

Choosing an ASP for Your LMS

*What Works™ in outsourcing LMS technology
& services.*

Chris Howard
October 2004
© Bersin & Associates



Table of Contents

Table of Contents	2
Table of Figures	2
Introduction.....	3
Business Outsourcing.....	4
Managed Hosting Services.....	6
ASP for Learning Management.....	7
Provider Types	7
Architectural Differences.....	7
Other Services	8
Advantages of Using an ASP.....	11
Shorter Deployment Times.....	11
Lower Initial Costs	11
Improved Execution & Focus	12
Reduced Project Risk.....	12
Easier Access to New Technology	12
Disadvantages of Using an ASP	13
Less Flexibility & Control.....	13
Lack of Accessibility	13
Limits on Enterprise Integration.....	13
Choosing an ASP	15
Deployment Size & Complexity	16
Total Cost of Ownership.....	16
Availability of Resources	17
Qualifying an ASP	18
Experience as an ASP.....	18
Service Level Agreements.....	18
E-learning Content	19
Conclusion.....	19
About Us.....	20
About This Research	20

Table of Figures

Figure 1: Outsourcing Trends in Training.....	4
Figure 2: Key Drivers for Outsourcing	5
Figure 3: Managed Hosting vs. ASP Offerings	6
Figure 4: Range of Services Offered by ASPs.....	8
Figure 5: Challenges of LMS Implementation	9

Introduction

Learning Management Systems (LMSs) have now reached mainstream adoption among most commercial and governments enterprises – both large and small. Bersin & Associates estimates that more than 60% of organizations of all sizes now have at least one LMS in place. The need for LMSs to help deliver training more efficiently and effectively has been well documented. In fact, many enterprises are now consolidating the number of systems in order to more easily gain an enterprise wide view of all training activity and reduce the administrative costs of operating several systems.

Many organizations that procure an LMS are choosing a solution from an Application Service Provider (ASP). An ASP provides a business system as a service (similar to phone service, for example) that an organization “rents” instead of a software application that is purchased. ASPs also typically provide all the other systems and services to operate the application such as the hardware, networking infrastructure, technical support, backup, security, and system configuration. Today, 30% of all LMS implementations rely on an external vendor to provide at least some or all of these services.

“While the term ASP is new, the concept is not. In fact, companies have been procuring technology in the form of a service for many years. Payroll services, for example, are regularly outsourced.”

While the term ASP is new, the concept is not. In fact, companies have been procuring technology in the form of a service for many years (e.g. payroll systems are often “rented” not purchased, Centrex phone systems are “rented.”). The Internet, of course, has made it easier and more cost effective to use ASPs. In fact, ASPs have historically been relegated to tactical applications that were used by a limited number of employees within a company. These systems often needed specialized software and hardware that was impractical to deploy to a number of employees. Now however, enterprise-wide applications such as LMSs can be deployed without installing any new technology. This makes LMSs viable in cases where they may have been cost prohibitive.

The next logical question is, “Why should a company consider an ASP instead of a more traditional software model for their LMS deployment?.” In reality ASP applications are not appropriate in all situations. This paper explores the pros and cons of the ASP specifically as it applies to LMSs to help buyers decide which option will best suit their needs.

Business Outsourcing

Before diving into the details of deciding on an ASP for Learning Management, it helps to have some perspective on the use of outsourcing. Widespread use of the Internet and global telecommunications has enabled a tremendous growth in the outsourcing of business services. A recent study appearing in *Fortune Magazine* (May, 2004) showed that outsourcing among U.S. companies is up 50% from four years ago and growing 15%-20% annually. Top functions for outsourcing include payroll, HR management, customer service, call centers, technology, and now corporate training.

We recently completed a major study on the economics of outsourcing various training functions (The Economics of Training Outsourcing¹: *What Works*TM). There are several training-related capabilities that can be outsourced by organizations – from learning management systems to content development, user support, registration, and other back-office functions. In fact, technology is the most frequently cited aspect of training administration that is outsourced (see Figure 1).

A recent study appearing in *Fortune Magazine* (May, 2004) showed that outsourcing among U.S. companies is up 50% from four years ago and growing 15%-20% annually. Top functions for outsourcing include payroll, HR management, customer service, call centers, technology, and now corporate training.

What are “Outsourcers” Outsourcing	
LMS System Hosting (e.g. ASP)	47%
Hosting other learning technologies (virtual classroom, content management, or collaboration)	70%
Outsourcing training administration	22%
Outsourcing vendor management	13%

Figure 1: Outsourcing Trends in Training

There are a variety of real business benefits to outsourcing business functions. The most important driver is *cost reduction*. As Figure 2 shows, nearly 48% of outsourcing decisions are made to reduce operational costs. The argument made here is that the outsourcing firm performs the same function on a much larger scale and therefore has more efficiencies and experience in a particular function. Outsourcing firms use lower cost labor, they can afford to purchase software technology and leverage it across a larger pool of workers, and they have lower costs because they are further down the “experience curve.”

¹ The Economics of Training Outsourcing: *What Works*TM, study is available to Bersin & Associates Research Subscribers at <http://www.elearningresearch.com> or available separately at <http://store.bersinassociates.com/outs-economics.html>)

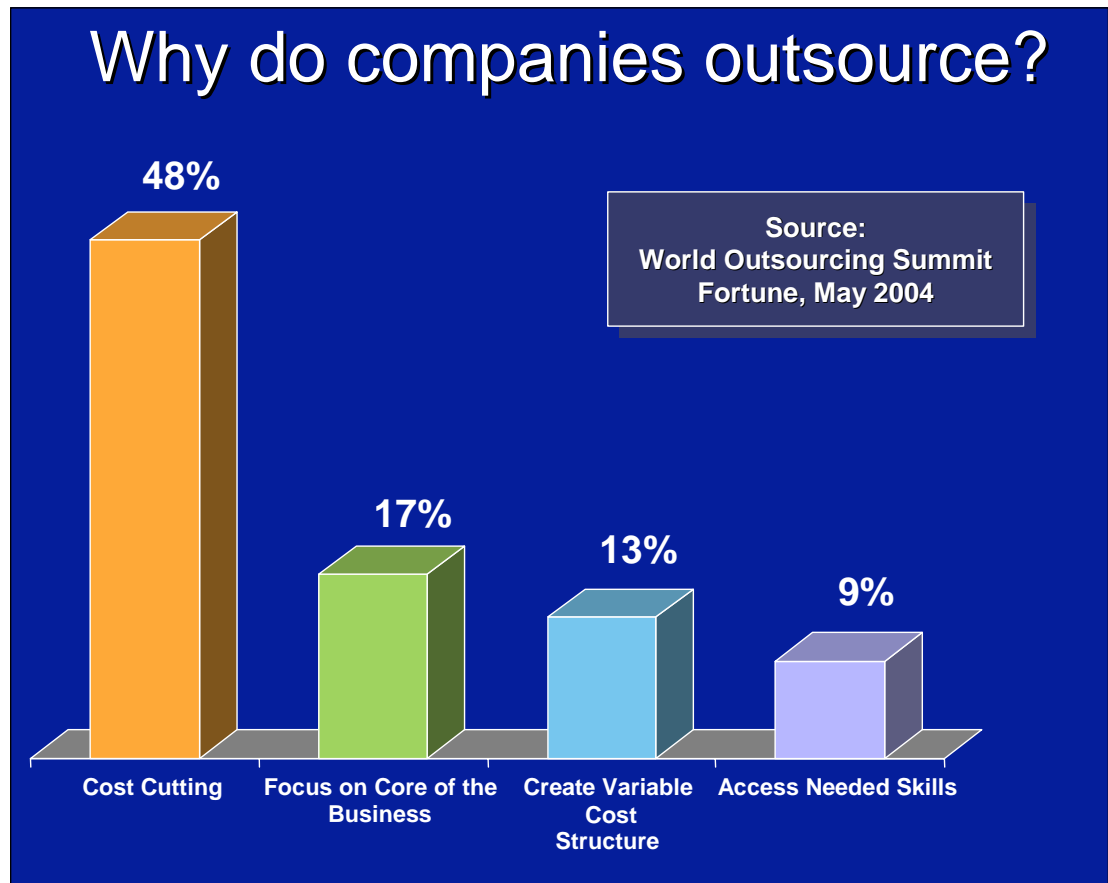


Figure 2: Key Drivers for Outsourcing

But there are other key reasons to outsource². According to the World Outsourcing Summit survey, 13% view outsourcing as a way to shift costs from fixed to variable: by reducing headcount and eliminating certain ongoing functions the company can grow or shrink and let the outsourcer handle the shifts in resource. This is especially applicable to the deployment and management of e-learning technology (e.g. LMS, content development) as they require a dedicated infrastructure of people for system operation, content development, and system administration.

The other key benefits to outsourcing revolve around focus – 17% of responders outsource to further focus on the core of their business. As we describe later in this paper, our research found that nearly all training organizations struggle to stay focused and would like to outsource certain functions to increase their focus and strategic value to the company.

We'll come back to some of these themes when we look at the pros and cons of using an ASP for learning management.

² Our breakthrough study “The Economics Of Training Outsourcing” describes the economic benefits of outsourcing in detail. We strongly urge readers who are considering an ASP hosted LMS to read this study. It is available at: <http://store.bersinassociates.com/bersinassociates/outs-economics.html>.

Managed Hosting Services

In this paper, we seek to differentiate between true ASPs and managed hosting providers. An ASP is a full service provider that delivers a complete turnkey solution to the customer. Managed hosting, on the other hand, refers to a service that provides only the data center facilities for running the customer's business application. In managed hosting the customer purchases the software and pays for a software license, software technical support, hardware, customization services, and ongoing fees for product upgrades. Only the data center facilities and perhaps one or two other services are provided by a managed hosting service. By contrast, a true ASP usually prices and packages its services as a single bundle that can be paid over the length of the contract. In a true ASP the customer is "renting" the software and therefore receives upgrades and maintenance as part of the ongoing fees.

Since the true ASP gives the customer a more comprehensive solution, the value proposition is different than that of a managed hosting provider. Most LMS vendors that offer to "host" the system are, in fact, providing managed hosting only, or even sub-contracting the managed hosting to a third party. Coordinating between multiple vendors can make LMS deployment and operation more complex. It is therefore important for a buyer to ask their supplier specifically what services are provided to understand if a "hosted" solution is a managed service provider or a true ASP. If you are buying a "hosted" solution from an LMS company, are they in fact providing a complete ASP service? Who provides ongoing maintenance and updates? Who performs content integration? What flexibility do you have to customize the system?

Managed Hosting	ASP
Customer may "own" the software	Customer "rents" the software
Maintenance purchased separately	Maintenance and updates included
Multiple vendors may be involved, one for software, a different for hosting and network services	Single vendor solution
Added value services may include backups, recovery, software updates.	Added value services include backup, recovery, updates, support, content integration, and sometimes more.
Customer's license is at their own service and maintenance level.	Customer's license is managed and upgraded by the ASP.

Figure 3: Managed Hosting vs. ASP Offerings

ASPs for Learning Management

ASPs for Learning Management are differentiated from other types of service providers in that their services may include a wider range of offerings beyond simply hosting the software application. Before exploring the details of the offerings, let's look at the different choices available to buyers interested in an ASP.

Provider Types

There are two major categories of ASPs in learning management and e-learning:

1. **Content Providers.** These are companies whose major business is to provide packaged content to their customers on a variety of technology and soft skills topics. The content can optionally be provided as a service which obviates the need for the customer to install any content on their own systems. These ASP systems are often designed only for the provider's content and thus cannot support content from other vendors and are also limited in capability (although they do often integrate with other LMSs for more robust capability). Examples of these providers include SkillSoft, NETg and ElementK. The LMS functionality is usually limited to the capabilities necessary to support the vendor's e-learning content.
2. **Dedicated LMS Providers.** Unlike content providers, these companies focus on the LMS capabilities and sometimes provide integrated content from third-parties as mentioned above. These companies are also differentiated from other LMS providers in that their only offering is as an ASP (i.e. they don't offer site-installed software). So their business, technology, and operational structure is optimized for delivering learning management as a service – not a product. Examples of vendors in this category are GeoLearning, Intellinex, and KnowledgePlanet.

Architectural Differences

Another differentiator among ASPs is their technology architecture. Normally, such a topic should be of little concern since one of the advantages of using an ASP is that buyers needn't worry about the technology. However, the educated buyer should be aware of a few architectural considerations that can affect how the overall solution is provided.

Choosing an ASP for Your LMS

Some ASPs service all their customers from a *single system* while others install a *new system for each customer*. In the case of a single system, the vendor achieves economies of scale since they can operate from a single technology platform. However these systems are generally less flexible as significant changes to the software may affect all customers – which may not be desirable in all instances! These solutions are only generally offered with some type of content library in cases where the customer does not have an LMS or does not want to install one to delivery a particular program.

Those that install new hardware and software for each customer may not achieve all the economies of scale but can be more flexible in providing a customized solution. Since each customer uses their own system, much more customizations are feasible.

In addition, customers with large or unpredictable demands in scalability may be more comfortable with dedicated resources. Peaks in demands can result, for example, when a deadline is approaching for a compliance course and hundreds or thousands of users access the system simultaneously.

Other Services

In the case of learning management, a key advantage of using an ASP is that they sometimes provide capabilities beyond just the software. LMS implementations typically involve a variety of technology and management skill sets that must be brought together for a successful project. ASPs manage all this for their customers. Services that are often provided (in addition to hardware, software, and IT staff) include the following:

Range of Services Offered by ASPs	
1.	LMS
2.	LCMS
3.	Content Development
4.	Content Integration
5.	Pre-integrated Courseware
6.	Help Desk Staff
7.	Training Administration Staff
8.	Technical Support
9.	System Implementation

Figure 4: Range of Services Offered by ASPs

Pre-Integrated Content

Content integration is one of the most challenging aspects of any LMS implementation (see Figure 5: Challenges of LMS Implementation). Although industry standards (e.g. AICC, SCORM) have made content integration easier, they are far from providing a turnkey solution. In addition to the custom technology required to develop and test these interfaces, customers are often left holding the bag when something goes wrong. (e.g. the LMS provider blames the content developer and the content developer blames the LMS provider).

Some ASPs have solved this problem by integrating their system with a wide offering of off-the-shelf content. GeoLearning, for example, provides their customers with an integrated library of over 18,000 courses from 40 content vendors. When updated or new courses are released from these vendors, learners instantly gain access to these new titles. With a full-service vendor the customer calls the ASP when technical support is required, essentially eliminating the need to contract with multiple vendors for a total solution.

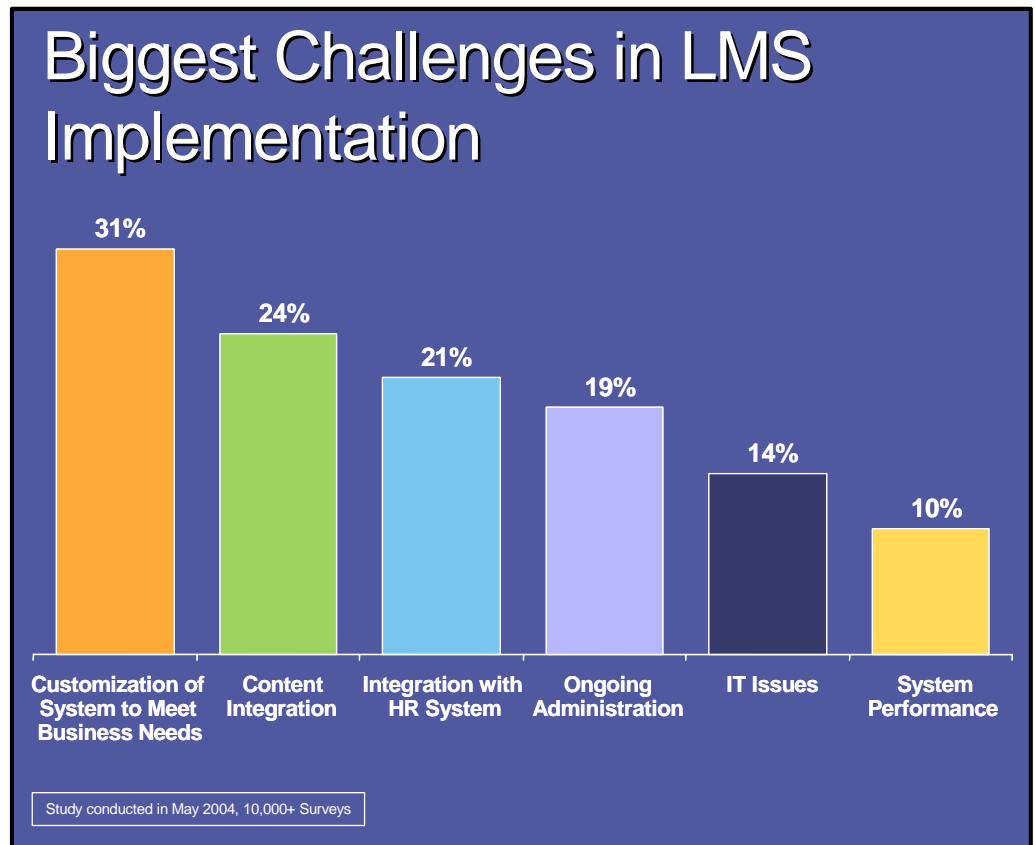


Figure 5: Challenges of LMS Implementation³

³ From LMS2004: *Facts, Practical Analysis, and Trends – a comprehensive Market Review and Buyer’s Guide to Learning Management Systems* at <http://www.elearningresearch.com> or available for purchase at <http://store.bersinassociates.com/lms-2004.html> .

Custom Content Development & Hosting

Most organizations use a combination of custom-built e-learning courseware for proprietary training and off-the-shelf titles for basic skills (e.g. IT and soft skills). They often also have “legacy content” on CD-ROM, audio, video, or PowerPoint that needs to be integrated into an LMS. These scenarios often create technological and management headaches if not managed properly. Integration of custom-built courseware is more complex than for off-the-shelf content because the underlying tools and technology may not have been tested with various LMSs. ASPs often provide this integration service and will then host the content for the client. Changes and additions to courseware and their impact on the LMS will all be managed by a single vendor. Our research in the area of content integration indicates that this is added value for departments with limited staff.

Training Administration

In most large organizations today, training is still primarily delivered in classrooms. LMSs have made the registration process easier by providing self-service capabilities to employees – which has reduced the cost of training administration, to some degree. But there are other “back-office” administrative needs that may be better performed by a supplier including course registration, system administration, reporting and ongoing operation. These capabilities are also sometimes provided by an ASP.

Help Desk Support

Related to training administration is the task of providing telephone, email and live text chat support to the users of the LMS – mostly employees and/or customers. This support can include everything from providing assistance in registering for a course to reporting technical difficulties back to the IT staff. Some organizations may be able to leverage other help desk resources within the organization. If not, the training group managing the LMS must provide this assistance. However, full-service ASPs like GeoLearning include 24x7 help desk support as part of their service contract with customers.

Advantages of Using an ASP

Now that we've reviewed the capabilities and characteristics of ASPs let's take a closer look at the advantages they offer over traditional systems.

Shorter Deployment Times

Using an ASP instead will likely result in shorter implementations. This is the case for several reasons:

- (1) ASPs have systems already in place (e.g. hardware, software) that are available and ready for use so there is no lead time involved in procuring and installing all the required technology. In addition, their IT staffs are focused on rapid implementation since all of their customers are serviced from a centralized data facility. This reduces the need to schedule other resources to install and configure the system. Often training groups find that there are other organization-wide priorities that prevent their IT staff from giving their LMS project any attention. This situation is avoided by using an ASP. This is not to say that IT should not be involved in the process – indeed they should. But using an ASP will reduce the required workload from the IT department making them more open to participating in the project.
- (2) Customers tend to make fewer modifications when using an ASP for their LMS. These customers are typically intent on obtaining more rapid business value so they are focused on making only changes necessary to meet their business needs. This also results in shorter deployments since less customization of the system is required. In some situations, of course, more customizations are required. Some ASPs will support these extensive customizations better than other as we'll discuss later.
- (3) As mentioned above, ASPs typically have content already integrated into the LMS which also contributes to a shorter implementation cycle.

Lower Initial Costs

Another advantage of using an ASP is that the system cost is priced more like a service rather than an outright purchase of all the component pieces. So the start-up costs will be lower. As we'll discuss later, the total cost of ownership over time may be higher or lower, but certainly the start-up costs will be reduced with an ASP.

Depending on the amount of customizations made to the system, initial costs are likely to be 50-70% lower than with a traditional software model. ASP vendors have infrastructure investments in hardware, software, pre-integrated content, and streamlined business processes to enable them to lower the cost of entry for their customers.

Improved Execution & Focus

According to the World Outsourcing Summit survey, 17% view outsourcing as a way to further focus on their core business. LMS systems require a large amount of “care and feeding” – system maintenance, catalog maintenance, content integration, report writing, and much more. The implementation and operations of an LMS may not be strategic to an organization. Outsourcing this capability will enable the training group to focus on the actual training initiatives that have more significant business impact. While the LMS may be used as a tool to facilitate these programs, the operation of the system need not be managed by internal staff.

ASPs for learning management are now beginning to offer a range of services that further enable training groups to focus on more strategic efforts. Supporting an LMS involves administrative, help desk, and technology staffing that can put strains on the budgets and management resources of training departments – especially smaller training groups found in departments that have limited resource but lofty responsibilities. In fact, many buyers choose ASPs for the LMS simply because they can “do more with less.”

Reduced Project Risk

LMSs, like any IT project, are subject to risk. The risk may encompass complete failure (e.g. the system is never operational), project delays, or perhaps a lack of business value over time. While using an ASP does not eliminate risk, it can help buyers reduce it. Since the up-front costs of using an ASP are lower, buyers can justify a smaller expenditure to validate that the system will work for their particular training challenge.

Using an ASP also involves fewer vendors – in most cases just one. Reducing the number of vendors in a project requires less project management and can increase the chances of a successful outcome because it has fewer “moving parts.”

Easier Access to New Technology

In addition to managing all the other aspects of LMS deployments, ASPs will also handle the technology upgrades that can increase the total cost of ownership. Updates to content libraries and systems can generally be handled by the ASP.

Disadvantages of Using an ASP

Using an ASP for learning management instead of installing one's own infrastructure does have some potential disadvantages. While these considerations do not apply in all instances, they need to be considered when consulting with vendors and making the decision about whether to choose an ASP or not.

Less Flexibility & Control

Users of ASPs generally have less flexibility in several important areas. The first is application modification. If the chosen vendor is using the same infrastructure for all customers, then significant changes to the application are difficult if not impossible to manage. Some vendors (e.g. GeoLearning) install a separate version of the software for each customer, making changes easier to accomplish. But most providers seek to leverage the same infrastructure for all their customers in order to reduce costs. This, in turn, reduces the degree of changes that can be made to the system. This is not to say that modifications to the software are not possible, however, they will likely be more limited than with a product that is under the complete control of the buyer. Buyers should consider accepting limited customization capabilities in exchange for a simpler and more cost-effective solution.

When using an ASP, buyers are also at the mercy of a sole provider for most, if not all, associated services including implementation, adding a new feature, providing new reports, installing new content, etc. In the case of a site installed product, changes can be made by the vendor, internal IT staff, or another supplier that is skilled in the particular application. For larger systems that support many users and departments, this arrangement may create bottlenecks in the level of responsiveness provided to the user community. As we'll see later, buyers are advised to obtain written agreement on turnaround times and costs for various services.

Lack of Accessibility

In some instances, technology prohibits buyers from seeking ASP solutions. Although it's becoming less of an issue, many organizations cannot use ASPs due to security and other restraints that prevent their users from accessing an external business application or they may prohibit employee or customer data from leaving their internal network. These restrictions may be deliberately imposed by the IT department for security reasons.

Limits on Enterprise Integration

Many organizations are realizing the benefits of integrating their LMS with other enterprise applications including:

Choosing an ASP for Your LMS

- Webcasting
- Human Resource Management Systems (HRMS)
- Performance Management
- Customer Relationship Management (CRM)
- Content Development Systems and Content Management Systems.

Some applications of these integrations are being called “workflow-based” learning. The term is used to describe the process in which learning interventions can be triggered by and integrated into other business applications. When a customer service agent’s productivity declines (as measured by the CRM system), for example, a message is sent to the LMS which then assigns training to the agent to help increase his or her productivity. Or perhaps when new employees are hired and entered into the HRMS, their job codes determine a set of training courses that are mandatory for the new positions. These courses are then automatically assigned by the LMS.

As an externally supplied business application, the data that resides with an ASP may not be as accessible as a system that is operated internally. This can make integration with other businesses applications more challenging. However, these technological hurdles can often be overcome, and the ultimate solution may involve periodic batch updates that occur automatically at predetermined time intervals. However, in some instances, experienced ASPs can program real-time data integrations. This is an important aspect to discuss with your potential vendor if your business requirements call for LMS data to be synchronized with other enterprise applications.

These limitations will be further mitigated as web services technology becomes more pervasive. But for now, they must be considered in the decision criteria when deciding whether an ASP is right for a LMS.

Choosing an ASP

Now that we understand the basics of what ASPs are, the advantages, and disadvantages, the questions then becomes “Which option is right for you”? In most applications of business software (e.g. CRM, HRMS, ERP) ASP solutions tend to be used in small to medium sized businesses or departments that don’t have the resources to install and maintain these systems on their own. Our research indicates that this is not necessarily the case with LMSs. The chart below indicates that organizations of all sizes use an externally hosted option for their LMS and that deployment choice has little correlation with organization size.

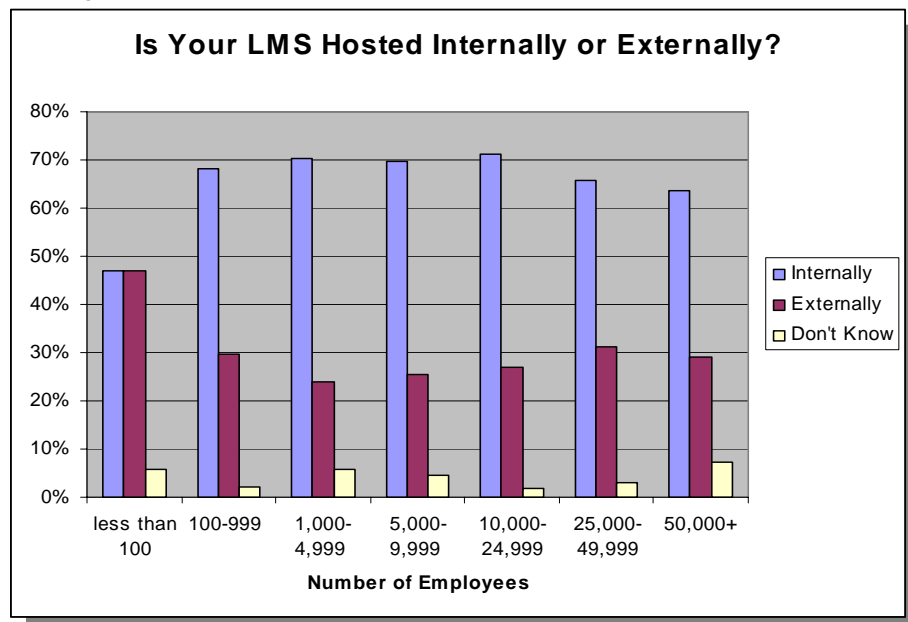


Figure 4: Internally vs. Externally Hosted LMSs⁴

Bersin & Associates believe this is the case for several reasons:

1. Unlike other business applications, LMSs require a range of expertise to develop content, integrate it with the system, manage changes, supply a help desk to all employees, etc. These resources are frequently not available to training departments – especially those located in departments that don’t have large training budgets. This scenario is found in both large and small companies alike.
2. Many training departments believe that operation of the LMS is a non-strategic function that is better left to others.
3. Training departments are often competing with more visible IT projects and can leverage the expertise of an external supplier to get the job done.

⁴ From LMS2004: *Facts, Practical Analysis, and Trends – a comprehensive Market Review and Buyer’s Guide to Learning Management Systems*, previously cited.

4. Many organizations purchase content which is externally hosted and tightly integrated with an LMS that is supplied by the content provider.

Deployment Size & Complexity

While we believe that organizations both large and small can benefit from an ASP, large and/or complex deployments may be better served by an internally managed system. While there are examples of ASPs managing large communities of users (e.g. upwards of 50,000 to more than a million), these systems likely have straightforward business requirements, smaller numbers of concurrent users, and address a departmental rather than enterprise initiative. These complexities may drive a buyer to install their own system. Examples include:

1. **Enterprise-wide deployments.** Satisfying the needs of numerous training groups across an enterprise requires not only extensive system analysis, compromise, and project management, but also an LMS that can be customized and scaled to support a large user population. These customizations may involve custom business rules for each training department. In addition, the implementation team could require 10-15 full-time members with a variety of skill sets – a project which is beyond the scope of all but the most full-service ASPs.
2. **Integrations with other business systems.** LMSs are often integrated with other business applications and technology infrastructures including HRMSs, directory services (e.g. LDAP), and performance management systems to name a few. The extent of these integrations may be limited with an ASP vs. an internal system. Security and web services technology improvements will make these integrations easier but, for now, buyers needing extensive integrations with other systems likely require an internally hosted system. Today, most integration between internal business systems and ASPs are accomplished through periodic file exchanges – a less than ideal solution for some applications. However, as was mentioned previously, experienced ASPs can program real-time data integrations.

Total Cost of Ownership

As we noted above, one of the most compelling reasons for outsourcing training technology is cost savings. The economics of the ASP model suggest that the buyer is able to extend their payments over the life of the application rather than pay for the entire required infrastructure in the first year. In addition, since the buyer is able to leverage the reduced cost structure available from the ASP, the entire bundle of technology and services may end up costing far less. It's important for the buyer to understand the total cost of ownership (TCO) over the projected life of the system in order to determine if an ASP is more cost effective. A larger population of users, for example, may end up costing more over the life of the system using an ASP rather than installing the infrastructure and software on-site.

Recall, however, that ASPs may provide additional services that are not available with other solutions, including integrated content libraries, end-user help desk services, and training administration. The cost of content integration alone can often surprise buyers purchasing a site-installed LMS and then paying for custom integrations. So cost of ownership calculations for an ASP that encompass these services must be compared with a similar scenario if these services are provided in-house.

Availability of Resources

In recent years, as companies have scaled back their fixed costs, many buyers choose to employ an ASP because they have limited resources. Training managers in small to medium sized organizations or departments of larger companies may not have access to the ongoing resources (e.g. IT, administrative, help desk staff) that are required to keep an LMS up and running. These organizations are in the best position to leverage an ASP.

Qualifying an ASP

Once you've made the decision to choose an ASP for your LMS, the next question is "How do I select a vendor?" Selecting an ASP is, in some ways, quite similar to making any LMS decision. However, there are additional requirements that must be considered. The following criteria will help you narrow the landscape of available vendors.

Experience as an ASP

As we noted above, an ASP in the true sense of the word provides a different solution than a managed hosting provider. ASPs have designed their service, pricing, and implementation procedures to suit the needs of customers that want to outsource some or all of their training administration. The chosen vendor should have experience with this type of business model and can reference other customers that can attest to their levels of service and support.

Service Level Agreements

ASPs should also be prepared to provide specific contractual terms that describe the levels of service (and associated pricing) to which they will commit. Specific terms should include:

- System uptime or reliability
- Costs (likely to be billing rates) for every category of required service including system modifications, content development, content changes, and system upgrades
- Turnaround time for service requests
- Turnaround time for help desk requests
- Additional costs for expedited response
- Extraction of data should buyers choose to switch vendors

Experienced ASPs will be able to provide their customers with term sheets including response times and pricing that can be modified for various service levels. Remember that you are committing to a single vendor to provide most associated services so you want to negotiate terms in advance of signing a contract. In the case of a system that is site installed you have a wider choice of service providers and can even switch providers or start out using your own staff if you choose. Most buyers choosing an ASP are willing to sacrifice some flexibility for the ease of dealing with a single supplier.

E-learning Content

Most buyers need some type of e-learning capability with their LMS. One of the advantages of ASPs is that they can provide a comprehensive solution which may include content already integrating into the LMS and ready to roll out to users. Also, the content purchase agreement may also be negotiated through the LMS vendor making the purchasing process smoother.

Conclusion

Full-service ASPs are beginning to offer buyers a comprehensive solution that not only includes technology, but also courseware, professional services and the associated administrative staff to operate LMSs. This is an attractive option for training executives needing to reduce their commitment in both budget and other resources while “doing more with less.”

The ASP is a viable solution for certain LMS requirements including those of small to medium sized businesses and departments within larger enterprises. While Bersin & Associates believe that complex, highly customized projects with extensive integration needs will continue to require “behind the firewall” solutions, deployment choice has little correlation with organization size and even large organizations can benefit from ASPs.

We remind readers to remember the additional considerations when selecting an ASP vs. a traditional LMS software system, including service-level agreements and a pre-determination of the scope and capabilities of the services offered by the vendor.

NOTE: If you are in the process of selecting an LMS vendor and would like help identifying the different vendors which provide ASP solutions, please read our report *LMS2004: Facts, Practical Analysis, and Trends – a comprehensive Market Review and Buyer’s Guide to Learning Management Systems*. This report is available to research subscribers at <http://www.elearningresearch.com> and for purchase at <http://store.bersinassociates.com/lms-2004.html>

About Us

Bersin & Associates is the only research and consulting firm solely focused on What Works™ e-learning research. With more than 20 years of experience in e-learning, training, and enterprise technology, Bersin & Associates provides a wide range of services including market research, best-practices, vendor and product analysis, corporate workshops, corporate implementation plans and sales and marketing programs. Some of Bersin & Associates innovations include a complete methodology for LMS selection and application usage, an end-to-end architecture and solution for training analytics, and one of the industry's largest research studies on blended learning implementations.

Bersin & Associates offers the industry's first e-learning research subscription, "The E-Learning Research Center," (<http://www.elearningresearch.com>) which offers up-to-date research, product selection guides, whitepapers, and access to other experts online. This service enables corporate training managers, vendors, and consultants make faster, better decisions about e-learning strategy, programs and technology.

Bersin & Associates can be reached at <http://www.bersin.com> or at (510) 654-8500.

About This Research

Copyright © 2004 Bersin & Associates. All rights reserved. *What Works*™ and related names such as Rapid E-Learning: *What Works*™ are registered trademarks of Bersin & Associates. No materials from this study can be duplicated, copied, republished, or re-used without written permission from Bersin & Associates.