



Part of the REDTRAY Group



To Buy or To Build Survey Results

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Summary Findings

Introduction

e-Learning is now well established as part of the corporate training portfolio and we've entered the 'second wave' through a much greater understanding of how it can benefit organisations. Gone are the days when we thought on-line training was the panacea and we now enter an era of business games, m-Learning and self-authoring.

But what role should e-Learning play in this 'new world' and where do external providers fit in? **'To Buy or To Build'** is an industry-wide on-line survey conducted by Bourne Training to help understand how e-Learning is used today and what organisations need from suppliers.

The Role of e-Learning

Although the survey gives an interesting insight into how organisations use e-Learning, an amazing 34% of respondents do not use, or have never used, e-Learning. Perhaps we should not be surprised at this as the training and development world has its fair share of traditionalists, and almost half of those not using e-Learning do so for the 'right' reason – they believe that other learning methods are more effective.

However it is interesting that other reasons for not using e-Learning are failure to get a business case approved, lack of the required IT infrastructure and lack of senior manager support. Despite the benefits of e-Learning becoming more transparent, costs coming down and a generation of development and deployment methods to suit every requirement, there remains a significant number of organisations who still have not taken the 'e-Learning step'.

Of the 64% of respondents who are using e-Learning, 70% have been using it for more than two years. There is clear evidence that training professionals now approach e-Learning from the perspective of what it can do within their learning 'mix', and the 'maturity' of e-Learning users has motivated suppliers to improve the quality of their courses, offer more sophisticated learning interventions and offer a value-base cost model.

This maturity is backed up by the organisational benefits of e-Learning which include evidence that it's more cost-effective than other forms of learning; it reduces training time and enables 'anytime, anywhere' learning.

In an age where 'context is king' it comes as no surprise to see that 86% of respondents use bespoke e-Learning as opposed to 61% using generic content. Whilst this illustrates that a large number of respondents use both codes, it shows that training professionals know when a 'one size fits all' solution is appropriate and acknowledge that learning based in the context of their organisation is a pre-requisite – the only question that remains is whether the material is developed in-house or by a third party supplier.

In-house vs Outsourced Development

A fascinating trend is that increasingly organisations are developing e-Learning themselves - a staggering 44% of organisations using bespoke e-Learning have never used external providers.

Interestingly, organisations that use external suppliers do so for the 'negative' reasons of lack of skills and resources in-house, rather than because they believe providers offer a solution they couldn't develop themselves. However, it's acknowledged that external providers are more creative, can be more cost-effective and develop a better quality e-Learning solution.

Clearly the trend is towards an increasing volume of in-house development. 69% of respondents have developed e-Learning in-house in the last two years using specific authoring software. Cost-effectiveness plays a major part in this, together with the need to regularly update material and the belief that subject matter experts are the best people to develop learning materials.

Some respondents understand a clear distinction between high profile change initiatives (that third party suppliers are best positioned to deliver) and 'less ambitious' programmes for which learning materials can be developed in-house. However this shouldn't hide the fact that development of bespoke e-Learning is no longer the sole domain of external providers and the proliferation of self-authoring tools has led to this degree of self-sufficiency.

The Future

e-Learning is here to stay with 82% of respondents stating they will use it in the future. 73% state they expect the future demand for bespoke e-Learning to be greater than the demand for generic and this is supported by 67% of respondents saying they're more likely to develop their material in-house.

Whilst cost-effectiveness is critical moving forward, future business benefits include providing more learning opportunities and greater integration with other technologies.

Blended learning has taken over from e-Learning and training professionals clearly see the role e-Learning should play as part of the overall package. It will continue to be underpinned by learning support tools and collaboration technologies, and there are a growing number of organisations who are investigating mobile and game-based learning.

Conclusions

The overriding message from the survey is that, as the e-Learning market moves towards maturity, organisations are becoming more discerning in their buying decisions and more aware of the types of learning interventions available. The mystery of the 'black art' is being unravelled!

More accessible technologies and a greater understanding of the role e-Learning plays in the learning mix should, in theory, improve the quality of training and offer greater opportunities. However, within this context there are warning bells for training professionals and external providers:

- Whilst self authoring can be a powerful solution to some organisation challenges it is not the only answer. Organisations that use subject matter experts to author their entire e-Learning portfolio must ensure they're offering their internal customers 'best value' in terms of creativity, instructional design and learning approaches – it's easy to be left behind in such a dynamic field.
- e-Learning providers on the other hand have had a wake up call - no longer do they have things all their own way and, for the first time, customers now have a viable alternative. Suppliers who offer a distinct service proposition and understand the role they play in today's market can thrive - those who don't will end up becoming a commodity and find themselves unable to compete.

Interesting times lie ahead with new technologies being embraced on a broad scale. The reasons for consolidation in the supply market are clear but organisations should be wary of thinking the DIY option is the only way forward (remember the Soda Stream!). However, the most exciting factor for training professionals is the very real opportunities to improve the effectiveness of the learning that can be offered – and that, after all, is what it's all about.

1. Introduction

1.1 Bourne Training

Bourne Training has been developing bespoke learning solutions since 1982. As part of the REDTRAY Group we can provide arguably the broadest portfolio of blended solutions available.

Our expertise is focused on the consultancy, design, development and deployment of learning solutions for a variety of subject areas, including:

- Organisation wide change initiatives
- Orientation and induction programmes
- Product knowledge training
- Business process training
- Training to support regulation and legislation requirements
- Bespoke end user system simulation.

We work across a broad range of sectors including financial services, legal and professional services, aviation, telecommunications, the NHS, education, local authorities, adult education and retail.

1.2 'To Buy or To Build' Survey

e-Learning is well established as part of the corporate and social training portfolios and we've entered the 'second wave' through a much greater understanding of how it can benefit organisations. Gone are the days when we thought on-line training was the panacea and we now enter an era of business games, m-Learning and self-authoring. But what role should e-Learning play in this 'new world'?

'To Buy or To Build' is an industry-wide on-line survey by conducted by Bourne Training to help understand how e-Learning is used today. It looks at three key areas:

1. The relevance and benefits of e-Learning.
2. The reasons why organisations use e-Learning, and the reasons for in-house authoring.
3. Future trends in e-Learning.

The survey was carried out over a 3-month period from November 2006 – January 2007 with a target group of senior training professionals from a broad range of sectors.

The following table illustrates the range and type of respondents (referred to as 'relevant respondents') in the survey results:

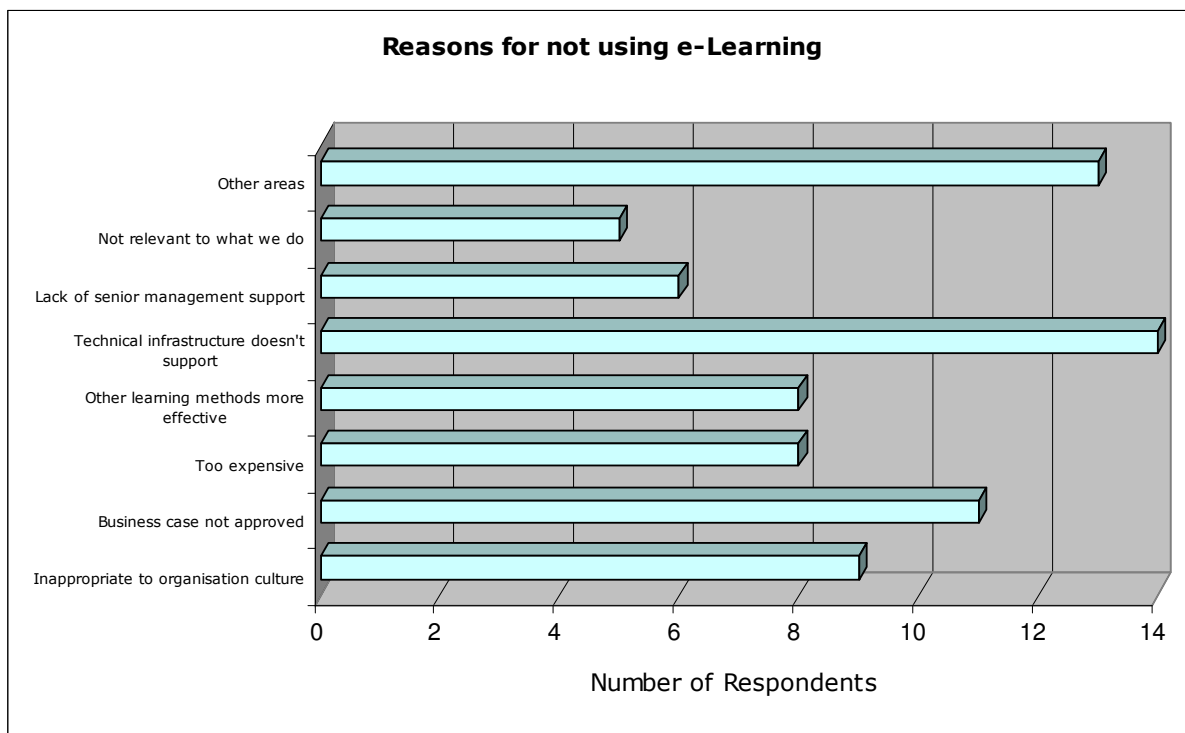
Respondent Category	Number
Total respondents	109
Total respondents who have never used e-Learning	37
Total respondents who have used e-Learning:	72
<ul style="list-style-type: none"> • Private sector (46) • Public sector (26) 	
Total respondents who have used external providers to develop e-Learning	40
Total respondents who have developed e-Learning in-house	50

2. Survey Results

2.1 Respondents Not Using e-Learning

Surprisingly, **34%** of respondents do not use or have never used e-Learning. Reasons for this are varied:

- **46%** do not believe that e-Learning is appropriate or other learning methods are more effective.
- Other respondents believe internal constraints are a factor:
 - **30%** do not have a business case approved
 - **30%** do not have the IT infrastructure to support e-Learning
 - **16%** do not have senior management support.
- Despite the reducing cost of e-Learning, **22%** still think it is too expensive.



Other reasons for not using e-Learning include:

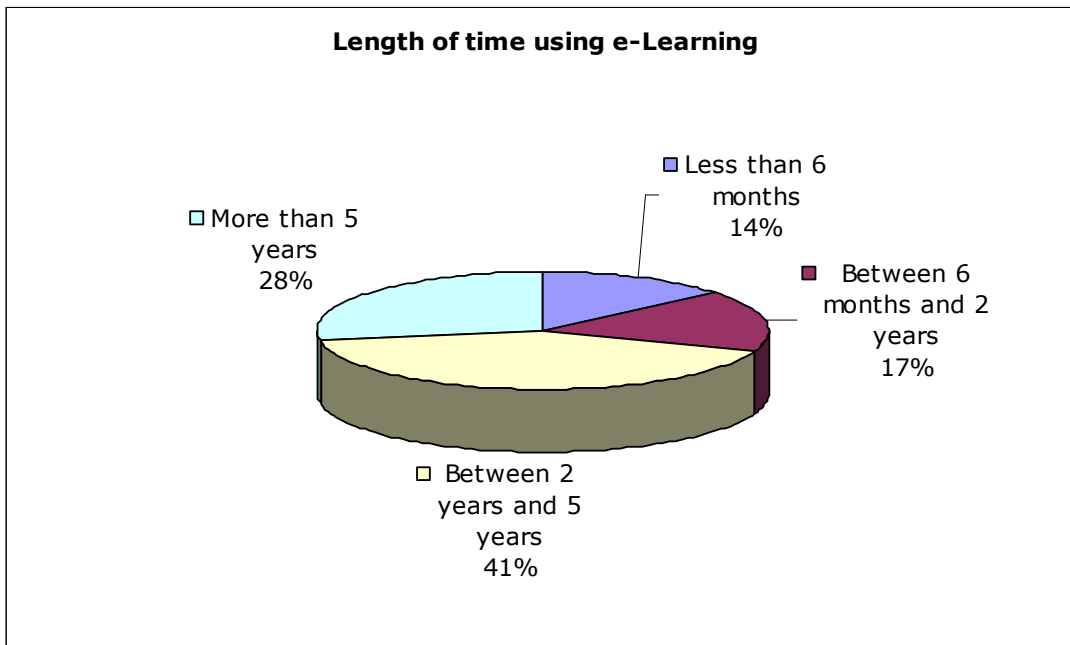
- "Prefer practical one to one"
- "The initial outlay cost"
- "Our training content is very specialised and we haven't found an economic way to generate content"
- "Training tends to be done in-house via coaching and informal methods".

2.2 Respondents Using e-Learning

2.2.1 Length of Time Using e-Learning

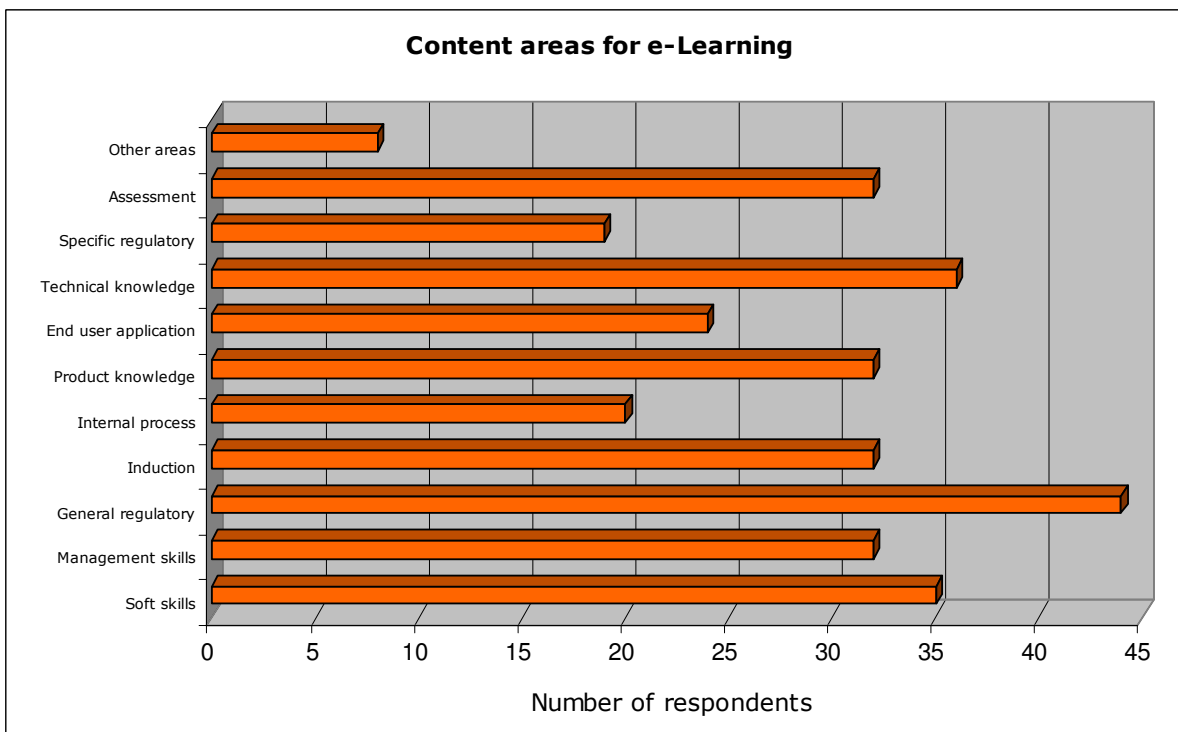
Of those respondents using e-Learning, **70%** have been using it for more than 2 years, with **28%** using it for more than 5 years.

Although the e-Learning market is moving towards maturity, **31%** have been using e-Learning for less than 2 years, and **14%** of this group have been using it for less than 6 months.



2.2.2 Content Areas for e-Learning

The range of content areas delivered by e-Learning remains diverse.



The greatest use is for specific and general regulatory training (**87%**) followed by technical knowledge (**50%**) and soft skills (**49%**).

Management skills, assessment and product knowledge training were delivered through e-Learning by **44%** of respondents and end user application training by **33%**.

Other training delivered through e-Learning includes:

- NVQ underpinning knowledge
- Student support activities
- ESOL
- Behavioural learning
- Pre-learning.

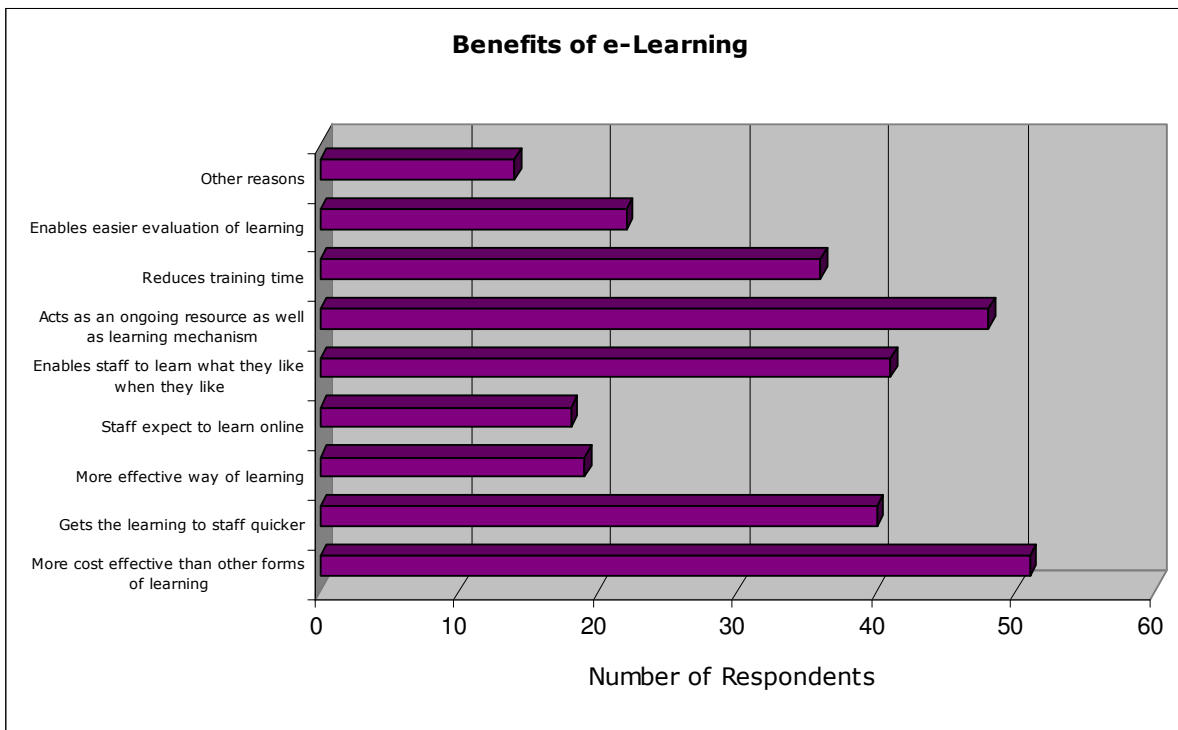
2.2.3 Bespoke or Generic e-Learning

86% of relevant respondents use **bespoke** e-Learning developed in-house or through third party suppliers.

61% of relevant respondents use **generic** e-Learning i.e. pre-existing 'off the shelf' titles developed by third party suppliers.

2.2.4 Organisational Benefits of e-Learning

71% of relevant respondents use e-Learning because it is more cost effective than other forms of learning.



Other top benefits of e-Learning relate to organisational efficiencies:

- **56%** state that it gets the learning to staff quicker
- **57%** state that it enables staff to learn what they like when they like

- **50%** state that e-Learning reduces training time.

Interestingly, **67%** see the benefit of using e-Learning as an ongoing resource as well as a learning mechanism.

Other organisational benefits of e-Learning include:

- "Gives employees experience of high quality learning"
- "People can access their own knowledge level"
- "Complements other forms of delivery"
- "Learners can manage their own time"
- "Forms part of our blended solution".

2.3 Provision of e-Learning

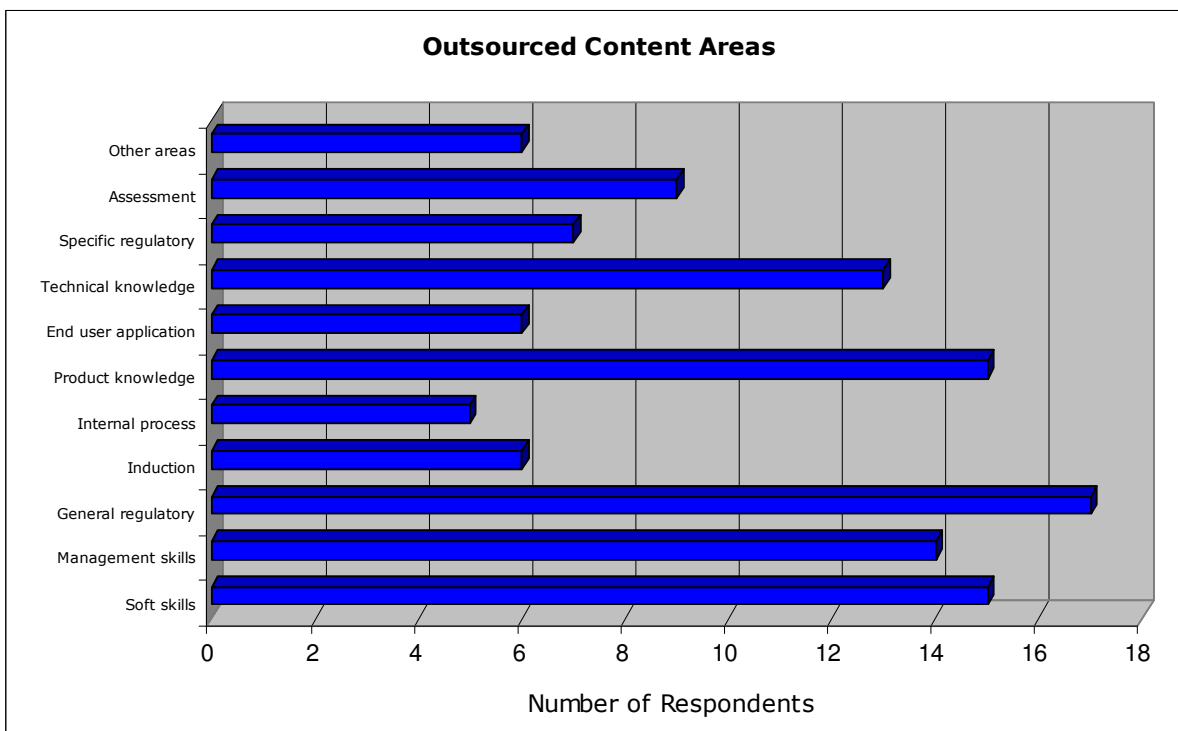
2.3.1 Use of External Providers

Despite the prevalent use of bespoke e-Learning, there are a high proportion of organisations that don't use external providers.

Of the relevant respondents, **56%** have used external providers to develop bespoke e-Learning and **44%** have never used external providers.

2.3.2 Outsourced Content Areas

The range of content areas developed by third party suppliers is diverse.



The areas of greatest content outsourcing are specific and general regulatory training (**61%**) followed by product knowledge (**38%**) and soft skills (**38%**).

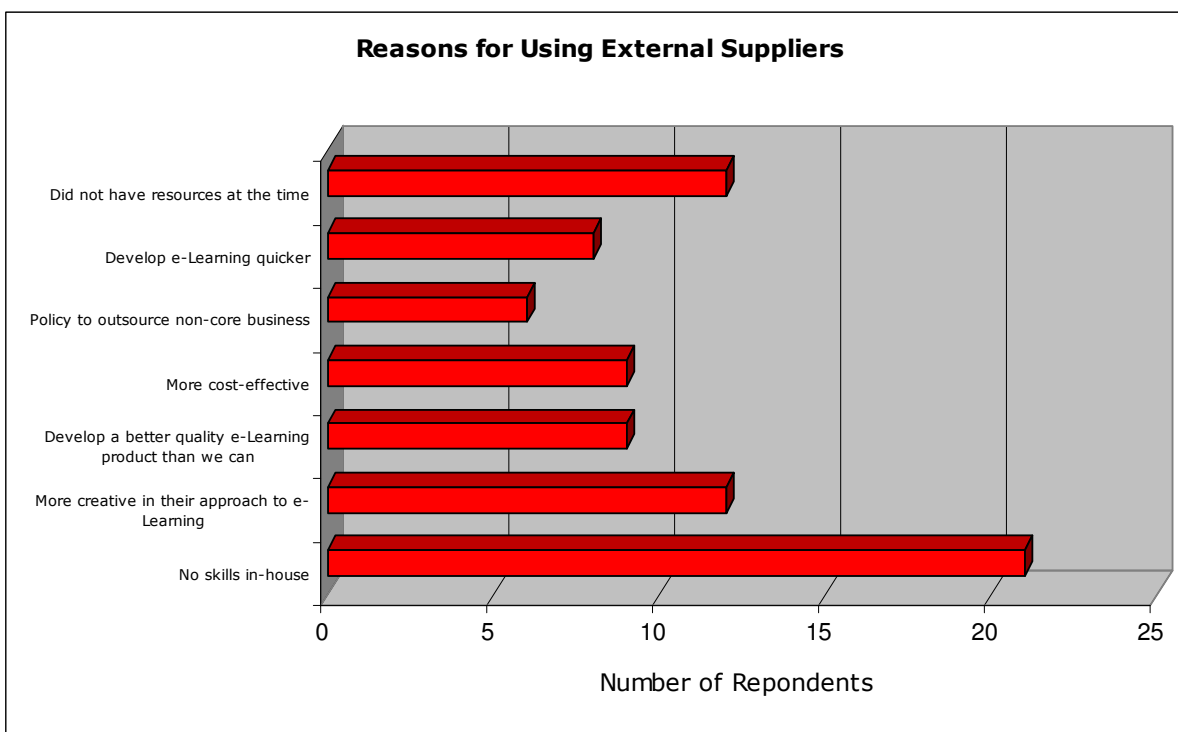
Management skills are outsourced by **35%** of respondents and end user application e-Learning by **15%**.

Other outsourced areas of development include:

- Introduction to e-Learning
- ESOL
- Behavioural learning.

2.3.3 Reasons for Using External Providers

Interestingly, the majority of relevant respondents use external suppliers because they don't have the skills in-house (**53%**) or the resources available at a specific time (**30%**), rather than because they necessarily think that external suppliers deliver better quality materials.



Organisations also use external suppliers because:

- They develop e-Learning quicker (**20%**)
- They are more creative in their approach (**30%**)
- They develop a better quality e-Learning product (**23%**)
- It is more cost effective (**23%**).

15% use external suppliers because company policy is to outsource non-core business.

2.4 In-house Development of e-Learning

2.4.1 In-house Development

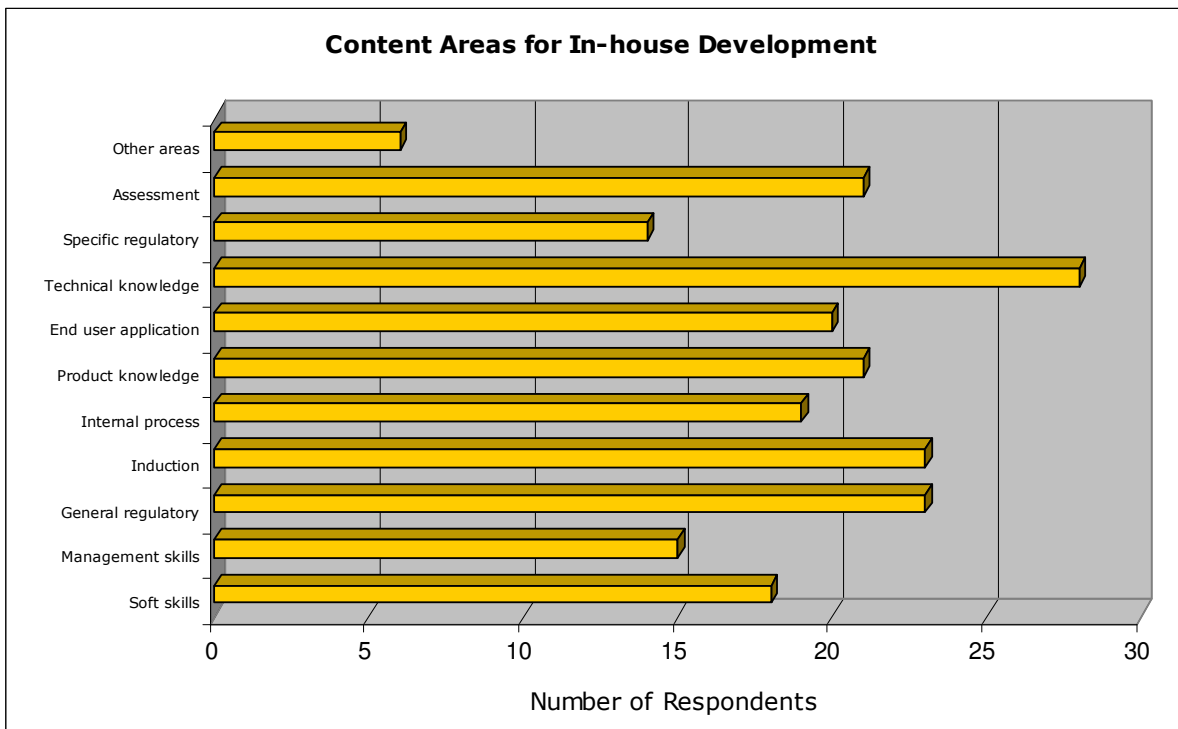
There appears to be a trend towards developing e-Learning in-house with **69%** of relevant

respondents having developed e-Learning in-house in the last 2 years using either specific authoring software or other software (e.g. PowerPoint).

22% have not developed e-Learning in-house within the last 2 years.

2.4.2 Content Areas for In-house Development

The range of content areas developed by third party suppliers is diverse. However, organisations that develop e-Learning in-house tend to do so in a large proportion of content areas.



The most prevalent area of training developed in-house is specific and general regulatory training (**74%**), followed by technical knowledge (**56%**) and induction (**46%**).

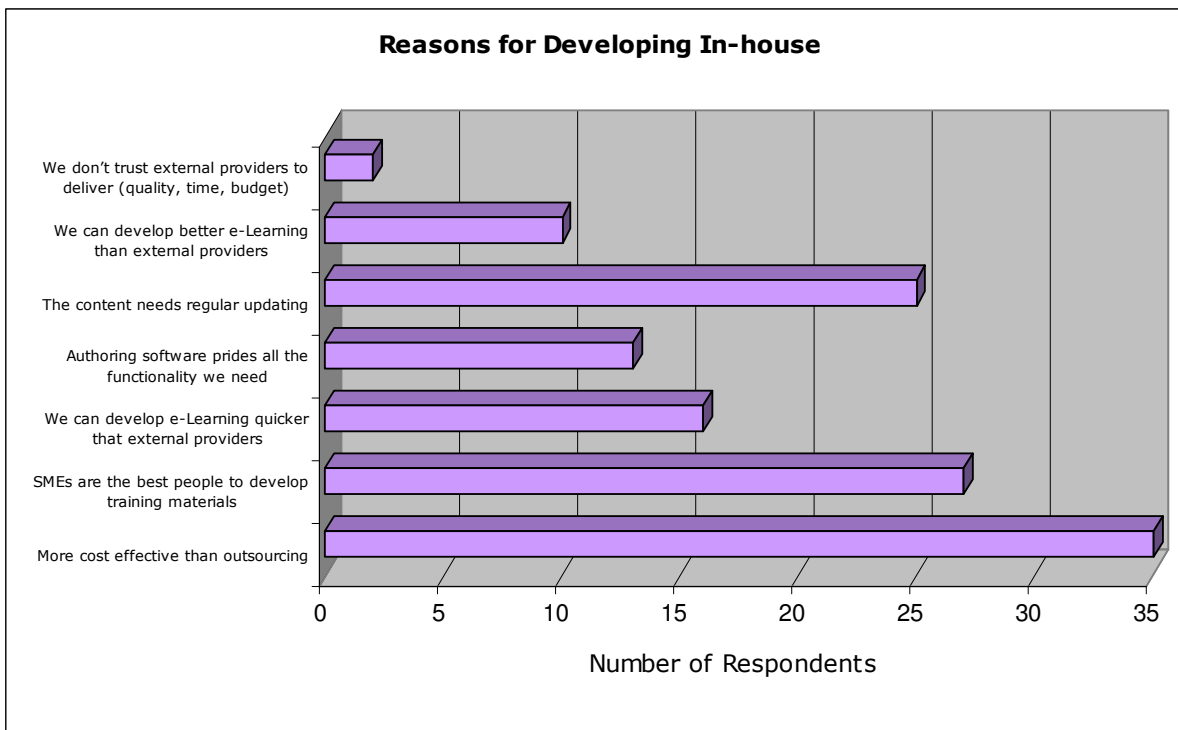
Internal process training is developed in-house by **38%** of respondents, soft skills by **36%** and management skills by **30%**.

Other outsourced areas of development include:

- NVQ underpinning knowledge
- Language training
- Pre-learning.

2.4.3 Reasons for Developing In-house

The overriding reason for developing in-house is because it is more cost effective than using external providers (**70%**), although **20%** of respondents believe they can develop better e-Learning materials than external providers.



Organisations also develop in-house because:

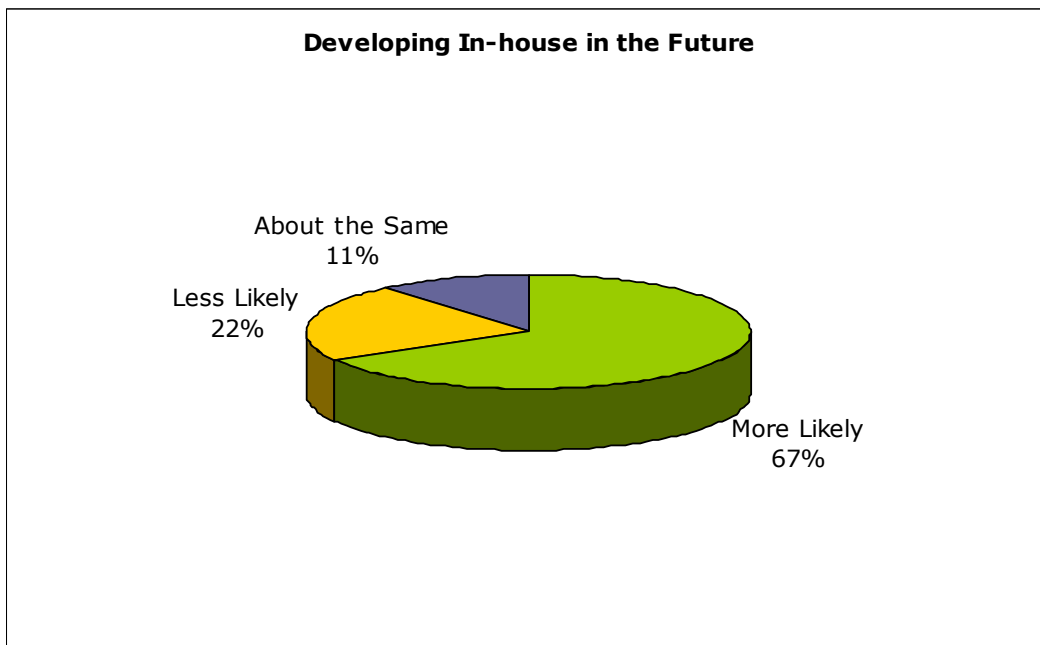
- They believe subject matters experts (SMEs) are the best people to develop learning materials (**54%**)
- The content needs regular updating (**50%**)
- They can develop e-Learning quicker (**32%**)
- Their authoring software provides all the functionality they need (**26%**).

Other interesting comments in this area include:

- "We outsource for major programmes and develop in-house for less ambitious programmes"
- "The authoring tools are becoming easier to use and enable us to develop capability within our team"
- "Using external suppliers effectively requires us to have relevant SMEs available and that we know what we want – this is often not the case"
- "We will probably do more self authoring but unless we have the specialist developers in-house we are unlikely to match the quality and creativity of external suppliers"
- "It is easier to use our expertise than get budget approval for outsourcing"
- "We generally find the cost prohibitive"
- "The technical details make it too complex to outsource as the outsourcing company keep getting it wrong".

2.4.4 Future Trends

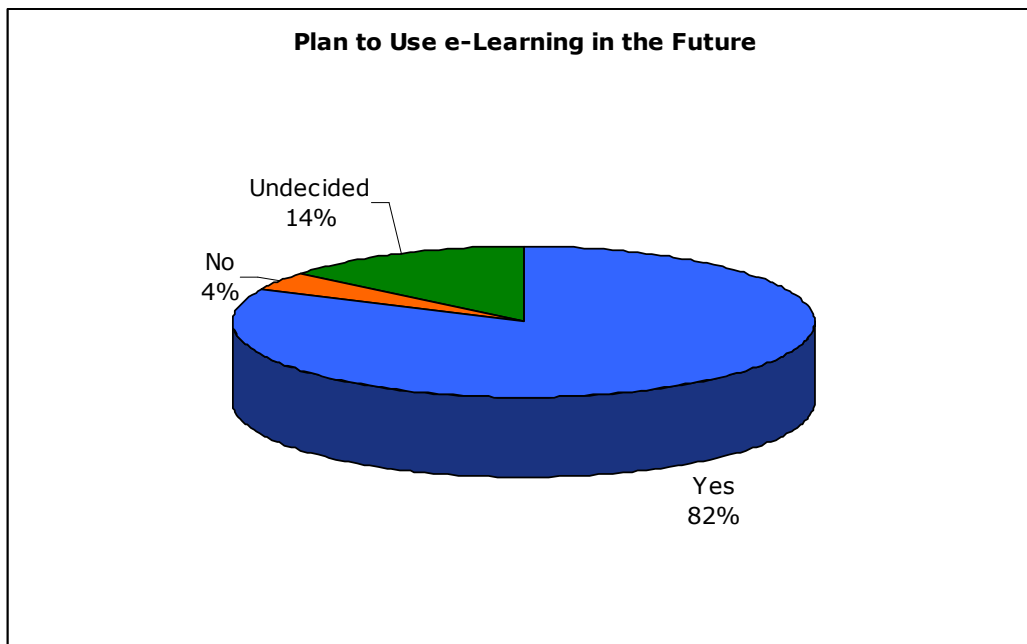
There is a clear indication that organisations will be developing more e-Learning in-house in the future, with **67%** of respondents indicating this as a likely way forward.



2.5 e-Learning in The Future

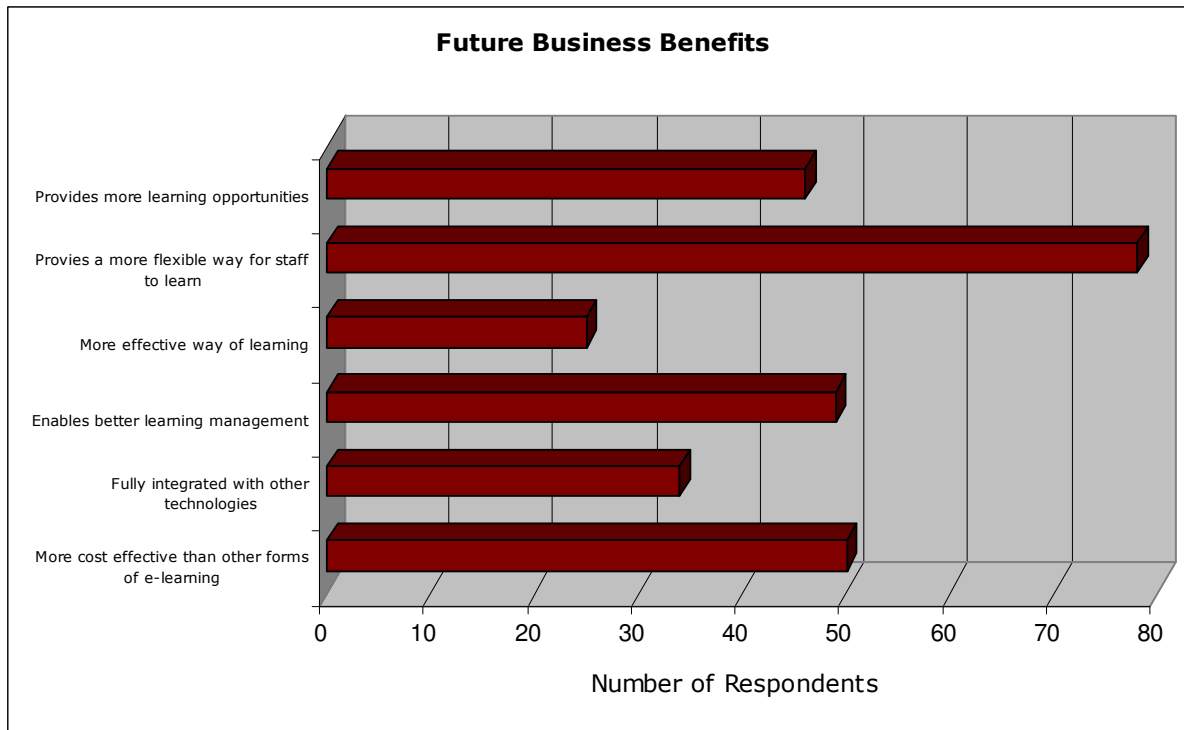
2.5.1 Plan to Use e-Learning in The Future

There is an overriding aim to use e-Learning in the future (**82%** of respondents).



2.5.2 Future Business Benefits

72% of respondents see the major business benefit of e-Learning as providing a more flexible way for staff to learn.



Other future benefits of e-Learning include:

- More cost effective than other forms of learning (**46%**)
- Enables better learning management (**45%**)
- Provides more learning opportunities (**42%**)
- Fully integrated with other technologies (**31%**)
- A more effective way to learn (**23%**).

2.5.3 Future Demand for Bespoke e-Learning

The trend towards bespoke e-Learning seems set to continue for the foreseeable future. **73%** of respondents said they expected the future demand for bespoke e-Learning to be greater than the demand for generic e-Learning.

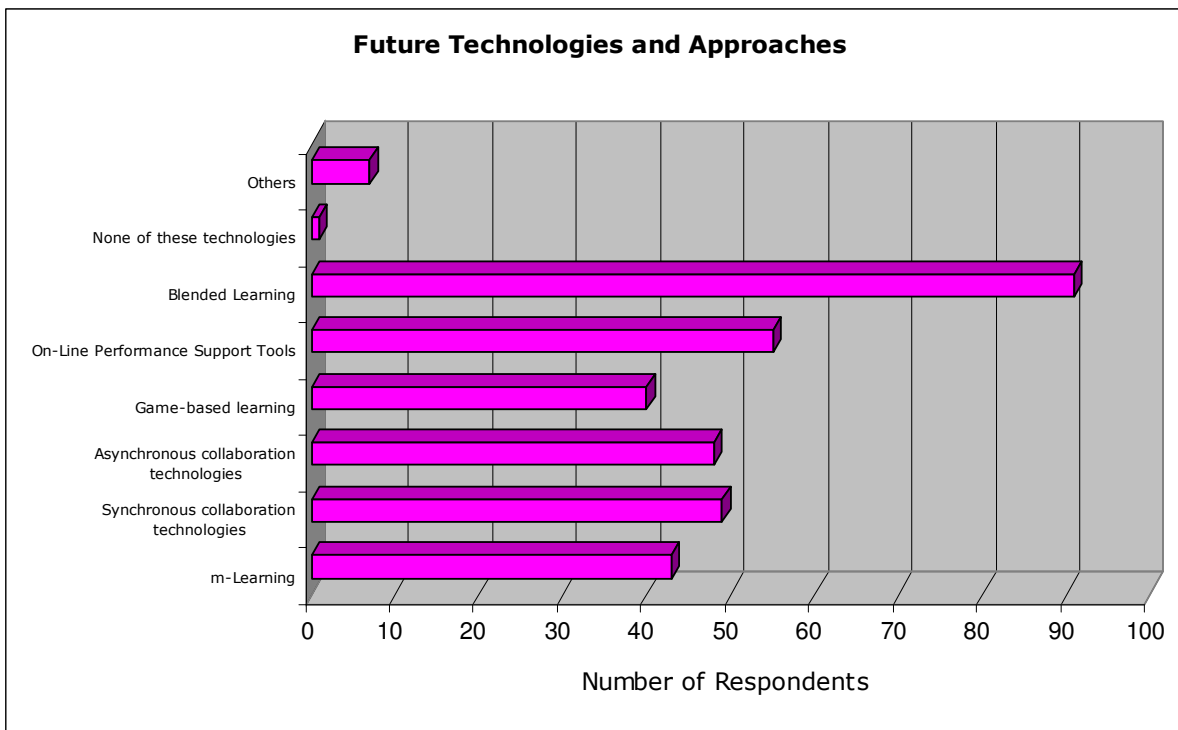
9% expected the future demand for generic e-Learning to be higher and **18%** expected no change.

2.5.4 Future Technologies

Respondents clearly expect emerging learning techniques and technologies to play a major role in future e-Learning plans. **83%** of respondents expected blended learning to be utilised as an effective approach in the future.

Other future technologies and approaches expected to be used include:

- On-line performance support tools (**50%**)
- Synchronous collaboration technologies (**45%**)
- Asynchronous collaboration technologies (**45%**)
- Mobile learning (**39%**)
- Game-based learning (**37%**).



Other comments about e-Learning in the future include:

- "It's part of a whole package, not the only answer"
- "We are at the early stages and limited by our imagination and our budget"
- "Game-based learning offers many opportunities to engage in team-based activity and low level real-time simulation. However, external help is required to demonstrate the creative possibilities"
- "We would benefit from a more blended approach – this would involve external suppliers in some areas together with a capability to author in-house"
- "Traditional desktop e-Learning will virtually disappear as a stand alone tool"
- "We are definitely seeing a trend for organisations to use technologies that push training out to cellular phones"
- "e-Learning in my view needs to be supported by instructor-led training for technical subject areas".