Analyst Report

(Brightspace, 2015)

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THE BUSINESS OPPORTUNITY

THE MARKET FOR LEARNING MANAGEMENT SYSTEMS

Although there are many predictions for the end of Learning Management Systems, the market continues to grow. There is an increasing market demand in all areas of the world for Learning Management Systems (Docebo, 2014)
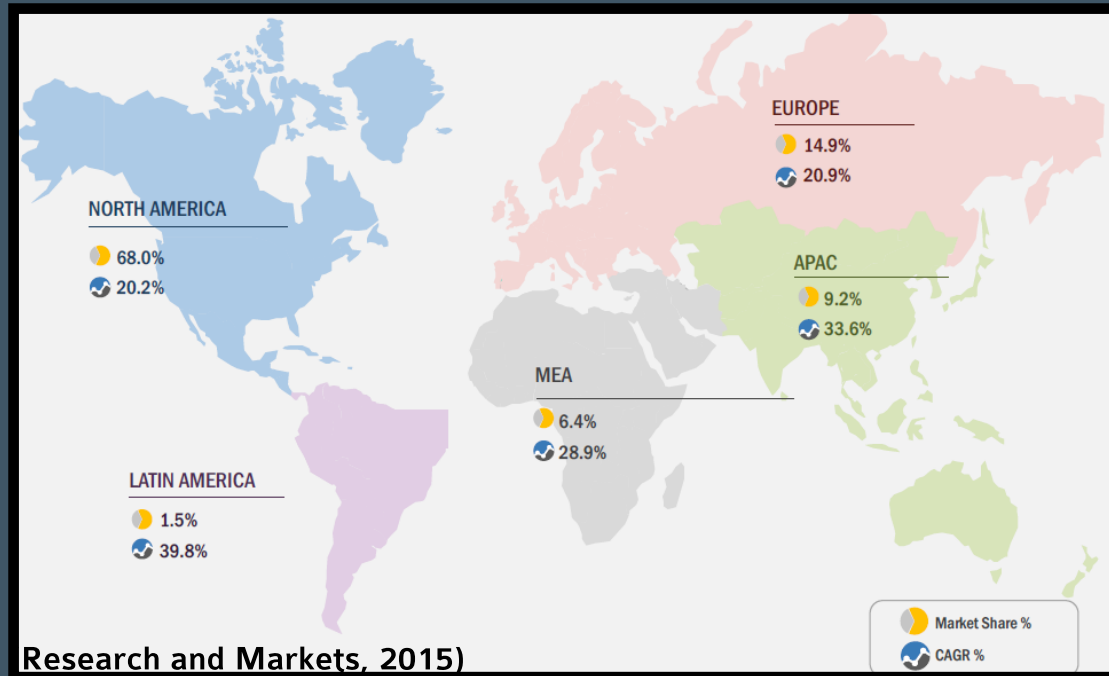
The Asian market is growing the fastest with a rate of 17.3%. However, North America, even with the slowest annual growth rate at 4.4% is still the most profitable market (Docebo, 2014)

EUROPE
- 14.9%
- 20.9%

NORTH AMERICA
- 68.0%
- 20.2%

APAC
- 9.2%
- 33.6%

MEA
- 6.4%
- 28.9%

LATIN AMERICA
- 1.5%
- 39.8%

- Market Share %
- CAGR %

Research and Markets, 2015)

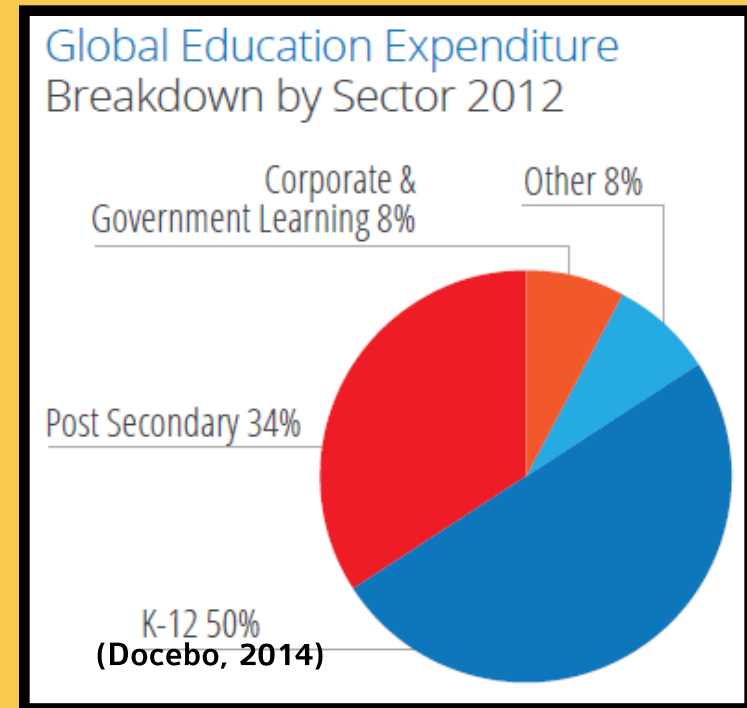$ 2,550,000,000
World, 2013

$ 1,495,000,000
North America, 2013

$ 446,000,000
Asia, 2013

Online Learning and Learning Management Systems:

Online learning covers a wide array of technologies and learning management systems being one such technology.

Many corporations who realize the value of continuous education for their employees are investing in e-learning and learning management systems instead of traditional corporate training programs; however, the academic market continues to be the largest customer for these systems (Research and Markets, 2015) with the K-12 market growing faster than higher education institutions (Docebo, 2014). Surveys suggest that a large majority of people believe that a learning management system has a positive impact for an e-learning course, leading many analysts to believe that the popularity will continue to expand in the coming years with estimates of an annual growth of 25.2% through 2017-2018 (Pappas, 2015).

Global Education Expenditure Breakdown by Sector 2012

Corporate & Government Learning 8%
Other 8%
Post Secondary 34%
K-12 50%

(Docebo, 2014)

A Learning Management System (LMS)

A learning management system includes many aspects of teaching and instructional design in one linked system. The systems are designed to deliver and teach content, track and monitor student progress, assess student learning, and provide a place for learning interactions to occur. The type and variety of features vary according to the type of system and the package or system purchased (Edutech wiki, 2015). Depending on your institutional needs there are a variety of open source systems as well as a number of paid platforms. Learning Management Systems are used by both public and private institutions of a variety of sizes.

THE MAJOR SOLUTION VENDORS

There are many LMS companies and, as well, some institutions create their own customized versions; however, there are five main Learning Management Companies. The largest by far is Blackboard. Although losing market share from 80-90% in 2006 to about 44% in 2015 (EdTech, 2015), it remains the leading company in this market by a comfortable amount, with reports of the highest customer satisfaction (G2 Crowd, 2015).
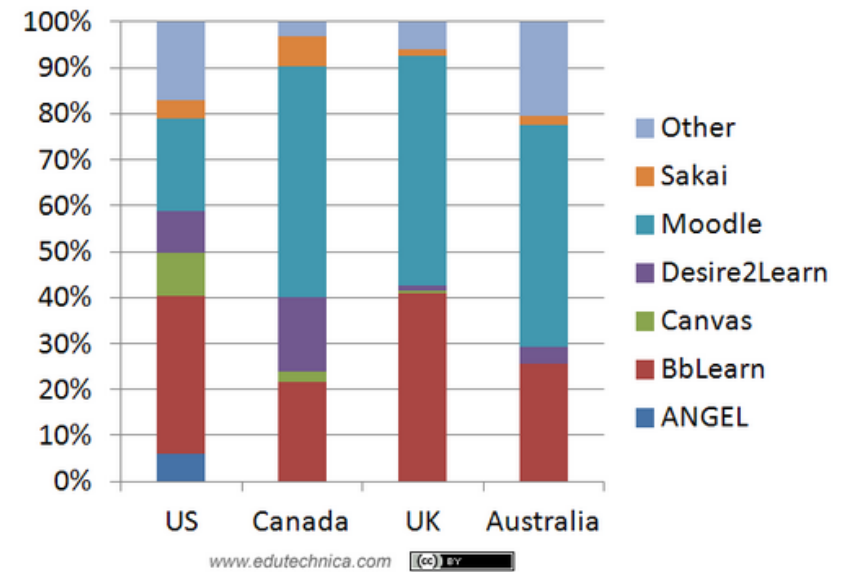
2014 HE LMS usage by geography as percentage of total
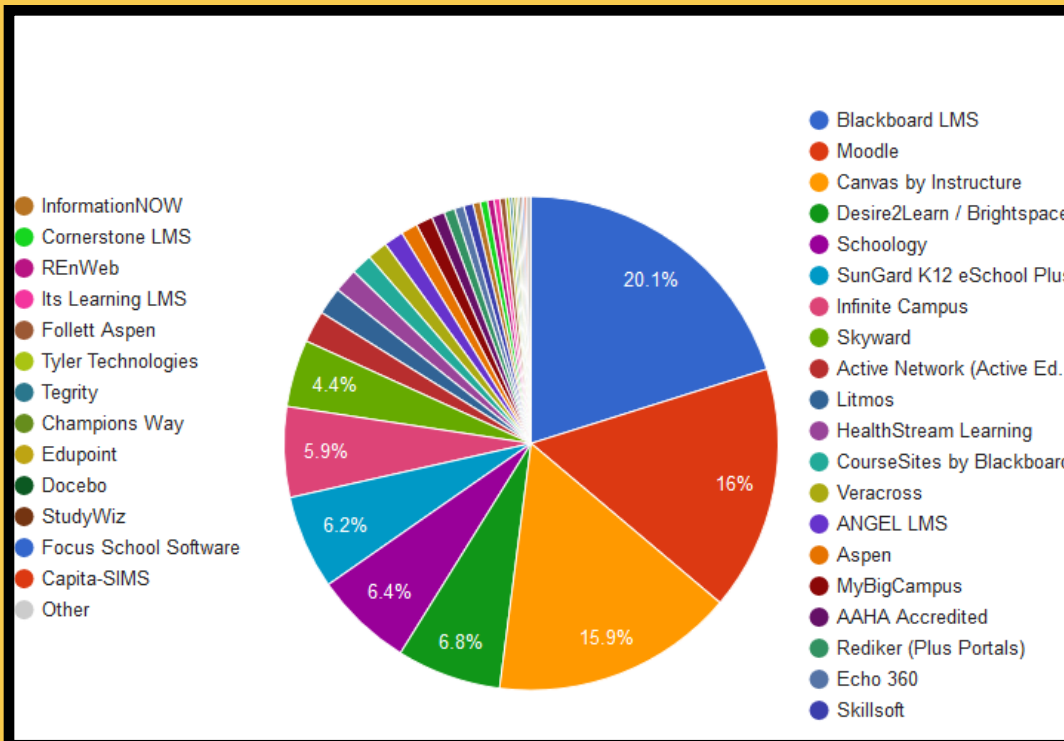
(Seaman, 2015)

The only company in the main five seeing growth is Instructure's Canvas with a market share of 10% (Seaman, 2015) and a mission to erode Blackboard's grip on the market (Locke, 2015). Most people remain with their original company, with only 31% of clients switching vendors, the majority saying they switched to receive additional features and made their original choice based on the functions of the LMS and then price (Pappas, 2015).

Despite the many predictions of the end of the learning management system, the market is still growing in all areas of the world and the companies providing these systems are evolving and adapting their services to fit the changing marketplace of educational technology (Rayson, 2015).

BRIGHTSPACE

(Brightspace, 2015)

Brightspace CEO

John Baker

Brightspace is a learning management system by D2L (formerly Desire2Learn). The CEO of Brightspace is John Baker, who founded the company in 1999 while attending the University of Waterloo (Brightspace, 2015A). The company is based in Kitchener, Ontario, although they have expanded across Canada, and into the United States, as well as Asia, Europe, and Latin America. Brightspace has more than 1,100 clients and 15 million users (Brightspace, 2015A), which in 2015 equates to between 7% (Datanyze, 2015) and 9% (Seaman, 2015) of the market share of learning management systems. In 2013 the company acquired three other companies to help improve their services and features (Alderson, 2015), culminating with the Brightspace rebranding in 2014 (Wan, 2014) and are continuing to develop into the present time.

(Brightspace, 2015)

While Brightspace is not leading the market in LMS they are maintaining sufficient market share to be considered one of the "big five". In many ways their smaller size and flexibility can be seen as an advantage as they evolve and peruse trends in online learning. More than the other companies, Brightspace is committed to innovation, closely following the trends in online learning and creating features that match such changes. For example, the launch of Brightspace LeaP includes features for adaptive learning and data analytics, two of the identified future paths for technological education.

WHAT'S NEW?

(Mystakidis, 2009)

Emerging Trends

There are many trends in e-learning. Most applicable to LMS companies are gamification, personalized learning, mobile learning, video learning, and application programming interfaces (API) which enable flow between various platforms (Spencer, 2015). Currently, most LMS platforms offer very similar service, and as the new trends emerge each company is determining new directions to separate themselves from the rest of the market (Straumsheim, 2014).

One major change is creating a network of services than a management system, this allows the easier incorporation of a variety of technology, such as the creation and viewing of video (Straumsheim, 2014). This also allows for learning management companies to contract out the creation of features to other educational technology companies (Straumsheim, 2014). This is often linked to a movement towards cloud based and software as a system (SaaS) solutions allowing client's system to be connected to different LMS sections and to be easily upgraded. (Pappas, 2015). Another important trend is the increasing importance of data analytics, which both instructors and companies are realizing can play an important role in providing key information to teachers about their students (Flemming, 2015).

WHAT'S NEW WITH THE COMPETITION?
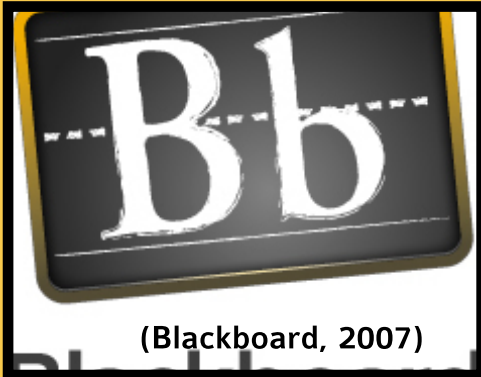
(Blackboard, 2007)

Blackboard is also investing in mobile functions as well as social ones, and has integrated their various components (Learn, Collaborate, and Mobile) into one platform called Ultra (Flemming, 2015).

Moodle's 2.9 release is mostly updating existing features (Thibault, 2015B) but earlier this year they released Moodle Mobile 2 to take advantage of the trend towards mobile learning (Thibault, 2015B).

(Moodle 2015)

(Instructure, 2015)

Canvas has released a platform specifically for the corporate market called Bridge and they are using their cloud based system to provide continuous updates to clients. Canvas is also aggressively marketing their product in their mission to sway clients away from Blackboard (Locke, 2015).

Sakai is also working on general improvements to their systems with increased functionality of features and improved security (Mikkola, 2015).

(Sakai, 2014)

Overall data analytics are becoming increasingly an important component of learning management systems as learning management companies and their clients are realizing the value of this information (Flemming, 2015).

(Brightspace, 2015)

(Brightspace, 2015)

Brightspace has launched LeaP which is a combination of adaptive learning and analytics. The adaptive learning allows for each student to have a personalized journey. Instructors can set the parameters for the journey and at each performance assessment a student's progress is tested and the next section of their journey is based on their score sending students to various content as needed (Alderson, 2015). Instructors can further personalize learning by generating messages to students with congratulations or warnings as needed (Barmark, 2015). LeaP also has an improved analytics platform, transferring data hourly instead of daily and has also created an algorithm called Degree Compass which can predict the letter grade to be obtained for each student. This program works by identifying the trends in student behaviour, and can also warn the instructor when intervention is needed. To continue improvements in the area of analytics, Brightspace is working with IBM for powering the required analytic engines (Alderson, 2015). Brightspace is also working to incorporate game based learning elements where instructors can design games with avatars and trophies, with some institutions reporting a completion rate improvement of 25% (Barmark, 2015). A few other features include the ability to either buy or rent textbooks through the binder application (Straumsheim, 2014) and the ability to record video directly into the platform without the involvement of a third party (Brightspace, 2015B). Brightspace is one of the most innovative platforms (Walsh, 2015) and uses their customer relationships to help inspire new products and services as well as gather feedback about existing ideas (Barmark, 2015).

(Brightspace, 2015)

WHY BRIGHTSPACE?

(Schmidt, 2011)

Since its creation D2L's focus has been on their passion for learning and innovation and Brightspace continues with this focus. Brightspace continuously tries new ideas and incorporates their clients into the innovation process. They talk to educators about their needs and wants in terms of a learning management system to ensure their platform stands out from competitors. Additionally, because Brightspace is a continuous delivery system, updates and changes can be made immediately and customers are encouraged to provide feedback on such changes right away (Barmark, 2015). They are probably the most innovative of the major learning management companies having made innovation a company priority (Gregory, 2014). A patent infringement suit by Blackboard in 2006 was successfully defended and defeated. D2L has successfully raised investments of $80 million in 2012 and $85 million in 2014 (Barmark, 2015).

Additionally, they have added gamification to their platform, which is already getting rave reviews for retention rates (Barmark, 2015). This is all in addition to the changes such as cloud based LMS, application integration, online textbooks and materials, and a move to mobile interfaces. Finally, Brightspace is working on making their platform and applications easier for students with learning disabilities by making it compatible with OpenDyslexic, a font for students and teachers with dyslexia (Kelly, 2015). In 2013 they won the Dr. Jacob Bolotin Award for their accessibility (Echevarria, 2013).

BRIGHTSPACE SUCCESS FACTORS

All of this innovation can be good or bad for teachers and designers using the Brightspace learning management system. On the one hand it is a lot more work to keep up with the ever evolving feature, and teachers must author more content themselves; however, the multiple additional features allow for endless customization and provides teachers the flexibility to use their pedagogical knowledge to create personalized courses using their own innovation. For people looking to push beyond traditional instruction and technology, Brightspace is the learning management system to provide the necessary tools.

Brightspace is not the biggest or most aggressive learning management company, but they are the most innovative. In a technological climate where theories and educational needs rapidly change, a company that is ahead of the trends will continue to be viable. Brightspace's passion for innovation sets them apart as a company interested in changing the field of not just educational technology but education itself.

They will be able to change with the times and perhaps even lead the market with their ideas. Learning Management Systems are not disappearing, they are changing and evolving to include more flexibility and behind the scenes features for instruction, such as data analytics.

Figure 5: Ovum Decision Matrix: Online learning platforms, higher education, 2015–16 – market leaders – next-gen online teaching and learning

(Ovum, 2015)
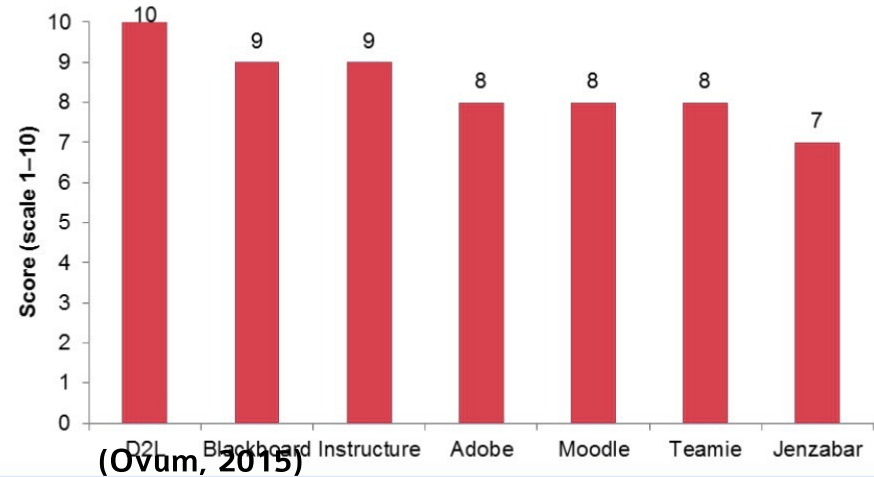
Source: Ovum

Brightspace is the company demonstrating the most commitment to changing existing products and developing new ones; thus, no matter how learning management systems evolve in the future, Brightspace will be able to evolve along with them. It is a company committed to applying innovation to education.

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