LIGHTHOUSE
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Executive Summary:

2016/2017 Learning Analytics
Trends Report

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Research Overview

It seems we can't turn around today with hearing about "big data" and "predictive analytics." But what is the impact of this developing area on learning and development? In addition, how can companies make the most use of learning analytics for improving business outcomes?

This research summary looks at some of the trends that are funneling attention towards analytics, the functionalities that executives should expect to see in their provider of choice, as well as a glimpse at what the future holds for this slice of the HR technology industry. This report is part of a larger initiative at Lighthouse Research to explore, understand, and categorize the key players in learning and analytics.

The full report includes proprietary research from Lighthouse Research in addition to data from Aptitude Research, Sierra-Cedar, Bersin by Deloitte, IBM, ExcelHRate Research, and insights from more than a dozen interviews with business leaders. For more information on the full report please contact Lighthouse Research.

Trends in Analytics and Planning

From hundreds of conversations with business executives and HR technology providers, we at Lighthouse have seen several interesting developments and trends emerge[1].

> **Learning and talent leaders know that measuring indicators and outcomes are important, but they often don't have the process in place to measure, analyze, and leverage their data. Most measurement and analysis is still manual.**

Most measurement and analysis is still manual. One employer with more than 300,000 employees told us, *"We have so much data and we're unsure what to do with it… We're trying to use visual tools to help make an impact and increase utilization of the data we already have."*

Data, in itself, has little value. However, the analysis of the data for improving decision-making is incredibly powerful at an enterprise level. Despite the tools and technology available today,

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[1] http://lhra.io/blog/3-problems-impacting-talent-acquisition-measurement/

many companies are still performing manual analyses of information in an attempt to understand internal trends.

> **This measurement and analysis problem is not confined to any particular practice of learning, talent management, or HR. It is widespread and severely limits the impact and value this function can offer the business.**

Without being able to translate people data to business impact, many learning teams are floundering at the executive level. While some are advanced enough to have a grasp on this problem, the vast majority of firms are not yet to that level of measurement maturity.

> **Use cases are one of the most valuable tools for helping in-the-trenches leaders convey the value and opportunities associated with implementing analytics technology, especially when it comes to learning.**

One of the most common challenges brought up by corporate leaders around analytics and measurement is not knowing how to properly use the tools for business impact. Having a unique, specific use case is the starting point for success, especially when attempting to partner with a vendor.

Other external factors that are driving a demand for learning analytics include:

- **The gig economy**. This focus on skills and tasks instead of full-time workers is helping companies to take a broader view of internal talent and how it accomplishes business goals. At the same time, a 2016 IBM CHRO study[2] also pointed out that less than half of talent leaders believe the enterprise is prepared to manage a more complex workforce.

- **Focus on social/experiential learning**. Companies can measure completions in classroom training courses, but it's more challenging to measure social and informal

> **Case in Point:**
> **Healthcare Hackathons**
> One of the largest healthcare providers in the U.S. is using hackathons as a development tool for its IT staff. Combined with a minimal amount of classroom training, this action learning project is designed to not only teach concepts, but also to engage workers and create a competitive hiring advantage, appealing to the best and brightest candidates with an innovative approach. The company uses learning analytics to measure skill acquisition and development, proving the value of the training investments.

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[2] http://www-935.ibm.com/services/c-suite/study/studies/chro-study/

learning experiences and outcomes. Analytics technology can help to make this more clear.

- **Increased competition for talent**. Companies need to attract great people, but it's not enough to rely just on pay or benefits to make this work. Organizations that develop a culture of learning—continuous learning, at that—can appeal to high-performing candidates in the marketplace. This is especially true with companies that create innovative approaches to learning that engage learners on a deeper level.

- **Demand for workforce readiness**. Agility. Pivot. Disruption. These are the new normal for businesses worldwide, and this increased demand for an agile workforce has outpaced the world of higher education, shifting the burden to corporate L&D teams to prepare workers for this new reality. This includes soft skills as well as competency-based training to ensure workers can meet the shifting demands of the market.

- **Personalization is everywhere**. Projects like School of One[3] are bringing custom learning experiences to students, and some of the larger vendors are able to personalize training offerings to individuals based on job type, previous training, career aspirations, and other signals. We expect to see more of this individualized interaction driving the need for learning analytics.

Functionality and Capabilities

Companies are not creating their own tools for gathering, analyzing, and acting on learning analytics—they are finding good vendor partners that have a track record of driving performance. One of the world's largest retailers uses a learning technology provider and can easily prove an ROI for the investment. The retailer spends more than half a million dollars every year on this specific learning technology, but it can point to a **16X return** on the funds invested through safety and process improvements and higher quality and service scores. This is the true power of measurement and analytics in learning, and it isn't relegated only to the largest companies or a specific type of technology platform.

As far as functionality is concerned, we're seeing a shift from descriptive analytics to more predictive and prescriptive types based on the needs of corporate learning leaders. The table below helps to outline what value each option can provide:

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[3] http://izonenyc.org/?project=school-of-one

Analytics Type	Purpose	Use Case/Data Types
Descriptive	Show historical data. Help describe things as they are or were.	Assessments, training modalities, performance records, training completion, employee satisfaction, etc.
Predictive	Help companies predict what can be or what will be.	Answer questions such as "What is the training type most likely to drive sales performance," or "What impact will additional training and development opportunities have on employee retention?"
Prescriptive	Help companies determine which predictive path is best out of multiple options.	Analyzes multiple types of training and performance impacts, then prescribes which modality is most valuable for improving performance.

It's important to note that none of these is possible without the others. Descriptive data feeds predictive, and it takes multiple predictive options to determine which one to prescribe for the most benefit.

In terms of features and functionality, some of the common themes that business leaders are seeking include:

- **Ease of use**: systems are starting to mirror consumer technology in terms of intuitive design, often one of the most important selection criteria when companies are choosing a new provider.
- **Futuring/scenarios**: there is incredible value in companies asking "what if" questions and being able to see potential scenarios play out within the software.
- **Confidence indicators**: instead of being stuck with a "maybe" or "possibly," business leaders can now draw a line in the sand when it comes to being confident about a particular outcome.
- **External benchmarking**: while sifting through internal data is valuable, being able to explore and examine external sources and how they interrelate with existing data is powerful for companies at the enterprise level.

> **Vendors Understand the Importance of Ease of Use**
> *"The more a particular screen is viewed or used within our system, the more time we spend on making usability a priority. This is so important to us that we even have dedicated roles to handle user experience design."*
> -Head of Product at one LMS provider

In addition, the number of players entering this space is fairly robust. While there are a few large firms that hold sway due to an existing customer base (Oracle, SAP Successfactors, Workday, Infor, etc.), there are other providers that more specifically focus on solving the challenges associated with learning and learning analytics (Saba, NetDimensions, Tribridge, SumTotal, etc.)

In addition, we are still seeing interest in xAPI and its powerful capabilities to offer learning insights. Plus, with more companies (Adobe, Blackboard, OpenSesame, etc.) adopting xAPI every day[4], this will continue to be an integral part of the growing learning analytics movement. We see a parallel path in the form of new tools for capturing learning outside of the LMS, helping companies see a better picture of overall learning taking place (Degreed, Tribridge ContentSphere, etc.) This diverse variety of firms makes for an intriguing landscape, and it is ever-changing.

Future Opportunities and Business Impact

The future of this technology segment is incredibly bright as new providers enter the space and disrupt the status quo. In addition, learning leaders in general are becoming more adept at building a business case for the tools and technology they need to support business objectives. Instead of trying to sell the business on reducing administrative workload or another inward-looking outcome, these leaders are looking at organizational value, translating learning analytics and technology into enhanced business performance.

The challenge, which is an opportunity for improvement, is finding the right methodology and approach to implementing analytics that ensures success not only within the learning function, but across the enterprise. It's one thing to create a model and try to predict employee training preferences. It's another to leverage predictive tools for workforce development, skills acquisition, and business growth, impacting the enterprise in a lasting way.

> **Faster Time to Value**
> *With new prescriptive analytics, companies can shorten time to value realization by speeding up the process from data gathering to analysis to action.*

Plus, with the advent of prescriptive analytics, we can finally help learning and business leaders accelerate the transition from data gathering to analysis to action, shortening time to value

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[4] https://tincanapi.com/adopters/

realization. When combined with some of the other large-scale trends we see in the workplace, including the gig economy and machine learning technologies, the value of learning measurement and analytics has never been higher.

3 Action Items for Learning Leaders

Becoming a sophisticated user of learning analytics isn't an overnight process, but it can be accomplished by the organizations with the fortitude to grow internal capabilities, partner with the right vendor, and connect with the relevant business strategy. Here are three actions to make this transition:

Increase measurement maturity. the starting point is to collect, aggregate, and analyze data. Nobody begins with a fully predictive model without first gathering and cleaning a single data set. Begin by finding available internal data from a variety of sources and do basic analyses to determine common descriptive analytics. It begins with a simple step, but each successive step builds upon this foundation.

Determine a specific use case for analytics. Don't pursue a vendor without a specific question or plan for the analytics. Find a problem to solve—preferably a business problem that will make it easy to gain buy-in and support. Connect your learning analytics strategies to specific business outcomes and you'll gain support from critical allies across the enterprise.

Embrace new talent models and approaches. Don't just try to apply analytics to the same ways your business has always operated. Instead, consider some of the trends affecting the workplace and incorporate them into your strategy. For instance, with the gig economy impacting the workplace, more employers are hiring for skills, not headcount. Can you find ways to break down your employee competencies and skills into measurable units you can seek out, procure, and manage?
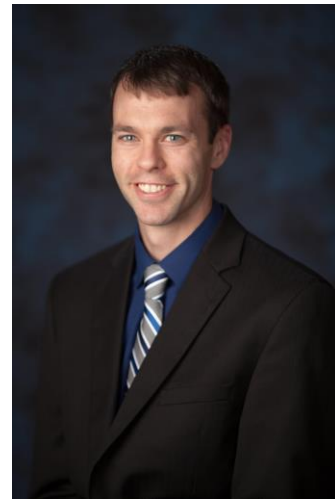
About the Research

This report was written by Ben Eubanks, Owner and Principal Analyst at Lighthouse Research & Advisory. The research interviews for this report took place from June to December 2016. Vendor information was gathered from web resources, personal interviews, and other materials to provide a well-rounded view of each provider.

Secondary research sources were identified throughout this report and all attempts have been made to provide credit to the originating author or firm where applicable.

About the Author

Ben Eubanks is the Principal Analyst at Lighthouse, developing research and insights for today's talent leaders and vendor partners. Ben works with vendors from areas across the HCM spectrum, delivering high-quality research, assets, and advisory to support demand generation, sales enablement, customer success, and more.

Prior to joining Lighthouse, Ben worked as a research analyst for Brandon Hall Group, focusing on learning, talent acquisition, and talent management. During his tenure, he published more than 100 pieces of research and delivered presentations to executives from some of the largest and most respected organizations in the world. He also has hands-on experience working as an HR executive, leading both strategic and tactical talent practices. He has worked in nonprofit, government contracting, and startup environments. In addition, he runs upstartHR.com, a website serving HR and talent leaders that has reached more than 600,000 readers since its inception.

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About Lighthouse

Lighthouse Research & Advisory is a modern analyst firm dedicated to setting the standard for excellence in talent, learning, and HR. By providing compelling research and actionable insights for business leaders, our mission is to navigate the rapidly changing tides of human capital management in order to support today's talent and learning functions. From establishing frameworks and defining competitive practices, to illuminating the strategic impact and ROI of the employee experience, our goal is to chart a new course for learning and HR.