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What's the cost for a LMS? A complete guide to avoid bad surprises.

A complete buying guide to LMS, to understand explicit and hidden costs, in full transparency.

A survey shows that most organization underestimate by 59% the costs to purchase a LMS (Learning Management System), compared to the final, actual price.

Here's a guide of elements to remember during the hard phase of selection and choice

Models: All Inclusive vs. Modular

First of all it's important to estimate how many students could be active every month, then pay a fixed monthly fee for software, whatever the number of users will actually be active on that month.

With **All Inclusive** prices you'll have a LMS at a forfait price for the whole list of services.
Plus: prices are easy to understand, you do not have to know exactly, before it's needed, the detailed features you'll need.
Minus: you'll pay for functions and users you eventually would not fully need.

With **Modular prices** you'll pay a fixed renting fee, but you have the possibility to create your own "customized package" with features you really need.
Plus: you select functions you want and use.
Minus: you might be willing to purchase less functions than you really need, at the purpose to save money. This way you could reduce to the minimum your chances to use LMS in the most effective way.

With both these models you'll pay a fixed monthly fee, whatever the number of stations you're actually using, even if most organizations do not have a constant number of users.

Main problem of in-Cloud services is giving infrastructure flexibility to clients. For this reason **customized pricing models** have recently being developed, so that **client pay exactly what has been used**, without preliminary estimations.
Advantage is not simply in terms of money: the possibility to spend training budget only on what is really needed will allow better training programs, with higher success ratio.

And hidden costs?

Most of LMS developers and sellers, whatever the model to fix the base price, will charge also one-shot or recurrent commissions which were not part of the initial agreement.

This is a list of points to be looked at carefully, and to be specifically investigated when purchasing a LMS:

- **Implementation/set-up costs**: some companies charge an implementation fee;
- **License costs**: some companies charge a yearly license allowing the use of the software, in addition to the licences for users or other tariffs already payed;
- **Design implementation costs**: some LMS position themselves as "white label" but, in the reality, they only allow the use of one standard template of their library; should you wish a real design customization you might be requested to pay an additional fee;
- **Software update costs**: some companies charge commissions when it's necessary to update the tariff plan should new users be needed ? or downgrade if less stations were needed;
- **Costs for excessive use**: it's hard to know how many stations will actually be needed in the near future. If you go over your plan, most LMS will charge you a commission for excessive use.

Being aware of these points, the costs for maintenance, for mandatory training and for customer services should not give you bad surprises.

Now that you're more conscious of LMS pricing models and you know the right questions to ask, you shoud be in the position to have a realistic estimation about the cost of your next LMS.

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