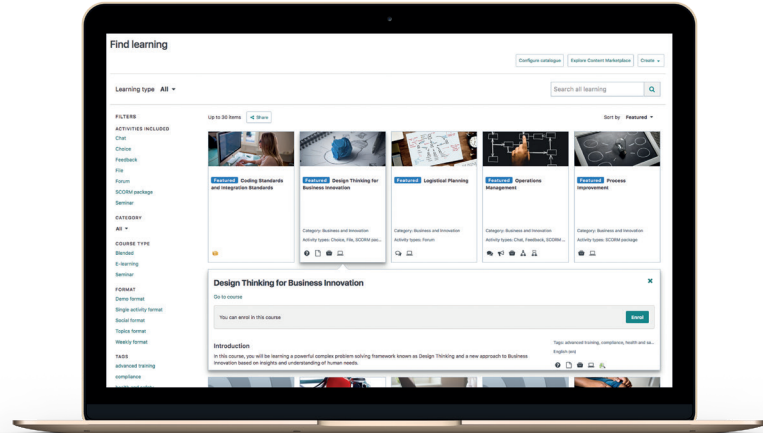**totara**

L&D Manager,
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AVOID BUYER'S REMORSE: A GUIDE TO PROCURING LEARNING TECHNOLOGY

GETTING STARTED

For many, buying learning technology is not an easy or comfortable process.

Like any purchasing decision, especially technology related, there can be an overwhelming number of options to consider like competing demands from internal stakeholders, and of course, trying to decipher the marketing and sales spiel that too many vendors still insist on confronting you with. So it's unsurprising that too often, the buying process results in a platform that might be all bells and whistles but doesn't deliver what you actually needed. The business development manager from Company X oversold you on something that - doesn't actually exist, and now you're stuck in a contract for five years with no way out. Sound familiar? Beyond the weeping and the money being thrown away, that's buying process failure, and it happens all too often in this industry (we've heard the horror stories).

This guide is an attempt to navigate you around many of the potholes and traps buyers fall into, and present some practical guidance on how to buy better.

But don't just take our word for it. Thousands of learning professionals in the *Totara Community* have experience that you can learn from. So if you haven't already, do join in.

THE 5 STAGES OF BUYER'S REMORSE

Let's start with recognizing some situations that buyers too often find themselves in.

When a bad procurement decision is made there are some similarities to the experience of grieving.

1:
Denial

2:
Anger

3:
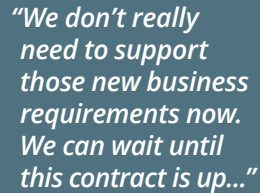Bargaining

4:
Depression

5:
Acceptance
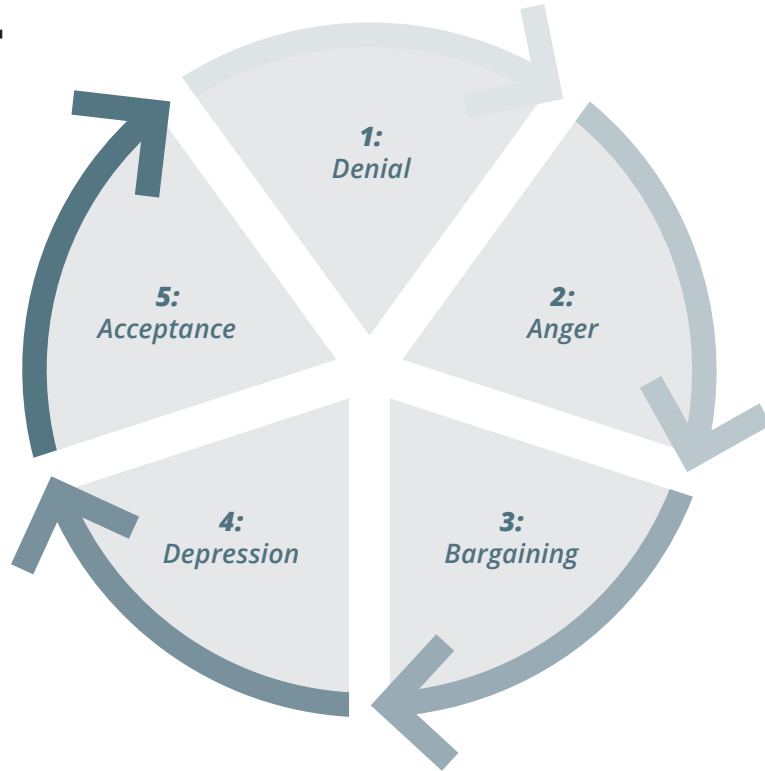
1: DENIAL

When you find out that the system you have purchased doesn't do what you thought it would do, perhaps because you didn't ask the right questions, your vendor wasn't completely transparent about the software's current and future capabilities, or increasingly likely, your circumstances change post-contract signature, then some common responses are:

Denying that you have software that is not fit for purpose is detrimental to your organization's health. You are likely condemning yourself, your learners and your leadership to several years of frustration and lost opportunities.

"It will be fine, we can work around that"

"We got a good multi-year deal so we can't have everything"

"We don't really need to support those new business requirements now. We can wait until this contract is up..."

2: ANGER

The procurement process, if flawed, can mean expectations between you, the buyer, and the vendors you engage with are mismatched and that you both complete the process thinking you have fully understood the requirements, when in fact there is a chasm remaining. Sometimes the customer can get very angry, blaming the vendor entirely, when in reality it is a shared responsibility.

Equally, internal stakeholders and your learners can get angry if the system rollout is delayed, if the platform is too difficult to use or simply does not do what is needed. When business needs change, and the system is not flexible enough to respond, then that anger will come back onto the learning and development team.

3: BARGAINING

Both the buyer and the vendor may try to remedy a bad procurement later in the contract, by respectively trying to squeeze free extras/support and increases in the value of the contract. When these have not been flagged and there is not a process of managing these requests this can turn into a time-consuming distraction, that leaves your learners and stakeholders hanging and losing faith in the value of the system they are being asked to engage with.

4: DEPRESSION

Some of you reading this guide may recognize this stage all too well. You realize that you are stuck with your current system for what may be a potentially lengthy period of time, with there being no organizational will to address what has become a slow spiral of disengagement, acceptance of over-complicated workarounds (often manual!), fading levels of vendor support and a resulting reduction in the available budget to manage ongoing learning and development needs of your people.

5: ACCEPTANCE

At some point, a ray of hope arrives as you begin to realize that a fresh approach is needed and that you can change your procurement process to greatly improve your technology choices going forward. You are ready to break out of the cycle of remorse that far too many organizations experience again and again.

We hope this guide is just the trigger needed for you to move forward positively…

TECHNOLOGY DECISIONS MUST SUPPORT, NOT HINDER YOUR BUSINESS STRATEGY

As we've seen, the buying process for sophisticated technology products often results in failure for all involved.

The buyer does not get the intended business benefits and the vendor does not sustain a long-term customer relationship that is both (fairly) profitable and mutually satisfying. Your business, no matter what sector you operate in, will increasingly be looking for ways to differentiate, not just in terms of products and services, but in turn through the skills and behaviors of your people.

A cookie-cutter people strategy that fails to support this differentiation suggests that your people are not central to your future business success.

No matter the speed and reach of new innovations, whether this be artificial intelligence (AI), voice, analytics or other automating technology, people **are** what make organizations function or fail. In a world of increasing uncertainty and rapid change, how your people learn and adapt will define whether you survive or thrive.

Learning technology procurement therefore moves further into the center of the business strategy stage.

THE BUYING EXPERIENCE

Let's take a closer look at the typical experience of buying a learning platform - for instance a learning management system (LMS), a learning experience platform (LxP) or similar software.

RESEARCH

As a buyer this can be bewildering. There are over 700+ LMS options available in the market. How do you differentiate? One possible shortcut is to buy market analyst reports. These vary greatly in their depth and breadth of analysis and tend to center on roughly 20+ 'market leaders'. The success criteria used are typically orientated towards the vendor profits and 'market reach', and not around your own particular business needs - they can't be.

Many buyers will turn to their professional network for advice. Referral from peers is a good indicator of satisfaction, or just importantly, dissatisfaction. The most common steers will be 'don't buy XX' rather than 'we love YY'. Again, their business drivers are likely to be different from your own organization, so it does not necessarily translate into a transferable recommendation.

REQUIREMENTS GATHERING

It's critical, then, to have a deep understanding of your own business needs and how these translate into a specification or feature list. Too often, this step is truncated and not enough time is taken to truly shape the requirements and use cases the learning platform will need to accommodate. Instead, vendors very often receive Requests for Information (RFI) and Requests for Proposal (RFP) that include everything and the kitchen sink, usually in the simplistic thinking of 'future-proofing' the procurement. This often results in vendor responses that are difficult to differentiate, since they have been given little context on how to address a more considered solution around your business needs.

SELECTION

The buying process will most likely blunder on anyway. A (now arbitrary) shortlist of vendors will be asked to present their software system. This usually takes the form of a short demo and examples of other implementations at organizations that most likely have very different business drivers to your own. Glossy visuals are highly effective attractors, as are simplified UX screens. Little time and attention is paid to back-end administration functionality and workflows, with connectivity/ integration options often skimmed over.

The largely artificial time pressure imposed by the procurement process forces both the buyer and vendor to concentrate on the dazzle and simple-to-understand aspects of the system. Little thought is given to when these novelties wear off (and they wear off quickly). The devil is in the detail when it comes to understanding the implementation itself, ongoing support and how the vendor and its software copes with change. Inevitable, rapid change. But this is usually put aside in favor of a decision that is based on feature list ticks and vague promises, the listed price and any discount that can be negotiated.

BUYING LEARNING TECHNOLOGY IS CONFUSING AND FRUSTRATING

The sooner we recognize this and start changing the buying process, the better. At the moment, too many buyers have little clarity on how system features, pricing models and contracting practices align to meet the needs of their organization. Many learning platforms in the market will be too narrow, too broad, too expensive or too inflexible for you. This confusion and lack of confidence amongst buyers can make them highly susceptible to influence from persuasive tactics and unsubstantiated hype from vendors.

Conversely, overly complex and ill-focused requirements documentation provided by buyers is usually completed at the cost of the vendor, who invariably will be competing alongside a long list of other vendors. The cumulative costs of this highly inefficient process ultimately result in higher costs to the buyer in terms of license fees, contractual complexities and inflexible support.

With no shared discovery and alignment of understanding, the buyer and vendor are both running high risks of procurement failure. This is a point we will return to later in this guide.

RESULTS

So after the initial rush of adrenaline and endorphins, and champagne popped to mark the end of the procurement process, this drama has only just begun. What happens next? Well, because requirements were not well defined, the implementation will take longer than forecast. This raises the likelihood of business needs changing before a full launch of the platform can be achieved, which results in new requirements and high costs incurred - whether that be to the buyer or the vendor. Once launched, a lack of any engagement plan results in slow and low take up.

This sorry tale can get sorrier. With a lengthy implementation cycle, internal (and external vendor) team members change, losing vital knowledge. Increasingly, the buyer finds it harder to justify additional spend outside of the originally agreed contract, the vendor can absorb no more costs. The platform is not seen to be delivering value to the business. So that 3-5 year locked-in contract that secured an upfront discount, is now looking like a false economy.

Finally, someone high up says 'ENOUGH'. And the procurement process starts again...

LEARNING NEEDS ARE CHANGING - SO SHOULD PROCUREMENT PRACTICE

The Global Chief Procurement Officer Survey conducted by Deloitte in 2018, revealed:

"A clear shift in procurement focus towards innovation and value requires an acceleration in the pace of change, especially in leadership, talent and innovation."

The top three business drivers for procurement leaders are cost reduction (78%), new products/market development (58%), and managing risks (54%). Learning strategy and the associated technology investments are critical to realizing these business needs. At the same time it's important to understand how learning is changing in the workplace. This will strongly influence your technology choices.

There is a growing movement away from reactive, 'just-in-case', generic, proprietary solutions where the vendor is in control. As we've see, this typically yields the stop/restart, 'invest and stagnate' experience that characterizes many learning technology procurement processes today.

STATUS QUO

- Learning 'just in case'
- Reactive, prescribed learning
- Generic solutions — one-size-fits-all
- Proprietary
- Vendor in control
- Invest and stagnate — stop and restart

NEW NORMAL

- Learning continuously 'just in time'
- Proactive, demand-led learning
- Differentiated solutions — mass specialization
- Open
- Customer in control
- Invest & adapt — cumulative benefits

Going forward, the workplace of the future needs to support 'just-in-time', continuous learning that is proactive and differentiated to the needs of each learner. Notably, adopting open technologies where you, the customer, are in control results in the cumulative benefits of an investment cycle that is adaptive by design.

This change in approach must become a strategic priority. In Deloitte's 2017 Global Human Capital Trends report they concluded:

"The way high-performing organizations operate today is radically different from how they operated 10 years ago. Yet many other organizations continue to operate according to industrial age models that are 100 years old or more, weighed down by legacy practices that must be confronted and discarded before true change can take hold. As organizations become more digital, they must redesign themselves to move fast and adapt more quickly."

It is reasonable to suggest that procurement is one of the legacy practices that has yet to adapt to deliver the new digital foundations on which nearly every industry sector is being reinvented. It is also a natural conclusion to reach that organizations wishing to move fast and adapt more quickly need **technology that is open and flexible and built to absorb that change.**

RETHINKING PROCUREMENT POLICY

When buying any technology - and particularly learning technology - it is crucial that all stakeholders work closely together to ensure there is a shared understanding of the key business drivers within your organization. People, and how you support their learning and development, skills and behaviors, must be a central pillar to the future success of your business.

That means the tools and technology you invest in must be strategically aligned with those goals and have the characteristics that enable you to move fast and adapt. That means choosing open and flexible technology solutions, supported by vendors that are naturally collaborative, not combative.

This could become a core procurement policy that guides all RFIs and RFPs issued by your business. There is precedent for this. Governments around the world have recognized the benefits of open technology.
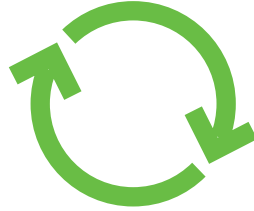
In the UK, a 2010 Government Action Plan on open standards and reuse concluded:

"Where there is no significant overall cost difference between open and non-open source products, **open source will be selected on the basis of its additional inherent flexibility.***"*

Retaining flexibility and control over the software investments you make is critical to your ability to remain agile and support change in your organization in accordance with your own agenda - at the time, pace and cost that suits you, not the vendor.

LMS Support Admin, Halfords

PRACTICE TIPS FOR YOUR NEXT PROCUREMENT

*Here are several actions you can take to begin reframing the focus of your next procurement.*

1 Recognize that your business needs *will* change, and sooner than you think. So shape your technology procurement requirements to emphasize **flexibility**, not features.

To meet the needs of a more rapid and uncertain market place, all sectors need to be more agile and adapt their skills, behaviors and performance of their people to remain competitive.
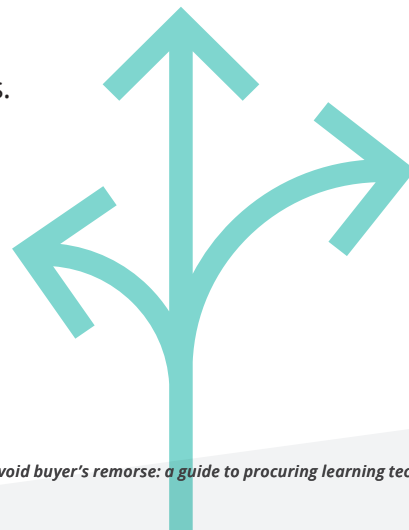
That means learning needs will change continuously, and any competitive advantage and innovation in your business will need to be supported by your learning technology infrastructure.
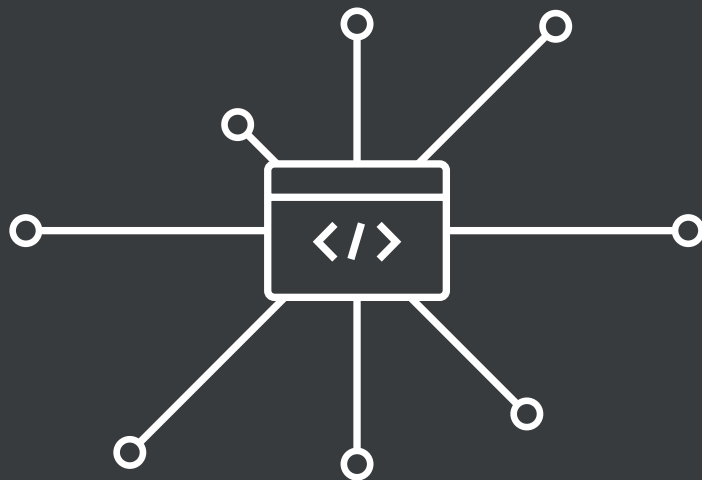
Ask about extensibility of the software product:

- *What APIs and plugin architecture is available?*

- *Is there a marketplace of extensions around the core product functionality that can meet specific, maybe niche requirements as they arise?*

- *Deeper integration with other core systems can be a powerful differentiator for you business – ask how this can be facilitated through open access to the software code.*

2 Do you have a **choice** of support that you can call on as your needs change?

Make sure you understand how you will be supported. If you are one customer that will be competing for limited time and attention of a single support service provided by the learning technology vendor, then check exactly how your voice and business needs (as they change) will be heard.

Totara Learn is an open technology product that is supported by a globally distributed network of partners who have diverse, often complementary expertise that can be called on to meet changing business needs as they evolve. Having the freedom of choice means you can find the partner relationship best suited to your needs. It also means that your technology investment can be cumulatively supported and enhanced by different experts as required.

Also, do think through what happens if a proprietary platform vendor fails - or, in the event of it being acquired by another larger, behemoth organization (for example, SAP SuccessFactors purchasing Litmos, SABA purchasing Lumesse). In a highly competitive technology sector this can, and does,

happen. What **continuity** reassurance do you have? A key strategic advantage of an open source technology with multiple support partners is your own investment is protected, more resilient and sustainable over the long term. Remember, crucially **you, the customer, remain in control.**

HR business partner, glh Hotels

3 Ensure you have a clear and detailed understanding of your **Total Cost of Ownership**.

Total Cost of Ownership (TCO) is an estimate of all the direct and indirect costs involved in acquiring and operating a product or system over its lifetime. These are some of the costs you should consider:

Implementation costs:

- Software licenses
- Hardware and hosting
- Configuration and data migration
- Integration and extension
- Training

Operational costs:

- Maintenance and support
- User administration and support
- Managing change
- Integration and extension

IMPLEMENTATION COSTS

SOFTWARE LICENSES

- There may be an upfront base cost to license the use of the software.

- License fees then usually apply as your user base changes. Some vendors charge on a per-user basis, others based on set bands or tiers of users.

- Check if you are paying for user accounts set up on the system or if you are charged only for **active users**, in other words users who have been derived some benefit from the software.

- With open technology typically there are no software license charges which can result in a significant saving. There will be costs associated with supporting the open technology product, that will typically be banded according to usage in the similar way to a traditional software license. However, as we've seen above, being open means you have much more flexibility in how you use and extend the software.

- Some vendors may charge additional fees for using additional functional modules - so make sure you are comparing 'apples with apples'.

IMPLEMENTATION COSTS

HARDWARE AND HOSTING

- Depending on the size and reach of your target user base and security requirements you may need specialist servers on which to run the software. Those servers will need be in a data center, typically managed for you in the 'cloud' external from your organization.

- There may be some upfront costs and then undoubtedly annual costs associated with hosting, which may vary depending on the volume of data traffic you generate. So ask for estimates based on possible user scenarios, particularly if you expect to offer a lot of video learning content.

CONFIGURATION AND DATA MIGRATION

- Any sophisticated enterprise software, learning technology platforms included, will require setting up and configuration in line with your requirements. This may also include theming/branding the platform throughout to help support user adoption. This will take careful project management and communication with your vendor. So make sure they demonstrate a clear understanding of what will be involved and any associated risks.

- If you already have an existing system, this will contain data that you will need to migrate over to the new platform. This may require careful manipulation and format changes to preserve data integrity. Do not underestimate this - you may wish to provide a data sample format to the vendor so they can confirm how automated (or manual) this process will be, and any issues that may require you to archive and simply start again.

IMPLEMENTATION COSTS

INTEGRATION AND EXTENSION

- There may be requirements to integrate with other existing systems. There are often very powerful business benefits and competitive differentiation to be derived from doing so. This may require the use of plugin extensions or perhaps even customization of the core software. With open technology, there are no constraints to accessing the core source code, so there is a freedom to fully unleash these business benefits. There will costs associated with this, so make sure you complete a full cost-benefit analysis to aid your decision.

- Bear in mind that with open technology, your custom solution may be of value to others in the user community, and so there is the opportunity to share these requirements (sometimes even the code) back so that the functionality becomes part of the future core product. This has a very positive influence on future maintenance costs as keeping custom code in lockstep with new versions - particularly proprietary platforms - can be challenging.

TRAINING

- Your staff will need guidance and training to ensure they can use and administer the new platform in order to secure the full benefits of the functionality on offer. Ask to see the vendor's support documentation and training materials. If these fail to give you confidence, then beware. *Take a (free) look at the Totara Community and Totara Help* sites as these are widely regarded as leading exemplars of how to support and train a global user base. For learning technology in particular, you should expect to see the vendor practising what they preach.

OPERATIONAL COSTS

MAINTENANCE AND SUPPORT

- Check any additional costs for providing full access to upgrades and patches.

- If you are buying a cloud solution, then you may automatically receive these updates without any intervention on your part. Bear in mind that integrations and customizations may be affected. So ensure you are clear about the process and application of these rollouts. Try and ensure you retain control and do not find yourself unexpectedly confronting a broken system and unhappy users.

ADMINISTRATION AND SUPPORT

- You will need to manage user access securely, the provision of learning content, reporting data to share internally and handle user queries and issues as they arise. This takes time and resources. You may wish to outsource some of this, but taking ownership of the platform and its users is key to understanding how to ensure you yield real, sustained, business benefit from your investment.

MANAGING CHANGE

- Ask your vendors how they will cater and respond to short-notice changes in business need.

- Is the platform functionality rich enough to offer different configuration solutions?

- With open technology, you are able to respond quickly and immediately to meet new business needs without being constrained by a proprietary roadmap. There may be costs involved in extending the software code, and you may choose instead to wait for a future upgrade, but, crucially **you remain fully in control**.

This is not an exhaustive list, but you should take the time to expose all the possible costs associated with a new learning platform implementation as applied to your own unique organizational circumstances.

4 Consider running a **paid-for discovery phase**.

It can, and often is, a false economy to expect a long list of vendors to respond blindly to a standardized request for proposal. Instead, complete your initial research, and then consider inviting no more than three vendors to undertake a paid assignment to develop a full, shared understanding of how their respective platform implementations will meet your needs, together with a detailed breakdown of all associated costs and a executable project plan.

This is an upfront investment, but you are far more likely to verify (and even change) your requirements based on this experience, as well as prove the level of service and collaborative fit of each vendor. With the right technology and vendor choice, this will come to be seen as a significant cost-saving step and often leads to a long and mutually beneficial partnership.

If you feel you internally lack the experience or expertise, then hiring an experienced, independent consultant may be able to quickly and intelligently shortlist your discovery phase vendors for you. But beware trying to short circuit this process too much as you open yourself and your business, to significant and unnecessary risk.

LEARNING FROM OTHERS

Buying learning technology is difficult. But with open dialogue and collaboration we can make the experience far more effective and successful for all parties. One way is to learn from your peers.
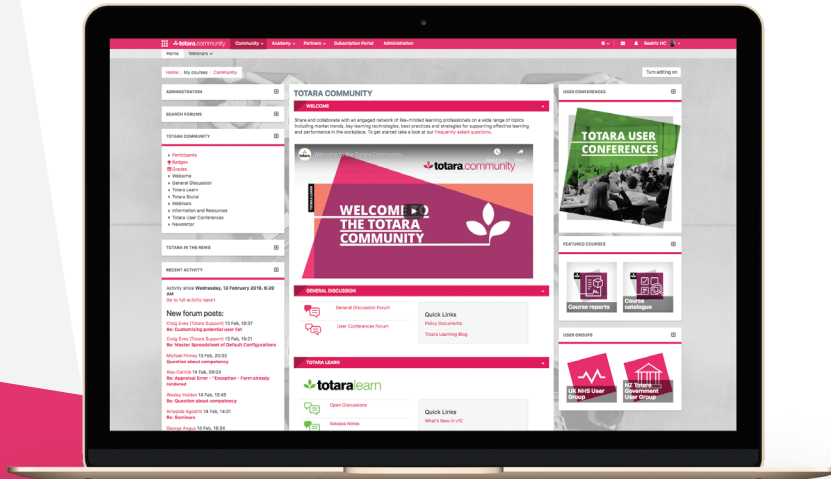
The *Totara Community* has a membership of thousands of learning professionals involved in buying and using learning technologies that include platforms, authoring tools, content and other learning related products and services. It's open for all and could help shape your procurement practices for the better.

To learn more about how the Totara Learn is supporting organizations with open technology solutions there is an extensive database of *customer stories* from all sectors freely available for you to review.
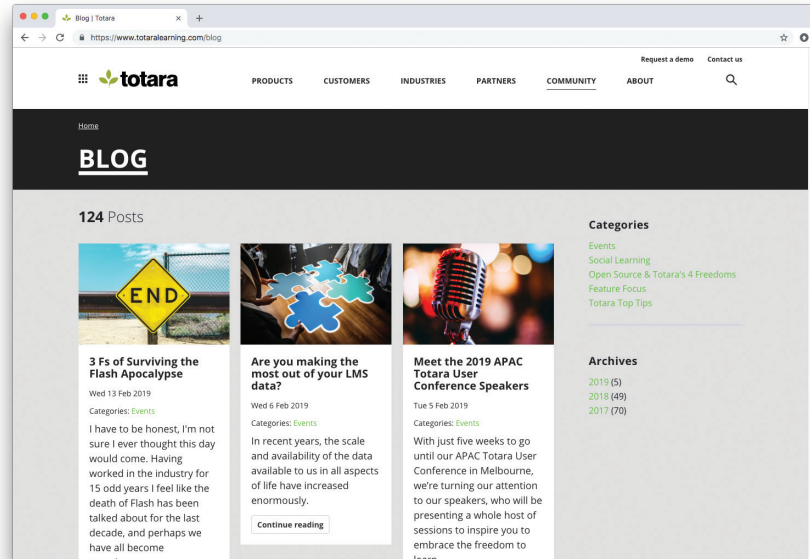
To buy better, it's best to be open minded.

MORE INFORMATION

You'll also find more insight and guidance on the Totara website. Here are some useful posts that supplement the information shared in this guide.

→ **Questions to ask when selecting a training provider**

→ **Questions to when choosing a visual design for your LMS**

→ **Questions to ask about LMS support provision**

*Ready to say goodbye
to buyer's remorse?*

*Get started with a
no-obligation demo today.*

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