

# THE **HIDDEN** COSTS OF BUYING AN LMS

How to choose an LMS that meets your needs without going over budget

A Hubken Group Publication

[www.hubkengroup.com](http://www.hubkengroup.com)



# Welcome to our eBook

There are a myriad of learning management systems on the market today. And any one of them will do the basic job of storing, organising and delivering your e-learning content. However, once you decide to dig deeper into the vast variety of feature sets, functionalities and supporting services that the LMS vendors offer, the task of comparing them all in order to choose the one that best suits your unique needs soon becomes an arduous task.

For many businesses, the decision to change their LMS is easy. In fact, research by [Brandon Hall Group](#) shows that...

**44% of organisations are unhappy with their existing LMS, and 48% are exploring new or different learning technologies.**

If your LMS isn't working for you, the decision to change is an easy one. The difficult part comes when trying to decide which LMS to buy and often the key to this decision is cost – the same research from Brandon Hall Group found that...

**LMSs also account for 38% of the average learning technology budget.**

However, the cost of an LMS is more than just the sticker price. Too many businesses only consider the up-front, monetary cost of potential offerings when deciding to change their LMS. The reality is that there are a plethora of costs, both upfront and hidden – and those costs can encompass time as well as money.

## Comparing 'like with like'

Some of the most basic questions that you can use to compare 'like with like' include:

- Who will be using the software?
- Would the number of learners be constant or frequently fluctuating?
- Would the IT department allow a cloud-based LMS solution?
- What type of features/modules do I most need to find in an LMS?
- How important are the post-purchase support services for me?
- How long will it take to get a ready-to-use learning system?



# 1. Cloud-based vs self-hosted LMSs

Before examining the high-level structure of the LMS pricing models available on the market, it's safe to say that all learning management systems can be divided into two main categories depending on how they are deployed: Cloud-based and self-hosted. This is probably the best starting point for your research as it will help you narrow down many of the vendors right from the start.

Fundamentally, you should be aware of which direction your organisation is likely to go by understanding how likely your business is to adopt a cloud-based LMS. If you're unsure, start by consulting the IT department. You (or your IT department) will need to assess the organisation's existing IT architecture to understand:

- **Is there additional equipment you might need to host the LMS software?**
- **Do you have the available IT resources needed to set up, update, and support the new LMS solution?**

Not only will this exercise help you narrow down the number of potential vendors but it will also begin to shed light on some of the hidden costs that are associated with adopting a learning management system rather than looking for a partner who can host and support it for you.

Cloud-based learning management systems mean no software downloads, installations and updates are required on your side. Today, this is the most common approach, and the enrolment-based pricing model associated with a fully hosted LMS enables organisations to pay a flat fee based on the number of learners who access the platform each month.

This makes the plan quite suitable for companies with a fixed (or slightly varying) number of users and especially for SMBs where the number of employees does not exceed 1,000. Overall, it's a very affordable option for all sizes of business, and is preferred by pharmaceuticals, retail companies and in organisations that run large distribution networks or sales force teams that need to be continuously trained on large and constantly changing product portfolios and services.

## 2. Free and open-sourced LMSs

Open-source LMSs are learning management systems that can be accessed for free, and customised to suit an organisation's needs. An example is Moodle, the most popular LMS in the world according to Capterra. But whilst accessing open-source LMSs may be free, actually using them is not.

If you decide to host the system yourself, the first major cost you'll encounter is the need to set up a server for your open-source LMS. The size and configuration (based on your expected number of users and their usage patterns) will have to be confirmed. And without expert help, this is something that can be very hard to predict. You'll need to make sure that there is an element of 'future-proofing' the server so that it will last at least a few years without upgrading, or you'll be looking at recurring server costs. Moreover, the chances are your IT department won't have the knowledge base to choose and set up an appropriate server for your LMS, in which case you may need to hire a professional IT vendor. This cost alone will run into the thousands of pounds.

The next challenge with adopting a 'free' LMS is the need to customise it so that it fits your organisation's specific needs. This means adding and removing features, and changing user experience and design. Customising Moodle costs thousands of pounds, and making serious changes pushes that figure into the tens of thousands. And even once you've done that, you still need to ensure that your staff are trained, not only to use the LMS, but to continue to be able to administer it and train others, to field questions, to change workflows, add/delete users, etc. If you can't do that yourself, you'll need to hire someone who can, adding additional costs to the 'free' LMS.

Then there are the recurring costs. Not only will you need to pay hosting and security certificate fees, but you'll require at least one administrator to keep track of site and server and learner issues. If you want to create any LMS content, you may also need to hire an e-learning developer as well. We're not suggesting that 'free' open-source LMSs are shouldn't be considered – far from it. But it's important to know that while they may have no 'hard costs', that doesn't mean they're free. And some of the hidden costs need to be considered – 'free' LMSs can also be costly in terms of the time required to set them up and continue to support them.

- **Time to find IT professionals who can set up servers and customise the LMS**
- **Time to implement new processes**
- **Time to train staff or hire somebody to train them for you**
- **Time to find new staff to manage the LMS, or in-house developers who can create new LMS content**



# 3. Pay-per-user cloud-based LMSs

The pay-per-user systems are cloud-based and fully hosted by your LMS partner, which means no software downloads, installations and updates are required on your side. This SaaS LMS model is increasingly becoming the preferred route for organisation's looking to introduce or switch to a new LMS. [Organisations simply pay a small flat fee](#) for the number of learners who are expected to access the e-learning platform each month. Undoubtedly, the primary benefit of adopting a managed LMS hosting solution is the time and effort it saves you and your team when it comes to looking after things behind the scenes.

A SaaS LMS removes that burden and places it on the hosting provider, meaning you don't have to be the LMS technical expert – that complexity is now taken care of by your LMS supplier. A good SaaS solution will also provide you with additional expert product support whenever you need it, whether in the form of a specified number of support hours per month or unlimited support like we offer here at Hubken.

A fully hosted LMS solution means that you can avoid lengthy implementation processes and unnecessary delays in getting your e-learning programme in front of your learners. Instead of spending time installing and configuring the infrastructure, time can be spent on your unique configuration, branding, training, etc. In addition, a SaaS LMS has the ability to easily scale or deal with sudden spikes in usage, meaning that should your audience grow and your training needs expand, your learner's experience will not suffer, enabling you to continue to deliver learning to all the users you need with no interruptions or delays.

Adding patches, updates and regular updates is a time-consuming and technically challenging process. And as LMSs are continually evolving to keep up with the needs of both users and administrators, it means that regular updates are commonplace for an LMS and you risk falling behind and encountering more problems down the line if you are slow to update or don't bother updating your system.

Adopting a SaaS LMS means that all upgrades are done centrally, ensuring that everyone is using the latest version. These upgrades are done automatically, fast and without disruption to the service. And, as an added bonus, some SaaS LMS suppliers will offer these upgrades free of charge! As a rule, SaaS LMS solutions tend to have a lower cost of ownership per user, which in turn gives you a much faster return on your LMS investment.

# The hidden costs of an LMS

The true hidden costs of an LMS refer to all the costs that you often only find about after you've chosen your learning management system. In fact, it's often the learning management systems with higher 'hard costs' that have the lowest hidden costs. When you factor in a price that includes system installation and customisation by trained professionals, that covers staff training and provides ongoing customer support, you may find you've unearthed a much more cost-effective solution.

The point here is not that organisations looking to purchase or change their learning management system should pick one that has high hard costs. Often, open-source LMSs are still the best option. All learning management systems have costs, whether it's through money, time, or other resources. The key point that we're making is that simply considering the hard costs when looking to switch or buy an LMS isn't enough...you need to consider the hidden costs when making a decision about your LMS purchase. For example...

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- Upgrade fees (page 7)
- Integration costs (page 8)
- Software updates (page 8)
- Customisation fees (page 9)

- Mandatory training (page 9)
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- Add-on software costs (page 11)
- Mobile learning apps (page 12)





## 1. Implementation and set-up fees

It goes without saying that you need the LMS up and running before users can access it and do their learning and some vendors charge an extra fee for setting up your system, others don't. If they do, they should mention it. If they don't mention it, you should ask about it. If you're installing new e-learning software for your business, you want it up and running as quickly and as stress-free as possible. Your chosen LMS's implementation team will handle this for you, will train you up on how to use the system, and ensure that it is configured so it will work best for your business.

However, the implementation may take time to ensure that your new LMS aligns as needed with your business and learning requirements to make certain that the software works best for you, not only from the beginning, but as your needs change. Chances are this is going to cost you an additional fee.

This LMS fee is charged by the LMS vendor to have the system correctly installed and then configured. The overall price will vary depending on the LMS chosen, any special features purchased, and any add-ons that you need.

Depending on the LMS vendor, this may be a one-time fee or it may be charged monthly or annually. It's important that you ask the LMS vendor to define this charge so it is not confused with the licensing fee. In addition, there may be some support features such as email or phone support that are considered optional. If you choose these functions, the LMS vendor may calculate these as an additional charge.

## 2. Upgrade fees

You need to make sure that the LMS you purchase today is scalable for future growth. If you do need to upgrade to a superior plan, make sure that you understand the costs that are likely to be incurred. It's important to pick an LMS that can grow with your business, and if you see yourself wanting to add lots more features in the future, you need to be clear that those features are available with your LMS provider, and if there is going to be a charge for these features.

## Comprehensive training

With [5 online sessions included](#), we're here to ensure that you and your team understand how the system works and help you get the most out of it.

We can help you map out and implement your LMS so that it delivers the best results with minimal effort from you. All of our training sessions are recorded so that you can refer back to them whenever you need to.

You can also choose to get our specialist implementation team to set up and configure the system to work just as you want it to. We can facilitate data imports too if necessary.



Fundamentally, there is nothing wrong with having to pay more for additional features and getting the additional functionality, but it's important that you understand what these costs are before you make your final decision so that you are better able to accurately project how much you will be spending on the LMS solution as your business grows.

### 3. Integration costs

Depending on your infrastructure, you may want to integrate the LMS with other business technologies such as HR or payroll. If this is the case, talk to the LMS vendor before purchase to make sure they are compatible and where this learning management system has been integrated with the same software or similar ones in the past.

Integrating your systems delivers a consistent user experience for everyone involved with your e-learning, eliminating administrative headaches and delivering an efficient and effective learning environment. And although there is a cost to integrate the LMS with other systems such as the HRIS, looking to save money on the purchase by skipping this option can lead to additional costs, time, and effort down the road. Your LMS vendor should have the expertise to perform the work required, so asking for help today may be a more efficient and cost-effective option.

### 4. Software updates

Depending on the licensing model you choose, the LMS vendor may include the costs of future upgrades, ensuring that you are always operating on the latest, most secure version. Check with each LMS vendor to verify their policy and avoid hidden LMS fees. While regular maintenance such as fixing bugs is generally included in upfront costs, adding new functionality to the system or large-scale version upgrades may not. If not included, then you might be forced to whether or not to accept the upgrade at any additional costs, or continue using your existing version. Eventually, legacy systems may no longer be supported and upgrade charges will have to be added to the budgeted LMS amount.

### Registered user bands

A [broad range of user-bands](#) to ensure that you only pay for those learners who are actively taking training or viewing content.

And this gives you the flexibility to scale up or down the number of users, as needed to meet your ever changing business requirements.

### Software upgrades

Included with your HubkenCore package are future [Totara or Moodle upgrades](#). No more paying for expensive product upgrades.





## 5. Customisation fees

Most LMSs will come with a standard user interface and then give you the option to customise your learning portal with a number of colour themes. Unfortunately, all too often these available changes are generic and will not match your brand requirements. If you want to add your brand's exact colour theme to the LMS, you might need a custom CSS file. Even if you know how to create that file, you might not be able to add it without paying a fee to your vendor beforehand. That's why you should get into as many details as possible before signing any contract.

If branding is something that you see as a key part of encouraging user engagement, then make sure you know if this incurs an additional fee, or if it comes as a standard option.

## 6. Mandatory training

Regardless of the complexity of your new LMS, all users and your admin team will need some time to learn how to use it. Most LMS vendors will include some level of training included in the standard price of the LMS. However, you may find it useful to expand your initial training requirements so that your teams are very comfortable in using (and in explaining it to new users) and administrating the new LMS. You need to make the difference between training that your company actually needs, and mandatory training that might exceed those needs, and pay accordingly.

It may seem counterproductive to spend money to train your trainers, but there may be hidden complexities within the LMS. As with anything new, there is always a learning curve. This expense may be fairly low if there are not a lot of add-ons or integration issues. Or it may be a major expense when factoring in the size of the training department and the complexity. Also be aware that with each update, additional staff training will be necessary. With this expense in mind, it's important that you understand exactly how much training is included as standard, are the sessions recorded so that you can review them again for free if need be, and how much will it cost for future additional training requirements.

## Branded look and feel

We will also [brand your system for you](#), ensuring your brand guidelines are translated to your new system. You also have full access to make any tweaks and updates that may be required throughout your subscription.

## Hubken Video Library

The [Hubken Video Library](#) is full of useful 'how-to' videos that will help you with lots of the FAQs you might have about your system.

As part of your HubkenCore bundle, you'll get unlimited access to this video library, including any updates and new videos that are continually being added.



It's a given that most organisation will need additional training throughout the life of their LMS solution. If your company adds or changes L&D staff, additional training will be required. While some training can be provided in-house, in order to fully utilise the LMS, including new functionality, it's often better to have periodic training and audits from LMS experts. Your LMS vendor will likely charge for training new staff members past the launch date. Many also charge for audits of your LMS site and periodic reviews that will help you maximise system use and ROI.

We recommend budgeting for ongoing, episodic training sessions to ensure your staff are up to date throughout the life of your LMS contract – or choosing an LMS system that includes ongoing training. If you choose not to include professional training in your budget, make sure to account for in-house training and onboarding, as well as additional time for staff who may take longer to get up to speed on efficient system use.

## 7. Support costs

From guides and how-to videos, to email forums and phone calls, you will definitely need some sort of support during the use of an LMS. Some resources are free, others included in the official price, and yet others can be the subject of an extra fee. Make sure to know exactly which is which.

With a lot of products, support comes as standard, but it's critical that you check what level of support you get for free, and if there are additional costs involved if you need more help. For example, you may get email and phone support during office hours as standard, but if you need help at the weekend or late at night, this may be an additional cost, or you'll have to wait until you can contact them during office hours.

Depending on the LMS vendor, there may be a separate charge for the customer service. This could be a flat rate or it may be per request. Where possible, it's also a good idea to see customer reviews about support, paid for or free.

## Unlimited support

An important part of our hosting service is the [unlimited support](#) we offer to administrators and course creators.

There's no paying by the hour or capped monthly limits – with HubkenCore, you can get as much help as you need.

## Powerful admin hub

A ['one-stop shop' hub](#) that enables site admins to access the key management areas of their platform from one place, including the ability to submit support tickets, access to 'how-to's and to see hints and advice, new product offerings, service updates.



Customer support is the most likely area where you'll run into recurring hidden LMS fees. High support needs may lead to additional vendor charges based on the severity of issues, the number of calls, or the time spent on system maintenance. Some companies will offer additional support options (such as a dedicated team) for an additional cost. Very few offer unlimited support as standard, but this could represent a significant cost saving if available.

## 8. L&D staff costs

If you want to make the most of your new company LMS, it has to be the core of training courses and support employees' learning process. You need a professional team to handle this: instructional designers, subject matter experts, the HR department, team leaders, and so on. If you don't have an L&D team already, you should plan some budget for it as well.

Even if you decide to move your training efforts to cloud-based online training, you will still need dedicated staff to handle various aspects of the learning management system. In order to meet the needs of your employees, you also need online training content. If you don't have the necessary subject matter or e-learning experts on-staff, you need to ask the LMS vendor for a list of online training courses in their library. Alternatively, they can always recommend an e-learning content provider. In either option, online training courses are likely to be a separate purchase, and as such, this cost needs to be factored into the overall online training budget.

## 9. Add-on software costs

This is a complex topic. There are many different add-ons available. But one of the most often requested, and needed, add-on is a reporting tool. You can save considerable money on the overall cost of your LMS by choosing an e-learning solution that has comprehensive reporting built-in. Particularly valuable is the ability to be able to create, automate and schedule your own customised LMS reports.

## HubkenCore add-ons

We've got it covered with our additional services and tools:

- [eCommerce integrations](#)
- [Integrations](#)
- [Online sessions](#)
- [Single sign-on](#)
- [Testing environments](#)
- [Full training packages](#)
- [E-learning content](#)





Make sure you ask about any add-on services, such as tracking, analytics, and reports. Ecommerce, single sign-on, and testing environments are also common add-ons that LMS customers look for in a solution. Whatever your additional needs and goals for your LMS, you need to understand what add-ons are available, what they cost and determine the cost-benefit analysis of having any add-on services.

## 10. Mobile learning app

A modern e-learning solution needs to be available on various devices. After all, the modern learner is almost permanently attached to their phone. As such, mobile learning (mLearning) is very much on the rise.

Again, a mobile learning app may be standard, or it may incur an additional cost from your LMS provider, and if this is important to your learners, you will not only need to understand what the cost might be, but also ensure that all your content is mobile-friendly and displays correctly.

## Conclusion

With so many e-learning LMS providers, you must dig further into your analysis of which provider to choose. With all of the features and benefits that each provider has, don't be afraid to ask questions. After all, you want an e-learning LMS to be cost-effective, feature-rich, scalable, and robust.

You also want to define your company's goals and the needs of your employees. You want your e-learning training and development program to satisfy both the requirements of your organisation and those of your employees. Remember, your goal is to find a program that fits your organisation and engages your employees. You'll know it when you see it. Just do your homework first.

## Next steps...

Do you need an e-learning guide that has all the information you need to find the right LMS for your requirements and budget?

Download our free eBook [How To Build The Ideal LMS: The Complete Guide](#) to discover the key criteria for choosing your next learning management system. You'll also learn how to create an accurate LMS budget and tips to implement your new LMS.



# Why choose Hubken?

Hubken Group is a specialist e-learning solutions company with a clear mission – to make e-learning accessible to all. As Totara and Moodle experts, we design and deliver high quality e-learning solutions for leading UK businesses, building lasting relationships so that they can realise the full potential of their learning and development projects.



## E-learning experience

Backed by more than 20 years of experience in e-learning, we are also trusted by many leading organisations. Our highly professional team consistently deliver excellent service and are dedicated to helping you implement innovative solutions for all your e-learning projects.



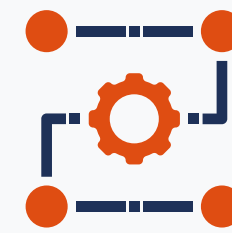
## Totara partners and Moodle experts

Combining our in-house expertise with leading e-learning platforms, at Hubken we deliver flexible learning technology that does exactly what you need it to do. We're one of only a select few UK Totara Platinum Alliance Partners!



## Our services and team

As a company, we pride ourselves on being responsive, dynamic and innovative. We believe in building long term relationships with our clients. That's why the end of a project is simply a new beginning. We're here to help, from building business cases and integrations to curation, adoption, or problem-solving your ongoing e-learning needs. Moreover, we offer unlimited support and client management so that we'll be there when you need us, giving you ongoing peace of mind.



## We make things easy

There is lots to think about when implementing an e-learning programme: LMS hosting, platform set up, administrator training, content, systems integration and so much more. We handle the technical things and give you the tools to engage your learners to achieve the learning outcomes you need to see.

You can find out more about Hubken on [our website](#).



# Fully managed LMS solutions: Totara and Moodle

[Hubken Group](#) provides complete management of [Moodle and Totara e-learning systems](#), including cloud hosting, implementation, integrations, and exceptional service and unlimited customer support. When it comes to training employees, members, or your customers, our expert teams can help you create powerful LMS solutions that deliver exceptional performance.

We are a Totara Platinum Alliance Partner and Moodle experts and have been delivering dynamic online learning solutions, compliance, performance and people management solutions since 2004.

Our cloud-based SaaS LMS is ideal for those learning and development teams looking for an enterprise-grade LMS designed to empower learners and deliver amazing learning experiences.

Our [HubkenCore](#) packages are comprehensive, a carefully crafted bundle of features that deliver the best LMS experience for your team and learners. This cost-effective, complete LMS solution offers all the key services and tools you need to tackle any of your learning challenges and implement a successful e-learning programme.



**PLATINUM  
ALLIANCE PARTNER**





# What's included as standard?



## Secure hosting

- Secure, UK-based data centre
- 100GB of storage as standard

## Training & implementation

- 5 online training sessions as standard
- All training sessions recorded
- Configuration option available
- Data imports option available if needed

## Unlimited support

- No paying by the hour or capped monthly limits – get as much help as you need

## Branding

- Translate your brand guidelines
- Complete access for future changes

## Reporting/ analytics

- Bespoke dashboards for site analytics
- Live data view (active users, concurrency, database usage, etc.)

## Advanced tracking

- Hubken-exclusive tool tracking individual course progress, modules

## Video Library

- Unlimited access to a full series of useful 'how-to' videos

## Advanced admin options

- Powerful set of time-saving admin tools
- No need to send ticket requests for some system changes

## Plug-in management tool

- Complete admin control for installing/ removing plugins

**“Their extensive provision of services, all met with our budget requirements. We like that we can rely on them as someone to go to whenever we need it”**

Anne Kirkman, St Helens Council

**“Very supportive and open with us from day one. We have a collaborative relationship and that vital concept of being able to work together came across from the beginning”**

Chris Glynn, Nobia UK

**“Hubken’s Totara solution is worth its weight in gold”**

Robert Sidley, Holland & Barrett





**“Support are always incredibly helpful and responsive and nothing seems too much trouble and nothing takes too long to resolve – absolutely fabulous!”**

Thrive Approach

**“I am really impressed by the new site. Both myself and the staff have found the new site much easier to navigate and we are definitely using it more as a resource for networking and looking for CPD. The whole feel of the site is ‘cleaner’ and more modern looking. Well done to all concerned!”**

Sarah Gower-Jones, Stockport Council







Our e-learning solutions are built to meet the demanding requirements of even the most complex organisations. Whether it's flexibility, security, scalability, accessibility, or globalisation, Hubken delivers.

For more information, get in touch with one of our e-learning experts today:

[www.hubkengroup.com/contact](http://www.hubkengroup.com/contact)

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