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VIRTUAL CLASSROOM SERIES

Training Media Review is conducting a series of hands-on evaluations of virtual classroom and collaboration products from leading vendors. The products reviewed or planned for review are:

- Interwise
- Centra
- LearnLinc
- WebEx
- HorizonLive
- IBM Lotus LearningSpace Virtual Classroom
- Placeware

Each evaluation provides a detailed description of the product, an evaluation of essential product characteristics such as ease of use, and a comparative rating. Barbara Fillicaro, the author of this introduction to virtual classrooms, is the principal reviewer.

The TMR research report series also includes evaluations of leading learning management systems and authoring tools. For more information about the series, see page 3.

TRAINING MEDIA REVIEW Training Media Review provides objective reviews of training content and supporting technologies, advice on media-related training issues, research reports, and consulting.

www.tmreview.com
TOLL FREE 877.532.1838
TEL 617.489.9120
EMAIL tmr1@tmreview.com

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RESEARCH REPORTS:

VIRTUAL CLASSROOM AND COLLABORATION SYSTEMS

Virtual Classrooms

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RENT OR BUY A VIRTUAL CLASSROOM SYSTEM?

by Bill Ellet

It may be the single most important decision to make about a virtual classroom system—and the most difficult. Should you buy a client-server system and install it on your internal system, or should you rent a system hosted by an application service provider, or ASP?

The major differentiators of the ASP versus client-server installation decision are as follows:

EXHIBIT 1

RENT VS. BUY DECISION FACTORS

SOLUTION	ADVANTAGE
ASP	Cost
	Speed to market
Client-server	Customization
	Control

THE ASP CASE

There is research indicating the cost of ownership for ASP solutions is lower on average than client-server installations. Will Hipwell, vice president of marketing for GeoLearning, a learning management system ASP vendor, quotes a 2002 survey by the Information Technology Association of American that found 39% of ASP users received between 10% and 50% ROI, with 14% realizing ROI between 51% and 100%.

If your organization is small to medium in size, an ASP is generally the best fit for the cost. The price of admission for an installed virtual classroom may simply be too big an investment, say, something on the order of \$50,000 per year at a minimum. What's more, an installed system requires internal IT personnel and resources that such organizations often don't have or can't spare. Larger organizations may also find that an ASP is a lower-cost way of experimenting with e-learning than an installed system.



Cost issues can run deep. An ASP is responsible for operating the system 24x7, upgrading server hardware and learning management system software, training operators, and dealing with the innumerable problems of running a complex computer system. These costs can run up fast, but you are immunized to some degree with an ASP.

Of course, you are dependent on an ASP to perform its tasks capably to capture a healthy ROI. A troubled or incompetent vendor can scuttle the return quickly. For big organizations, the cost of ownership of an installed system may not exceed that of an ASP, when measured over a period of years and spread across thousands of users.

A second advantage of an ASP is speed to market. Installing an enterprise software system of any kind is a major undertaking. It takes time, more time than usually estimated, and it is a complex operation. With an ASP, you can be ready to go with minimal upfront preparation and can start benefiting from your training investment. That usually translates to higher ROI.

THE CLIENT-SERVER CASE

Cost can be an advantage of the ASP choice, but there may be a mitigating consideration for virtual classroom and collaboration systems. They are not limited to training; indeed, they have multiple uses beyond training. They can become a communications backbone for dispersed work groups, saving time and money in many different areas. Viewed from that angle, the cost of systems can be spread over many different functions and people, not just training.

Furthermore, the cost of collaborative products does not approach the price of learning management systems or other enterprise systems. That may not be much consolation to smaller organizations, but it may be for larger ones.

Customization is another reason an organization may want an installed system. An installed system can be tailored in a variety of ways to the needs of the customer. ASP solutions often are as-is propositions or offer very limited customization options.

An ASP solution may encounter problems with an organization's firewall. A firewall can, for example, block a video stream from an external source.

Control is a final issue that favors an installed solution. When an organization owns the box on which the software is running, employees of your organization control it. The system is protected by your firewall. You can make changes as you see fit and adapt the system as needs change. You can integrate with internal systems easily for real-time data flow if that happens to be important.

If you depend on an ASP and it goes out of business, you have a major problem. You could lose your virtual collaboration capability overnight. The provider of your client-server system could go out of business too, but your system would not be immediately affected.

Control may have another dimension that should not take you by surprise: the "politics of the box" in your organization. In some organizations, the IT group is strong and wants tight control over all systems the organization runs. It may oppose on principle any effort to outsource, viewing that as the slippery slope to job losses. Alternatively, an IT group that does not want to service another system may throw all kinds of roadblocks in front of an installed solution.

Be prepared for the politics of the box in your organization. You may already be well versed in this aspect of your culture, but if you are not, study it closely. It can influence the decision in a way that may optimize for organizational power, not performance.

About Training Media Review Research Reports

Training Media Review research reports are for trainers, human resource professionals, managers, and others with an interest in training. Our approach emphasizes first-hand user experience.

The reviewers are all training or human resource professionals who are technologically savvy. They spend significant time actually using the software on their own. We never settle for a vendor demonstration alone. Reviewers use real-world computers and Internet connections, not specially configured boxes and high-bandwidth connections.

The reports provide essential technical information and feature lists. However, they do not offer technical data of interest only to information technology specialists. Our primary focus is the quality of the user experience, ease of use, essential training-related capabilities, pricing, and stability and reliability.

Decisions about e-learning are complex, and our reports do not pretend to offer all the information you need to make them. No report can do that, although some on the market make that claim.

Our reports can help you understand the technology by explaining it in plain language and providing an honest evaluation derived from hands-on experience. They can shorten the critical and time-consuming tasks of finding options, understanding their pluses and minuses, and developing your short list of contenders.

Or the reports can help you make the decision to do nothing. As Yogi Berra noted, sometimes we can observe a lot just by watching. Research reports in this industry often are biased toward purchase. We make no such assumption.

In the end, only you and your team can decide whether the technology can help you advance and improve learning in your organization. And we strongly recommend that you put any product you are considering buying through a rigorous test drive under realistic conditions.

ABOUT THE AUTHOR

BILL ELLET (wellet@tmreview.com) is editor of Training Media Review. His chapter "Is E-learning better than. . . ?" will be appearing in *The AMA Handbook of e-Learning* to be published in late 2002.

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To provide accurate, unbiased, and actionable evaluations of media-based training.