

NEAT EVALUATION FOR IBM:

# Learning Services

Market Segment: Overall

## Introduction

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This is a custom report for IBM presenting the findings of the NelsonHall NEAT vendor evaluation for *Learning Services* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of IBM for learning services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering learning services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with a specific focus on learner experience, service innovation, technology innovation, geographic footprint & scalability, and digital learning transformation.

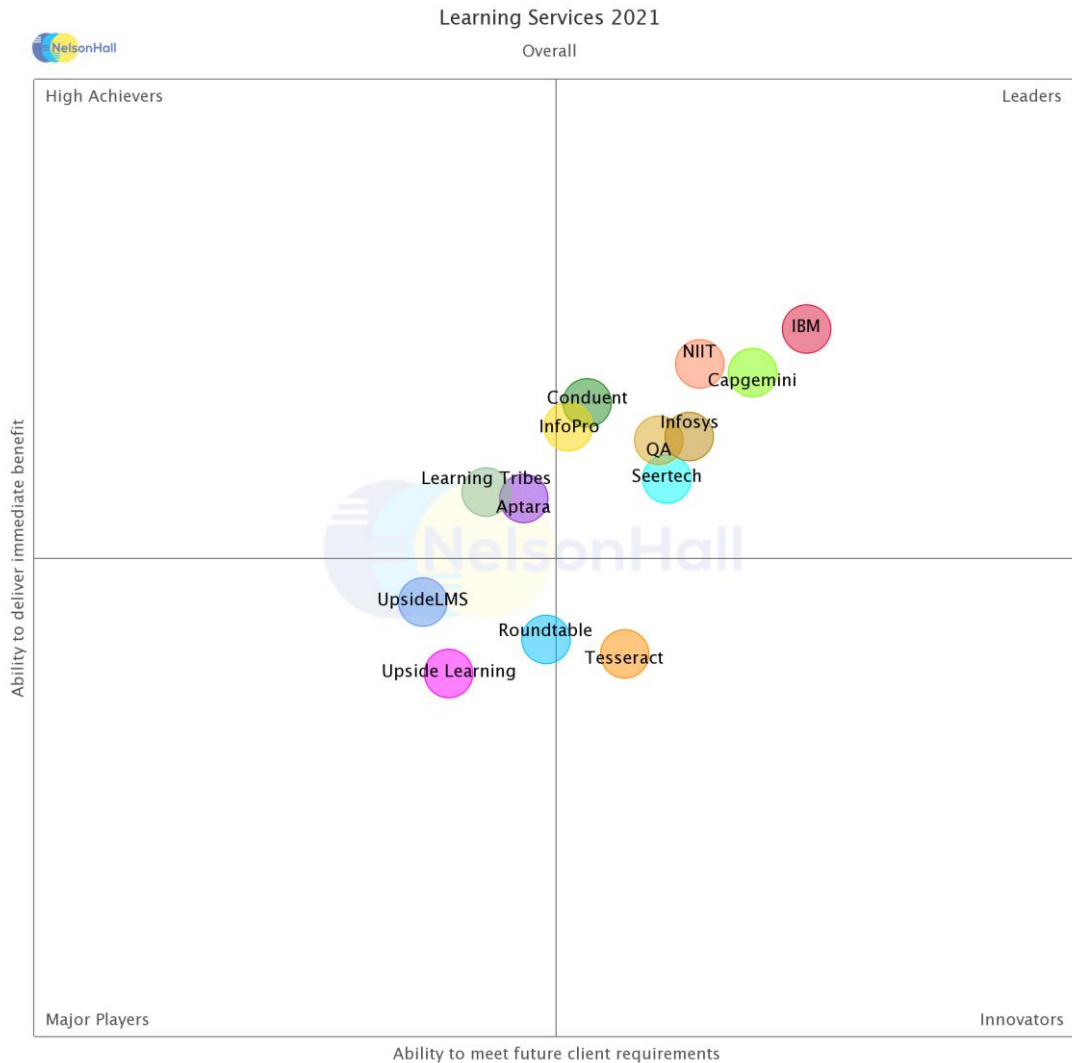
Evaluating vendors on both their ‘ability to deliver immediate benefit’ and their ‘ability to meet client future requirements’, vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Aptara, Capgemini, Conduent, IBM, InfoPro Learning, Infosys, Learning Tribes, NIIT, QA, Roundtable Learning, Seerotech, Tesseract Learning, Upside Learning, and UpsideLMS.

Further explanation of the NEAT methodology is included at the end of the report.



## NEAT Evaluation: Learning Services (Overall)



NelsonHall has identified IBM as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects IBM’s overall ability to meet future client requirements as well as delivering immediate benefits to its learning services clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Learning Services* NEAT tool (*Overall*) [here](#).



## Vendor Analysis Summary for IBM

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### Overview

International Business Machines Corporation (IBM) is an American multinational information technology company headquartered in Armonk, New York, with operations in over 170 countries. IBM Learning Services resides in the GPS sub-segment of IBM's Global Business Services (GBS) Division, as part of IBM's Talent and Transformation practice.

IBM provides design, content, skills transformation, delivery, administration, tech, analytics, and consulting services. Its Talent Development Optimization approach is part of IBM's broader "Consult to Operate" methodology/approach (IBM Garage for Skills).

IBM's clients start from different places on the digital learning continuum. Still, IBM takes them on a transformation journey, through defined stages, to the final stage characterized by immersive, personalized skilling experiences in the flow of work.

IBM focuses on making learning solutions personal (for engagement), transparent (opening career opportunities), looking inside and out (building, buying, or borrowing talent): a complex strategy to get the skilled talent needed. At the core of the skills foundation is the IBM Watson Talent Framework (a taxonomy) with 3000+ job profiles covering 16 industries with 20 libraries.

IBM Learning Services can also incorporate IBM Training (its skills gateway platform) with its individual or corporate subscriptions. Also, IBM can leverage its IBM Skills Academy focused on teaching new content around AI, blockchain, cloud, and cybersecurity, for example.

In 2020, IBM launched Open P-TECH to equip young people and educators with foundational knowledge and professional skills in emerging technologies like cybersecurity, AI, and more, all for free.

IBM offers clients an ecosystem of learning and skills technology, too, fully configurable based on each client's specific requirements, including Your Learning (YL) personalized learning platform, the Comprehend LXP and eventification platform, and IBM Content Curation and Collation with Watson (C3).

All technology has a robust 2021 roadmap for development in place.

The life sciences and financial services sectors will be the focus for IBM in 2021, following traction in 2020 and an ongoing pipeline of opportunity.

### Financials

IBM's GBS segment accounts for approximately 21% of IBM's total annual revenue. NelsonHall estimates IBM's 2020 Learning Services revenues to be \$290m.

### Strengths

- The Talent Development Optimization approach is part of IBM's broader "Consult to Operate" methodology/approach (IBM Garage for Skills)
- Evolving client journeys along the digital learning continuum



- IBM Watson Talent Framework (taxonomy) of 2,000+ skills/competencies for 3000+ job profiles covering 16 industries with 20 libraries
- The 2020 free offering, P-TECH, aimed at equipping young people and educators with foundational knowledge and professional skills in emerging technologies like cybersecurity and AI/IBM Skills Academy with evolving technical curricula
- Your Learning (YL) personalized learning platform, built on several AI and Watson cognitive technologies
- Comprehend cloud-based LXP and eventification platform that integrates content, delivers personalized learning, presents customized learning journeys, and supports virtual events
- IBM Watson Content Curation and Collation (C3) using machine learning to tag, chunk, curate, harvest, collate, bookmark, and sub-title a variety of learning content types (text/video/SCORM)
- Robust roadmap in place across all its technologies
- An established presence in large organizations across the U.S. and Europe
- Strong presence in the BFSI and Government, Education and Defense sectors.

## Challenges

- IBM must ensure that it takes the correct go-to-market strategy according to its target audience (when cross-selling services to existing IBM clients versus selling learning services to new clients). It needs to:
  - Ramp up its marketing activity for external non-IBM clients
  - Tone down the tech/data-first messaging and focus on people-first messaging.

## Strategic Direction

IBM has the following strategic priorities for 2021:

- Scaling the message about its learning services offerings
- Further connecting its clients' ecosystems (beyond learning, into broader talent areas)
- Developing seamless alignment with the big HCM players (to build on their ecosystems) – looking at what IBM can do now, and in the future, to plug features and functionality gaps.

## Outlook

NelsonHall expects that in 2021, IBM will:

- Actively promote its learning services offerings to new clients and existing clients within IBM (as an upsell opportunity)
- Continue to evolve its services, notably around digital/technical skills (through Academies, for example), as reskilling/upskilling becomes a growing part of clients' agendas
- Develop seamless alignment with the big HCM players (to build on their ecosystems), seeing where it can add features and functionality to plug gaps in HCM offerings



- Continue to evolve frameworks and add new technology/tools to enhance its learning services and broader talent offerings
- Focus on its core geographic markets (U.S. and Europe)
- Focus growth in BFSI and embrace new sector opportunities based on its pipeline (in healthcare, for example).

## Learning Services Market Summary

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### Overview

Organizations acknowledge that the shift to digital learning must be a mid-to-long-term strategic goal for their businesses, as 2021 dawns with the realization that the pandemic effects will loom long into the decade. Yet, social and technological change continues apace as the workforce becomes more multigenerational (each with their own learning needs) and the accessibility, mobility, and sophistication of learning tech increases.

Learning vendors have opportunities to adapt their businesses further as they seek to guide their clients on the future of learning in the new era of work. Learning services/solutions will be learner-centric, tech-enabled, and future skills-focused, determining how the specific learning areas of content, delivery, admin, tech, and consultancy evolve. Content will be created (where tailoring is required) or curated. Delivery will be mostly digital, with pockets of in-person learning to demonstrate skills/knowledge. Admin will be mostly automated, digital, or specialty (supplier management), and tech services will extend beyond learning tech, deployment, integration, and security. Consulting will expand to encompass all learning areas and be more strategic in focus.

As learning services mature, there is likely to be more market segmentation, as learning vendors choose to specialize in learning strength areas, mirroring trends in other areas of talent outsourcing.

### Buy-Side Dynamics

Buyers of learning services want to normalize blended learning/eLearning, invest in impactful modalities, and make learning more accessible and engaging for their learners. Organizations recognize the future workplace/workforce will be heavily tech-enabled. Yet, learning services buyers want those services at the best possible price. Hence, buy-side organizations expect their chosen learning vendor to roadmap change for their learning function and offer innovative pricing and commercial terms to ride the economic uncertainties that may prevail for the next few years.

Reskilling and upskilling workers are essential considerations for buy-side organizations (to retain talent by giving them opportunities to advance their careers). Still, the priority given to enhancing skills is somewhat determined by the mix of external factors at play for an individual organization level (and the urgency to reskill/upskill).

The need for data/analytics is currently ranked a low priority for buyers of learning services. As organizations embrace digital/eLearning and are exposed to insights about their learners, the demand for detailed learner-specific data and analytics will take off.

There is recognition from the buy-side community that their organizations do not have the know-how internally to advance their learning function to the level it needs to be. 87% of organizations are seeking third-party support (through a learning services vendor or other third-party specialty provider) to support them on their digital learning transformation journey.



## Market Size & Growth

The size of the global learning services market in 2021 is estimated at ~\$3.8bn and it will grow at 4.5% per annum to reach ~\$4.5bn in 2025. In the period 2021-2025, the most buoyant sectors will be banking, financial services, healthcare, and pharmaceuticals. Over the same period, new industries will emerge (e.g. digital healthcare), or existing industries will evolve (e.g. renewable energy and advanced manufacturing).

A very lucrative area for 2021 and beyond is consultancy around learning tech, as more organizations seek advice on how to use their own tech ecosystems more effectively, seek plug-in tools to enhance those ecosystems, or need to leverage a cloud-based solution. The demand for specialty platforms (microlearning, VR, for example) to augment existing platforms will increase as learners seek engaging, short, at-the-point-of-need learning solutions.

Learning administration services may see growth up to 10%. Organizations seek to outsource basic administrative tasks, giving vendors scope to offer Supplier Management services, (Digital) Learning Admin as a Service, and data/analytics services.

Contract durations are shrinking (standard three-year contracts in 2021 will likely shrink further). Organizations will increasingly seek flexible commercial terms, including transactional pricing, based on specific work completed at different stages throughout the contract duration.

Vendors prefer to target large organizations as they offer the most lucrative contracts, with higher numbers of employees to train and larger budgets to spend. Vendors also target mid-sized organizations, notably for learning tech sales.

## Challenges & Success Factors

There are several challenges that learning services vendors face. There is concern that a 100% digital strategy potentially impacts the ability to maintain high service delivery standards, as the pandemic's social restrictions prevent high-touch, in-person, and highly interactive learning services. Success requires a compromise level in challenging times, but it presents the opportunity to showcase the high level of engagement afforded through digital studios/platforms. Vendors can support clients with alternative ILT strategies (deployed in socially-distanced formats) and increase communication frequency with clients to compensate for non-in-person contact.

It is challenging to offer cost-effective learning solutions for clients while economic uncertainty prevails, as some organizations' budgets are cut, and other organizations want more for less. Success can be demonstrated through small snippets of appropriate advice or quick fixes (such as supplementing existing tech with a few extra tools) that will make an impact. It is about educating organizations on what is right for them to take small but impactful steps. Organizations can sometimes struggle to look long-term (beyond the immediate quarterly business cycle). While budgets are constrained, vendors help organizations plan and act for the long-term. A focus on future skills needs is a sure key to success.

Offering ongoing flexibility and agility in learning services can be a challenge. There is an opportunity to target specific solutions, expand portfolios, increase knowledge in broader learning/tech segments, and foray into other talent-related streams. Vendors can consider planning and trialing new methods/approaches and introducing flexible contracts and pricing. Quick-deploy solutions aid flexibility/agility. Multiskilling employees to move between learning streams alleviates peaks and troughs in demand.

Despite the leap forward in embracing digital learning, barriers to digital learning transformation prevail. With the continued drive for expensive HCM deployments in



organizations, basic learning modules leave organizations frustrated at their lack of functionality. Vendors can demonstrate success by educating stakeholders and showcasing tools that can augment the features/functionality of those HCM modules. Successful vendors undertake an audit of organizations' current learning set-up (including tech stack), understand what they want to achieve through learning, and propose solutions based on augmenting their legacy technology with additional tech/tools. Vendors must work with CTOs from initial engagement to address tech/tools security concerns, as distributed workers may become the new norm.

## Outlook

The outlook for learning services is positive, with vendors building on their strengths and either expanding or specializing their offerings. The demand for learning administration services, learning tech services, and learning consultancy will remain buoyant. Specialty learning content will continue to be in demand, but the curated content route will be the preference for generic skills content. Learning delivery will be predominantly digital.

Learning is becoming more tech-enabled, such that learning vendors will need to have a digital- and learner-centric approach to their learner services. Learners will increasingly strive for anytime, anywhere, any device learning access, preferring bite-sized learning chunks at the right time (increasingly in the flow of work). So, vendors will have to solutionize by embracing engaging modalities to motivate learners to learn, pulling tailored content of interest and relevance. Simultaneously, learning vendors will have to advise organizations on the right balance of existing and new proprietary and third-party tech that will deliver the learning experience they crave for their workforce.

The use of VR and AR will grow significantly over the next 3-5 years, as the technology (and the peripherals) become less expensive, the cost being an initial stumbling block, despite the interest in using VR. With the future workforce likely to be more remote than in the pre-pandemic era, organizations will be keen to give remote employees a sense of the real office through VR, rather than missing out altogether. The use of alternate reality will grow as it combines the newer VR and simulation modalities, allowing learners to practice skills in a safe, alternate reality space. Other modalities will continue to be used, as using multiple modalities helps to engage learners on an ongoing basis.

Consultancy around technology will be vital, such that learning vendors must understand their clients' existing tech/learning tech landscape before advising how to move forward. While organizations may be keen to use newer modalities (which can be bandwidth-sapping) to engage learners, organizations must have the required infrastructure before deploying specialty platforms to deliver those modalities. Learning platforms (including broader tech on which to deliver learning) will continue to evolve, with the use of AI, ML, and automation being essential to driving a personalized digital learning experience. More organizations will demand data/analytics on their learners and use the resulting insights to improve their learning offering, so learning vendors will need data-savvy teams to help articulate their client organizations' findings. There will be a greater drive for using outcome-based metrics to measure learning programs' success because of the uptake in monitoring learner data/analytics.

Vendors will increasingly deliver learning digitally. The use of in-person simulations to enable learners to demo their skills at the end of a predominantly digital learning (online) experience will continue unless offerings in the alternate reality space advance to a level that they replace in-person simulations. However, ILT is unlikely to disappear completely, as organizations are likely to want in-person learning to take place as an occasional alternative to the digital norm.





Service delivery will continue to be a mix of high-touch, self-service, and automated, although the relative proportions may change according to each vendor's clients' preferences. Both low-cost and higher-cost locations will be used on an as-needed basis, along with elements of working-from-home, remote support.

Learning services vendors will expand in regions such as the Middle East and LATAM, building upon the small footprints that some vendors have in these regions. The cautionary approach to geographical expansion taken in 2021 will subside as vendors ensure their growth plans get back on track. There will be more traction in the mid-market space, a hotbed of opportunity for learning tech sales (in the absence of large HCM suites), which will offer opportunities for other learning services later.

Some learning vendors will grow their portfolios to become a one-stop-shop for all learning services and technology, and others may choose to narrow their focus on a few learning areas. Some will continue along a specialist route. The learning services space will likely follow the same path as recruitment outsourcing (RPO and CWS/MSP) as the learning services market matures. For buy-side organizations, that means greater choice in sourcing a learning services vendor and determining which vendor is right at a particular time for a specific learning need.



## NEAT Methodology for Learning Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

**‘Ability to deliver immediate benefit’: Assessment criteria**

Assessment Category	Assessment Criteria
Offering	<ul style="list-style-type: none"> <li>Learning content creation/development services</li> <li>Learning content curation services</li> <li>Content Digitalization/ Transformation</li> <li>Range of modalities</li> <li>Learning administrative services (range, sophistication, pivot)</li> <li>LMS/LXP (+ other learning tech) services</li> <li>Other broader tech/tools services</li> <li>Learning consultancy services (core)</li> <li>Strategic Learning consultancy services (learning roadmap strategy, future skills, insights, data/analytics, etc.)</li> <li>Specialist services (Sourcing Talent as a Service, etc.)</li> <li>New Services (includes broader talent)</li> <li>Reskill Upskill</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>Global</li> <li>North America</li> <li>U.K.</li> <li>Continental Europe</li> <li>Middle East/Africa</li> <li>APAC</li> <li>LATAM</li> <li>Traditional learning facilities</li> <li>Digital learning facilities</li> <li>Range of suitable/adapted learning modalities (delivery)</li> <li>Provision of skilled instructors, etc. for learning (reskilled/upskilled)</li> <li>Delivery support mix (onshore, nearshore, offshore, etc.)</li> <li>Application of service automation</li> <li>Flexibility, scalability, agility in service delivery</li> <li>Range/sophistication of LMS, LXP, + other learning platforms (XR, curated content)</li> <li>Use/sophistication of advanced analytics, RPA, AI, ML, VR, AR, etc.</li> <li>Learner experience (personalized, mobile, self-service)</li> <li>Next Gen Services Innovation</li> <li>Next Gen Tech Innovation</li> </ul>
Presence	<ul style="list-style-type: none"> <li>Size Mix</li> <li>Large Organizations</li> <li>Mid-size Organizations</li> <li>Small Organizations</li> <li>North America</li> </ul>

*Continued...*



	<p>U.K.</p> <p>Continental Europe</p> <p>Middle East/Africa</p> <p>APAC</p> <p>LATAM</p> <p>Single Country</p> <p>Multi-country (One Region)</p> <p>Multi-region</p> <p>Global</p>
Benefits Achieved	<p>Cost savings</p> <p>Accelerated time to learner competence</p> <p>Improved (digital) learning content (for COVID-19 pandemic)</p> <p>Improved delivery agility/flexibility/ scalability</p> <p>Improved learner satisfaction/ engagement</p> <p>Improved adoption rate/usage of training (notably during the COVID-19 era)</p> <p>Improved compliance</p> <p>Using latest learning technology</p> <p>Perceived ROI/value for money</p> <p>Improved overall learning outcomes</p>



Exhibit 2

**‘Ability to meet client future requirements’: Assessment criteria**

Assessment Category	Assessment Criteria
Specific Learning Services Capabilities	<ul style="list-style-type: none"> <li>Ability to Reimagine Service Offerings (aligned to market/global trends)</li> <li>Vendor Knowledge and Expertise</li> <li>Best Caliber Personnel (includes proactiveness)</li> <li>Strength of Partnership</li> <li>Flexibility of Approach</li> <li>Ability to Scale/Pivot at Speed (Agility)</li> <li>Digitalization/Transformation Capability</li> <li>Continuous Improvement Mindset</li> <li>Recommendation</li> </ul>
Ongoing Offerings Development	<ul style="list-style-type: none"> <li>Overall future learning needs</li> <li>Future-fit content (created or curated) services for reskilling/upskilling</li> <li>Future-fit learning admin services (digital, data, analytics)</li> <li>Future-fit learning delivery (digital, blended, eLearning, modalities)</li> <li>Future-fit learning consultancy (future of work learning, tech)</li> <li>Future-fit tech services (Learning platforms, tools, for new era of learning)</li> <li>Advanced learner data/analytics for Informed Insights</li> <li>Deployment of intelligent tech/tools to enhance learning (RPA, AI, ML, etc.)</li> <li>Future-fit service delivery</li> <li>Mechanisms in place to drive innovation in services</li> <li>Mechanisms in place to drive innovation in tech/tools</li> <li>Mechanisms in place to drive personalized learning experiences</li> <li>Mechanisms in place to support on the future of learning (emerging trends)</li> <li>Mechanisms in place to drive service delivery/ operational excellence</li> <li>Mechanisms in place to drive the journey to future learning transformation</li> <li>Roadmap in place to evolve appropriate tech/tools strategy</li> <li>Future holistic talent journey (strategizing for future workplace/workforce skills needs)</li> </ul>



For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



[research.nelson-hall.com](https://research.nelson-hall.com)

#### Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

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