext and Microsoft SharePoint.
- SAP provides support for virtual classrooms using Adobe Connect.

### Cautions

- SAP offers its e-learning directly only as an on-premises deployment; a partner, NorthgateArinso, offers on-demand e-learning options based on SAP.
- SAP does not offer e-commerce support for course payment, which may be an issue for companies that want to use it for partner training.
- SAP needs to improve its product documentation and the ability to customize and publish learning content.

## SumTotal

SumTotal Systems provides a .NET-compliant CLS offering. Clients can install TotalLMS and TotalLCMS on-premises. Those that prefer SaaS can opt for ResultsOnDemand — Learning. SumTotal offers its own tool, ToolBook, for course authoring, and partners with eThORITY for reporting and analytics. SumTotal also offers an integrated talent development solution. In June 2009, Vista Equity Partners acquired SumTotal and delisted it from the NASDAQ.

### Strengths

- The most recent release of SumTotal's product, version 8.2, includes enhancements that improve the learner's experience, such as search and context-sensitive help.
- SumTotal's network of direct sales representatives and distributors gives it global presence and the ability to support clients worldwide.
- SumTotal supports the OLSA standard for integration with SkillSoft.
- SumTotal provides users with SOAP Web services for integration with other applications; the TotalIntegration module provides an XML-based interface for batch data transfers.

### Cautions

- Reporting and analytics have not kept pace with the offerings from other CLS vendors.
- SumTotal needs to focus more of its product development on increasing ease of use for learners and managers, updating its look and feel, and increasing support for social learning.
- Management transitions and new ownership at the company have caused some disruption. As it reorganizes, SumTotal needs to continue improving client support.

## Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

### Acronym Key and Glossary Terms

|                |   |
|----------------|---|
| <b>CLS</b>     | corporate learning system               |
| <b>ERP</b>     | enterprise resource planning            |
| <b>HCM</b>     | human capital management                |
| <b>Java EE</b> | Java Platform, Enterprise Edition       |
| <b>LMS</b>     | learning management system              |
| <b>LCMS</b>    | learning content management system      |
| <b>SaaS</b>    | software as a service                   |
| <b>SCORM</b>   | Sharable Content Object Reference Model |
| <b>SMB</b>     | small and midsize business              |

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness and Track Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services, and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.