

## The True Cost of a Free LMS

"But it's free." When evaluating software products it seems as if there is always an option to implement a software package that costs nothing. Learning Management Systems are no exception.

It is sometimes hard to argue with free, especially when you see it so often. Banks offer "Free Check-ing". Merchants offer "Free Shipping". Gas stations even offer "Free Air". But we know that there is always a catch.

The cheapest "word processor" is the pencil. It comes loaded with many features such as: un-limited fonts, edit undo (the eraser), portability and it prints on anything without the need for a printer. Sometimes the cheapest is all you need. But other times, such as trying to use a pencil to do a mail merge, it is woefully inadequate.

"Free" is rarely the best option and often not even the cheapest. There are several issues to consider when evaluating a learning management system. Cost is one of them, but not the only one. It is not even the most significant issue. Even a free LMS may not be the lowest cost so consider the issues carefully.

### Forms of Free

Free LMS software solutions come in more than one form. The three popular forms are open source, embedded in a larger application, and part of an eLearning content system.

Open source software is generally a community developed software product where anyone writes modules to the core software and shares it with everyone. While this is honorable, it also means that code is rarely developed to a set standard. Open source code modules are developed with an "in-my-spare time" mentality. Open source software generally lacks polish, much is "hard coded" meaning that it is not easily configurable, has no general development plan, and most error handling is suspect. There is also the problem of licensing. Who owns the software license? Just because it is open-source does not by definition mean that anyone can use it for any purpose? With open-source software, you may need your own developer to maintain it.

Another form of free LMS software is an LMS function that is embedded in a larger application, such as an Enterprise Resource Planning (ERP) system or a Human Resources Information System (HRIS). Add-on modules tend to be weak and often serve as "check-list" items to complete another application, meaning that the vendor wants to claim that they have that functionality if asked. This software is not so much free as meaning that it does not require additional licensing fees because the license has already been purchased. These typically weak modules tend to fall further behind in the development of the core application simply because it is not considered the core functionality. Often the module is added and soon forgotten.

The last common form of free LMSes is software that is included with eLearning content providers and content authoring tools that handles simple LMS functionality. These LMSes are built around delivering their content and work well doing that. If that is the only content to be delivered, this can be a good choice. An eLearning LMS shows its weaknesses when using other vendor content, when doing more than just elementary classroom management, or when applying third-party assessments.

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These LMSes are designed to serve their content more than the customer's learning management needs. Their model is designed to lock you into using their content by making it painful to switch to another content provider. If the content no longer works for you, is outdated, or you have better content elsewhere, do you still have that "free" license to use their LMS, including upgrades and support? [Imagine buying DVDs that come with a free DVD player that only works with their DVDs. What use is the DVD player without their movies?] The SCORM protocol was developed to free content users from this precise problem.

The cost of a license fee is usually not the predominate cost in implementing a business software application. Let us look at what those costs are.

### LMS Product Life Cycle

A learning management system is not a trivial piece of software to implement. It takes diligence, planning, and tedious work to implement. Once implemented, it tends to stay installed for several years. If the system is the right system and it is implemented properly, those years go by quickly. But if the LMS is not a good fit, free or otherwise, and does not grow with you or is implemented wrong, it can be a nightmare. Sometimes the lower-priced systems solve the current needs, but hinder mid- and long-term growth or changes to strategies. For example, the installed system may not support eLearning, assessments, skills or third-party integration, which are not needed initially, but will be a year later. Good LMS vendors also have their own product life cycle plans to improve and add functionality so that their products grow as you do.

### Embedded in Another Application

A learning management system that is included as part of an Enterprise Resource Planning (ERP) tool or Human Resource Information System (HRIS) may seem like a valuable alternative because it is already included in another system that you use or are considering purchasing. Often, these LMS modules are considered bolt-on systems to the core application. Consider them as the odd cousin that few refer to because that is what the vendor does. These "Checklist LMSes" often serve the simple purpose that the ERP or HRIS vendor can claim to have a "complete" product line. They generally meet the core requirements of an LMS but rarely go far enough to compete with branded LMSes.

A Checklist LMS usually solves the IT Department's convenience of having one phone call to make with application questions. That convenience works if the end user departments are there to make IT's job easier, but for most companies, IT is there to serve the needs of the company instead of being served.

### eLearning Content LMS

Practically every eLearning content provider includes an LMS of some limited scope. Most are rather crude and are built around their content engine. Most are SCORM compliant, but not all are. SCORM was created to make the data interchange between content and LMS cleaner so that content users are not locked into the content provider. Remember when the VCR/TV combos were popular?

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They were great until one part broke and you were stuck with a half-usable (at best) system or when DVDs came out with no way to play them. The parts were not interchangeable. Be careful not to make the same mistake by being lured into using a proprietary system that requires both pieces to work.

### Implementation Costs

“A plan with no action is a daydream. An action with no plan is a nightmare.”

Software requires time to implement. A well-planned implementation saves years of problems later as the choices made affect not only how the system is used, but also the business processes that go with it. A poorly-planned implementation can force you into doing business processes that you may regret. LMS vendors have the skills needed to guide you through this process for you to be successful in accomplishing your business objectives.

After the planning is complete, data is converted from your existing data to the new system. The planning phase mapped how this migration would occur. The conversion often takes several trials to ensure that the data from the old LMS is moved to the right place in the new LMS, that obsolete data is not moved and that “un-moveable” data is archived. This often involves “cleaning” the old LMS data first. Too often, some of the steps are not completed properly causing old messes to simply be transformed into new messes.

Other times, the training and development department relies on their Information Systems staff to make these decisions; a staff that is typically ill-prepared to guide you through the implementation because they do not know the training and development business. To them it is a technical task, not a business process migration task.

### Wrong Product

Having the wrong product is similar to using a two-seater convertible to make bulk deliveries when a delivery truck would be a better solution. Sure, it looks good, but it does not get the job done. It requires more work, delays and additional wear and tear. A product that does not do what you need for it to do costs more than just being a nuisance. Processes are incomplete, wrong or duplicated. Re-ports are inaccurate or must be done manually. These nuisance costs are not trivial.

### Upgrades

Companies and agencies have a core business that they do. For LMS vendors it is building an LMS product. For ERP, HIRS, and eLearning vendors, it is something other than an LMS. Some grocery stores sell gas now, but their core business is still groceries, not gas. Companies tend to focus on and spend their resources on their core business. Everything else is contextual that is there to support and enhance their core business.

Because a free LMS is not the vendor’s core business, understand their plans for future enhancements. First, do they even have a plan? If they do, are those enhancements built around the LMS or another product? Often the central theme for these upgrades is to make their eLearning better so the

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development depends on the direction of their core product, which is not always in the LMS user's direction.

Remember the vendor's core business. Any time that they take to improve their LMS takes away from their core business. They know this so they minimize the resources to improve the LMS product or at best, give it second-class attention. They hope that you do not sense their lack of product investment.

### Support

Support costs are high for software vendors and are not treated as a trivial part of their business. LMS vendors, as most commercial software vendors, integrate support into their business model and not as a burden to their software business. They work diligently to build software that minimizes the demand for support. They have elaborate feedback systems that monitor problems that are fed into their product development plans. They train their support staff on how to probe for the underlying problems so that the customer is not inconvenienced for long. A support staff built to support a vendor's core product does not usually migrate well to support other products. A support person who knows eLearning content may struggle trying to support a customer wanting to re-allocate waitlisted students on a canceled instructor-led class.

Support is not an easy task for an LMS vendor's core business. It is even harder to do for the contextual part of their business. The support model for the free LMS software vendors is rarely built for the LMS. LMS support includes more than technical telephone support. It is true that the sales people for LMS vendors want you to buy their product, but they also want you to be pleased with the LMS product that you buy and implement. They often have a vested interest in your success. They will take the time to understand what problems you want to solve and what goals you want to achieve and then help you understand if and how the features of the LMS would apply to your requirements.

The ERP sales people do the same, but are trained to solve your ERP needs. The eLearning vendors are selling you content. Neither has the expertise to help you select the best LMS for you.

### License Issues

For open source software, just because the source code is openly available does not mean that you have an inherent right to use it. Understand the licensing restrictions, especially if you plan to make changes to the software. Those competitive advantages that you incorporate could end up in your competitors' hands. Licensing is not usually an issue with integrated solutions because it is included in the main application's agreement.

For an LMS included with your eLearning however, things get sticky. For example, what happens when you no longer use their eLearning content? Do you still have access to the free LMS? Do you even have access to your data? Often, you cannot continue to use the LMS unless you pay a software fee to do so. Even more common is that you cannot continue to use the LMS at all which puts you in an uncomfortable position of having to replace an LMS quickly. If the data is stored in a proprietary format, you may not even have access to your data. This is what the eLearning content people want. So instead of going through that painful process, they hope that you renew for another year. See "What are the Models?" section.

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### Whose Problem Does This Solve?

LMS software that does not solve your training and development problems, whether it is free or expensive, often causes more problems than it solves. If you have to change business processes to “accommodate” the software, have incomplete or missing reports, have to collect the report information manually, have problems with no-shows or overflows, or put more work on more people, whose problem was solved?

Do not allow yourself to have a poor LMS pushed on you for the wrong reasons. Often the decision to use a free LMS is directed by the financial person or the information technology person because it makes their job easier. But they are not the ones who have to live with the poor choice. You are. And it quickly becomes YOUR system and if it fails or causes other problems, it is YOUR problem.

[A proposed title for this report was, “Installing A Free LMS? It’s Your Career.”]

### What are the Models?

Cuba Gooding’s character in the movie Jerry McGuire says, “Show me the money”. Detectives in late-night TV shows say, “Follow the money to find the crooks”. Few businesses give something away without a reason. It is in your best interest to figure out what that reason is.

Software is expensive to build and support. If it is legitimate software, understand what the vendor’s revenue and profit models are before making a commitment to use it. What is in it for the vendor?

Yes, there are honorable and noble software vendors. Most software vendors are, but there has to be a sound business model behind what they do. It is in your best interests to understand their model before you get into a long-term relationship with them.

Somewhere behind this notion of “free” has to be a revenue and profit stream. Even though they are assuredly nice people, they are not giving away their software only to be nice. Understand what is in it for them.

### Is Your Training Strategic?

If your training is not considered strategic to your business success, the free LMSes may be all you can ask for. It is hard to be demanding when your training is an afterthought. Strategic training does not have to accept cheap software, especially when it is closely tied to business success. The investment in a full-featured LMS is easy to justify. Take the time to consider the value of your training. Include the value of your training staff, your training materials and your training history. Your analysis may verify that a strategic decision is required when choosing your LMS.

### What are the Costs?

#### **Intangible Costs**

A poorly planned implementation can cost you for years. Bad or missing data imported from the old LMS gives misleading information forcing delayed or poorlyformed decisions. The worst information is conflicting information because it forces you to question the integrity of both sources.

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Software products are rarely "completed" and an LMS is no different. They are under a continuous development cycle offering improvements designed to improve your business. The effect of not having these improvements is immeasurable because you rarely know what you could have had.

Incomplete and incorrect processes cause higher costs because of more errors, delays, in-completions, duplications and inconsistencies.

The advice of the LMS team is immeasurable. Take advantage of it. Use it. Do not rely solely on the IT opinions or the financial opinions. Consider their input but weigh their thoughts and interests with everyone else's interests.

Poor support means insufferable delays in getting answers resolved. What is the cost of waiting for your vendor to figure out that they cannot do what you want done?

What is the risk of not having a clean license to use the product?

You probably had to compromise dearly to get some of what you wanted in your LMS. What about the things that you did not get? The reports, the ease of use, the missing functionality, the portability and scalability, the long-term benefits that you did not get all come at a cost. The question is, how much?

### **Tangible Costs**

The additional time for your Information Technology department to learn your needs to implement your free LMS is expensive. A day of IT Services costs \$480 at a standard cost of \$60 / hour. Three days is a realistic estimate for projects of this nature. That is \$1,440.

A staff of ten members doing ten more minutes of work each day because the LMS does not support their process, costs more than 400 hours a year. At \$40 an hour, that is \$16,000 a year for the man-power cost alone.

A staff member who spends four hours a month gathering the data for your monthly reports cost \$1,920 (at \$40 / hour).

For embedded applications such as an ERP or HIRS, are there additional license fees in subsequent years for the LMS? Maybe it is not so free after all. What is the cost of having to keep paying to use ineffective or obsolete eLearning content just to keep the LMS?

## Summary

ERP, HRIS and eLearning content providers are great at what they do. Their expertise can help you make the right decisions for what they understand. LMS vendors are the same. Their expertise lies in providing learning systems for you to get the most out of your training efforts.

Banks give you loans to buy your car, but do not advise you on which car to buy. It makes no more sense to use a bank that way than it does to choose your LMS because of the eLearning content.

Go to your vendor's web site. That will tell you a ton about what business they think they are in. If you have to click more than once to find their LMS product, you are probably choosing the wrong product.

**It's your career. Are you willing to explain a failed system because of free software?**