

TO BUILD OR BUY AN LMS

Determining Whether to Create or Purchase an LMS Solution Can Make or Break Your Business

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So, you've decided your company needs an actual learning management system (LMS). That's great. It's an essential part of any organization that has passed a certain threshold of growth and learned that learning delivery needs to be organized, controlled, tracked, and -- to an extent -- automated.

But whether you're a tech company that is already used to the processes of developing and delivering software or another enterprise company that figures it has the capability to create something new that will serve the organization's needs, you've probably come to a pretty standard fork in the road: do you use one of the many LMS software solutions existing on the market, or do you try to develop something unique that serves your immediate needs?

It's a common conundrum, and one that has become known colloquially as 'build or buy'. In this document, we'll explore both options, and the benefits and drawbacks that entail either choice with our comprehensive pros and cons list.

THE DREAM OF BUILDING

It works for some, but often, only for some time: We develop a solution internally because we don't want to purchase yet another external solution to manage onboarding and continual learning. There are limited upfront costs, and we get to leverage existing resources. But have we looked at the long term? Can our internally developed solution really compete with the best-in-class solutions already on the market? These are questions that need to be answered before a decision is made.

THE COST OF BUYING

Whereas the costs of building tend to come later, once a growing organization realizes its internally developed solution can't scale up to its commanding growth, the cost of buying is mostly upfront. Yes, more user licenses come along the line, but the right foundation (with the right solution) has already been set in the bedrock of a learning and development program.

With that, let's look at some of the key pros and cons that can help an organization of any size determine whether it needs to develop an LMS internally or is prepared to buy.

	ENTERPRISE SOFTWARE		CUSTOM/IN-HOUSE SOFTWARE	
	PRO	CON	PRO	CON
COSTS	Depending on solution, implementation costs can be minimal	Sometimes implementation and recurring costs, especially for SaaS	Costs of ongoing use can be low	Building solution demands high upfront costs and time Lack of niche software development experience leads to maintenance costs, tech issues & unexpected delays
USER ADOPTION & UI/UX	Good LMS solution will have UI/UX built into solution Users will face low-training/ no-training situation enabling them to onboard/train quickly and effortlessly	Depending on vendor, the UI/UX might not be suitable	Knowing your user preferences and existing systems, you can build something that reflects user expectations	Can't leverage industry-standard best practices in UI/UX, hence lack the ability to get users ramped up seamlessly, on time
INNOVATION	Best practices baked in It's all the LMS provider does	Not always tailored to unique customer needs	Can reflect specific business learning needs	Outside the realm of customers' expertise
OWNERSHIP	LMS provider manages maintenance, support, upgrades, etc.	Control, buying, licensing fees can add to costs	Organization owns the solution	Organization maintains, builds, develops solution as needs expand
BRAND	With white labeling, customer brands solution as theirs	Solution might own branding, can seem like another external product to use	Leverages established internal branding	Lacks legitimacy for users expecting best-in-class solutions
SCALABILITY	Most LMS solutions are incredibly suited to scale up as the organization grows	Some minimal costs associated with additional licenses	Can anticipate scalability requirements as org grows	Can't adapt internally developed adequately
BEST PRACTICES	Best LMS on market have LMS best practices finely tuned and embedded within offering	Some LMS providers behind the game when it comes to innovation	Org understands best practices of learning within your specific contexts	Solution can't align to most up-to-date best practices like LMS providers
RESOURCES	Dedicated teams have resources to get orgs ready	May be dependant on external resources	Define set of resources dedicated to LMS projects	Caught off guard by evolving requirements and new demands
DEPLOYMENT	Deployments premeditated and managed according to budget, resources, timelines, etc.	The wrong vendor can drag process out, with accompanying costs	Having defined deployment process, determine how it takes shape	Limited internally- developed software deployment experience leads to unanticipated requirements
INTEGRATIONS	LMSs know integrations (e.g. content authoring tools) exceedingly well	Poor vendors won't help anticipate anticipated costs and resources	With foresight, your new build can map to content authoring, HR, ERP, etc. integrations	In general, this fails and new systems can't map to integrations without pain and hardship

Want to learn more about the build-or-buy conundrum? Try Docebo today.

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