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# THE FUTURE OF THE CORPORATE CLASSROOM

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**E-LEARNING'S INVESTMENT  
POTENTIAL**





## AT A GLANCE

- CIL interviewed 651 learning and development decision makers across North America and the UK to identify the latest trends in corporate education.
- The e-learning market is fast-paced and evolving with multiple market players enabling innovation.
- It is helping to combat key workforce threats, such as the growing skills gap and employee stretch.
- Corporates are moving away from ad hoc training purchases to long-term investment in advanced learning experience platforms with AI-enabled content recommendations.

# AN EVOLVING OPPORTUNITY

In 2018, US corporate spend on external training products and services rose by a substantial 46%. To understand this fast-moving and diverse sector, CIL surveyed 651 learning and development (L&D) decision makers across North America and the UK.

Our results show an increased focus on online learning solutions and recognition of their ability to offer scalable, cost-effective and consistent training to employees.

From early years to corporate L&D, interactive digital platforms have transformed the ways in which we learn. There are a wide range of e-learning solutions available, from massive online open courses (MOOCs) to specialised learning management systems (LMSs) which offer

customised online catalogues of preapproved training modules selected by the L&D team.

More recently, however, corporates have started to shift towards advanced, AI-enabled learning experience platforms (LXPs) which offer personalised, intuitive, 'in-the-workflow' training.

CIL views this relatively new technology as a substantial and growing opportunity within the education sector. We expect LXPs to reach mainstream adoption in the next five to ten years.

## THE US OPPORTUNITY

**27%**

current LXP penetration



**64%**

likely to purchase an LXP in future



**91%**

of these are likely to purchase an LXP in the next three years



**£1-1.3bn**

total market opportunity for LXP-like solutions



## THE UK OPPORTUNITY

**20%**

current LXP penetration



**47%**

likely to purchase an LXP in future



**88%**

of these are likely to purchase an LXP in the next three years



**£150-200m**

total market opportunity for LXP-like solutions



# OVERCOMING THE SKILLS GAP

By 2030, the global talent shortage is expected to reach 85.2 million people and cost companies \$8.5 trillion in unrealised value.

E-learning has traditionally been an effective way to deliver compulsory, company-wide exercises, such as compliance training. Now, newer and more versatile digital platforms are working to combat the talent shortage altogether by upskilling the current workforce in a range of both soft and hard skills.

The new generation of LXPs focus less on corporate compliance and more on professional development and technical skills, providing personalised learning plans for the individual.

CIL's research indicates that 91% of corporates in the US and UK currently use e-learning platforms to upskill their employees. Of that 91%, around

two-thirds of our interviewees use e-learning for soft skills training such as communication and leadership skills. Just over half have begun to use it for more complex hard skills training, such as sales, marketing and data analysis.

LXPs also offer corporates the opportunity to view employee learning data, providing powerful insights into their workforce at an individual and group level. This data allows L&D teams to see how training solutions are being utilised across an organisation, while managers can better understand the skills of their team.

“Training is shifting from face-to-face delivery towards e-learning and virtual classrooms. It is a very fast-paced environment.”

Senior HR Director, Fortune 1000 Company



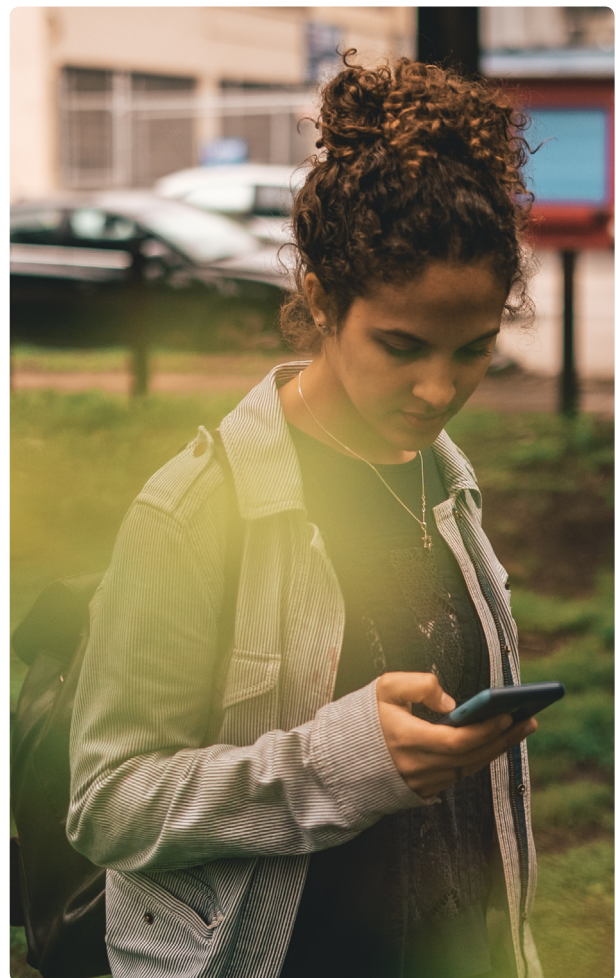
# ENGAGING A NEW GENERATION

As Gen Z enter the workforce, companies must adapt to attract and retain top talent. While millennials are driven by a need for innovation and a healthy work/life balance, Gen Z prioritise their own personal development and expect the same user experience at work as they are accustomed to in their daily lives.

Some of the more sophisticated LXPs are gamified, using behavioral psychology to drive change and make corporate training social, competitive and fun. This can be by bringing social functions, such as sharing and conversation, to the forefront, or by creating a badging and certification system.

Many platforms offer a more time-efficient way to learn, focusing on bite-sized 'microlearning', rather than full-day classroom-based learning. This is attractive to a generation that prefers learning that fits flexibly into a hectic lifestyle.

By implementing high-tech, well-structured learning solutions, corporates will be well-positioned to attract top talent, while monitoring engagement and making training as efficient as possible.



# FROM AD HOC PURCHASES TO LONG-TERM INVESTMENT

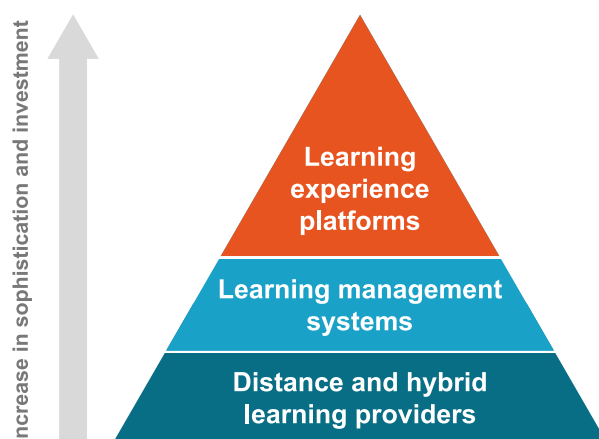
Distance or hybrid learning providers are usually the first step in an organisation's e-learning journey. As companies become more committed to embedding L&D into their operations, they are more likely to make longer-term investments into customised platforms.

Distance and hybrid learning providers are not mutually exclusive. Employees may study for specific courses or qualifications using a mix of online modules and in-classroom lessons, weighted to whichever is more convenient. The corporate will likely pay for a selection of employees at a time with a specific qualification or skill in mind, such as a project management qualification.

Learning management systems are a more sophisticated e-learning solution. Corporates purchase access to LMSs (these days often SaaS-based) and select modules from an online course catalogue or upload customised content. Content is primarily driven by L&D teams and all employees will have access to the course catalogue, as relevant to them.

Learning experience platforms, however, extend the scope of learning beyond a predefined library of training modules to create a personalised experience for each employee from a wide variety of content sources – the content is driven by the learner. They provide a Netflix-style interface with searchable, personalised content that often integrates, using artificial intelligence, with a myriad of other online platforms.

Although cost-effective in the long term, advanced solutions do require significant upfront investment. Corporates with a dedicated, tech-savvy L&D team committed to addressing the skills gap and enhancing the employee experience are much more likely to transition to these platforms.





# LEARNING EXPERIENCE PLATFORMS

Over the last decade, the LMS market has grown to a global value of over \$4 billion with most medium- and large-sized businesses adopting the technology. LMSs are useful for static, easily assessed data, but corporates are becoming increasingly aware that traditional platforms do not always provide the necessary learning pathways desired by a changing workforce.

LMSs offer users the ability to select a training module from a static repository and have essentially digitised analog processes, acting as an online bookshelf. While the organisation can monitor the uptake of compulsory training and ensure that it takes place, the user experience is often lacking. They provide a virtual learning environment designed with the administrator – rather than the user – in mind. CIL's research indicates a shift in the interest of corporate decision makers from LMSs towards LXPs, which can support continuous learning at scale.

The key differentiator of LXPs is the advanced technology that makes the learning experience truly user-led. LXPs provide an intuitive Netflix-style interface and AI-enabled content recommendations. Smart learning platforms select material that is suitable for the user and that directs them through a learning pathway. Lessons are adapted to what suits the user's learning style, and curated from a wide range of sources.

There are two types of LXP providers:

## **LXP education provider**

Providers sell a learning solution to corporates. Content is created by the LXP provider, which has a team of subject experts.

## **LXP software provider**

Providers offer a technology platform that allows corporates to curate their own learning. Content comes from a mixture of sources, including created internally by the corporate (administrator and user-led creation) and a wide range of external learning sources.

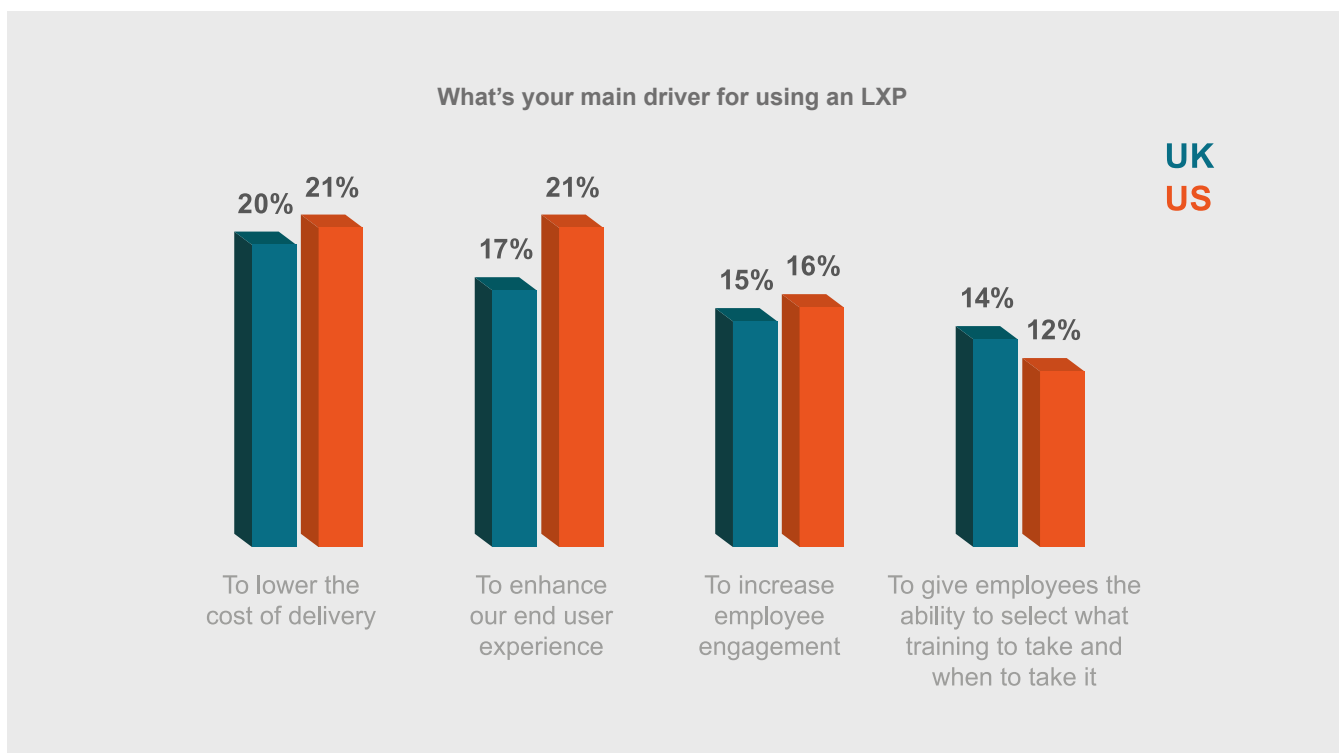
# WHAT DO CORPORATES SEEK IN AN LXP?

Second only to cost reduction, enhancing the user experience and improving engagement is the main driver behind investing in an LXP.

Searchability of content was the most sought-after feature for corporates in both the US and UK. User expectations of search functions are high as they interact with one of the world's most powerful search engines, Google, on a daily basis. Therefore, search functions which yield poor results are simply not fit for purpose.

Data and user engagement analysis tools are also seen as a priority. While LMSs allow a corporate to see a limited number of data points, LXPs have enhanced analysis tools that can help to draw powerful conclusions on training effectiveness.

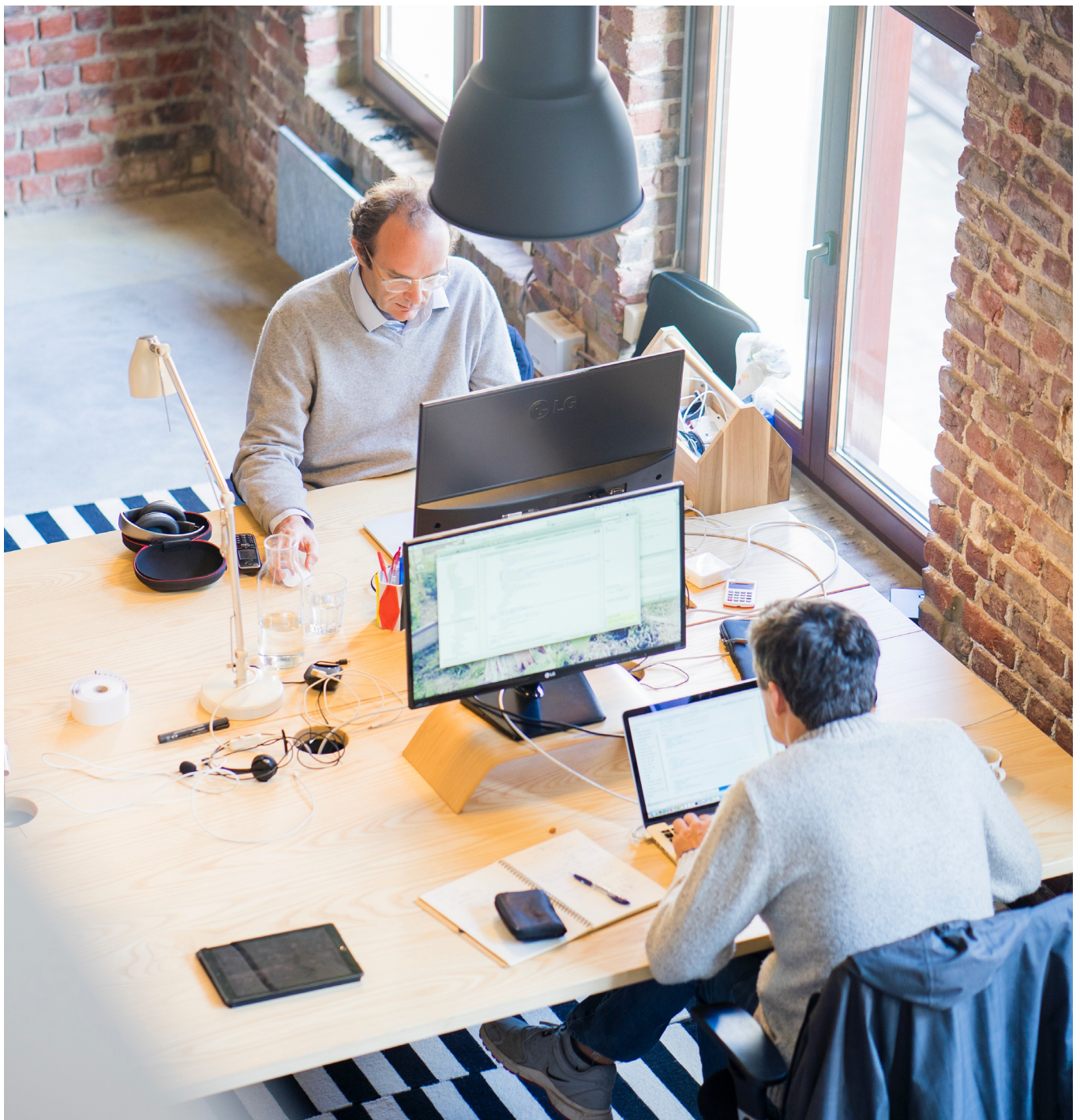
Interactivity is also a key selection criterion: it is important that an LXP includes social learning tools to allow employees to share their experiences with one another. This feature blends with another important aspect of LXPs: the ability for users to generate content themselves. As nearly all the content on social media platforms has been user-generated, users have come to expect this feature from other digital platforms – and it helps to increase engagement.





“A key reason for using digital learning solutions is to optimise employee engagement. It’s highly important that employees are engaged across the company. That’s why we have invested in our digital learning capability in the past and expect to invest and use it more in the future.”

Senior Partner, European Private Equity Company



# CORPORATE E-LEARNING CASE STUDY

While the market remains fragmented, some notable players are emerging and driving innovation, particularly in the development of LXPs and LXP-like solutions.



One provider harnessing the LXP trend is Learning Pool:



Supported by its recent acquisition of HT2 Labs, Learning Pool has launched Headstream, an innovative LXP that provides personalised, user-led learning, to engage employees and create a customised corporate learning culture.

Its Learning Record Store, Learning Locker, then makes the learning data actionable, through powerful data analysis tools. These innovations help drive organic growth, with Learning Pool now serving almost 800 customers across the private, public and third sectors.

## Headstream benefits from the following features:



### Consumer-grade search:

Natural language search identifies accurate learning experiences that may not be found by less advanced searches.



### Powerful analysis:

Headstream tracks user actions and can be used alongside Learning Locker to allow L&D teams to adapt content and link learning to staff performance.



### Netflix-style user interface:

Headstream's interface is highly intuitive and attractive to use and interact with. Innovative features like chatbots and social learning support 'learning-in-the-workflow'.



### Personal learning chatbot :

Embedding natural language search into the learner's social platform, the Flo chatbot can also nudge user behaviour and provide updates on upcoming learning opportunities.



# GET IN TOUCH

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