



How Investing in Online Training Can Cut Costs and Increase ROI

An Inside Look Into the Financial Benefits of eLearning





Fortunately, the title of this eBook is self-explanatory – this guide will dive into a no-nonsense explanation about the financial benefits of eLearning and how it can save businesses money by cutting costs and increasing ROI.

Whether you're looking to help the company's bottom line or are looking to make your organization recession-resistant, you've come to the right place! Here are the main sections of this eBook:

How eLearning Cuts Costs

- For employees
- For management
- For customers

The Costs of Implementing eLearning

- Implementation
- Maintenance and support
- Content curation
- Integrations

How eLearning Increases ROI

- Engaging training options
- Real-time tracking and analytics
- Personalized platforms
- Creating positive relationships with customers

Let's start learning!

How eLearning Cuts Costs

According to Dave Evans, IBM saved around \$200 million after switching to eLearning. That's a lot of money! So how did the switch save them? In this section, you'll find out how eLearning can help significantly cut costs by simultaneously benefitting employees, management, and customers of your business. eLearning may not be free, but it can allow you to spend smarter, not more.

Employees

Covid-19 proved that online training is an essential for every business. If your organization has not created a **remote learning plan**, it must, so workers can efficiently train whenever and wherever they choose.

Reducing travel: One huge way eLearning reduces employee costs is a reduction in travel expenses. An eLearning platform renders geographical location irrelevant for training. With online training, employees can access their courses from anywhere, eliminating the need to pay for employees to physically attend training, as well as the need to pay for a professional to travel to your offices to train employees. This cuts down on multiple associated costs, including flights, hotels, and food reimbursements.

Saving time: If time is money, online training saves employees both, compared to traditional, in-person training. Instead of wasting hours getting to and from airports, conference rooms, and planes, workers can spend that time actually learning.

Management

Smooth onboarding: One way eLearning can be thrifty for management is by smoothing the onboarding process. Onboarding new employees can be time-consuming, repetitive, and stressful for managers. Automated online onboarding keeps the manager's role in onboarding to only the most important and needed elements of the process. This saves the organization money by helping managers stay out of the unneeded elements of onboarding.

More free time: Remember the training costs discussed in the last section? Not only does this effect the costs made by the employees. If there was no in-person training, human resources, management, and accounting would not need to spend time sorting out reimbursement, approval, and costs. This frees up more time, so they can focus on ways to efficiently train employees without going through all of the hassle and logistics of travel.

Less legal fees: If a corporation has an automated process for which to assign necessary [compliance](#), [safety training](#), and necessary certifications, they can easily and effortlessly avoid possible legal fees. Late fees and court can get expensive!

Decreased turnover: Training new employees is not only a headache, it's a huge cost. Even with better training, the time that it takes to find and vet qualified applicants, interviewing, negotiating, and getting them started is a lot more costly than simply keeping current employees. With better training comes more employee satisfaction and retention.

Customers

Reduced confusion and support hours: The faster customers can understand how to use a product, the more satisfied they will be. Providing an easily accessible library of training allows customers to quickly understand your product and how to start getting value out of it. This will start their relationship with your organization off on the right foot, while reducing potentially long and frustrating customer support hours.

The Costs of Implementing eLearning

When the search for an LMS begins, it quickly becomes apparent how many choices are available. One of the first challenges that many of the people researching learning management systems face is trying to nail down the cost of an LMS.

What should be budgeted for the new learning system? What goes into the cost of an LMS? What should be asked so that there are no surprises in the pricing?

To figure this all out, there are four main costs associated with implementing an LMS:

- Implementation
- Maintenance and Support
- Content Curation
- Integrations

It's important to note a majority of the costs we're discussing is associated with the first-year support of implementing an LMS. After the first year, these costs will drop significantly, as you typically only pay for ongoing maintenance and support after that time.

Implementation Costs

Once you've chosen your company's LMS, it's time to start implementation! This process usually includes branding the platform, setting up users, and setting up user groups. Part of the cost associated with this comes with the internal cost of assigning employees to get the platform up and running. The second part of this cost is the one time set up fee that your LMS provider will most likely charge you. Make sure you ask about this in advance, so you're not caught off guard!

Maintenance and Support

These costs come from internal employees who will need to manage users and upload courses. The LMS provider may also charge you a monthly maintenance fee that includes support, hosting, and licensing. Although this cost may extend past your first year, it's mentioned here because this will take up about 30% of your LMS cost during the first year of implementation.

Content Curation

Content costs can fluctuate greatly, depending on your organizations' needs and current content arsenal. If you already have pre-done training content, content costs should be pretty minimal. However, if you're like most businesses and do not have content for your LMS, you'll need to curate some. There are three main ways to do so:

1. License off the shelf courses, which will give you general content. This is typically cheaper, depending on the amount you're acquiring
2. Outsource custom content, which will require more time and money. However, the content will be highly specific to your company and training needs.
3. Finally, your business can also create your own content. This could include articles, podcasts, webinars, presentations, and more! You know what you need best, so make sure to budget in those costs when planning for your LMS.

The sooner you can get content into your LMS, the sooner you can see increased ROI and the fruits of your labor. Knowledge Anywhere suggests starting with easily accessible content, like off the shelf courses, so you have time to create more personalized content, while still being able to use your LMS.

Integrations

Some integrations with well-known tools like Salesforce or ADP, might come standard with an LMS, requiring minimal or no extra costs. However, if your company would like to acquire a more unique tool, or one that the LMS doesn't currently integrate with, it can get more expensive. Make a list of the LMS integrations that you'd like to have and make sure that list is compatible with your service provider.

How eLearning Increases ROI

A quick recap: what is ROI? Return on investment (ROI) is the gain divided by the cost. In online learning, this means the rewards and positive outcomes of eLearning divided by the cost of training. The larger the final number, the better.

Of course, there's an initial cost of setting up any new system – this is inevitable. But spending money on prioritizing employee training and well-being is proven to benefit the company's bottom line long-term.

Engaging training options

When employees have flexibility and choice, they tend to be more engaged and can retain information much better than if they were on a pre-prescribed, mandated schedule, which didn't fit into their natural work day.

It's no secret – **people learn in different ways!** Instead of treating all people the same, online training allows them to engage with material in different ways, times, and places. Instead of a stuffy lecture hall, you can provide a variety of learning material types, including:

- Articles
- Videos
- Quizzes
- Role playing
- Coaching
- Certificates
- Podcasts
- Written assessments
- Gamification
- Informal learning activities

Offering online training engages your staff, resulting in a spark that boosts their feeling of value, creating growth for the employees and in turn, for the organization.

Don't just take our word for it – there's plenty of data to back up these findings. According to a study of over 2,500 firms by the American Society for Training and Development, when employers invest \$1,500 worth of training annually for each employee, they consistently see an increase of profit margins of approximately 24%. This means focusing on training directly helps the bottom line of the company.

Still think online training could do better? What about 30 times more productivity? IBM claims **for every \$1 spent on eLearning, companies make back an average of \$30 in increased productivity**. This was a result of a reduction in costs, quick training, and higher retention and recall rates, allowing workers to apply their newly learned and specifically-customized knowledge right away.



These numbers (as well as many more) show that upper management needs to make the business case for online training. It is imperative and crucial to invest in higher education for your workers.

Real-time tracking and analytics

Online training takes the paperwork, Excel spreadsheets, disorganization, and stress out of training and development programs. Compliance training, annual training, or specific job training courses can be set to automatically assign and track participation. This allows managers and administrators to spend less time tracking and making sure that each employee gets the training they need.

[Analyzing data from a Learning Management System \(LMS\)](#) also allows for a vital feature for any organization - constant optimization based on results. If administrators would like to get more involved tracking analytics by company, department, team, or individual, they can! How does this increase ROI? Imagine the ability to know who knows products or systems best, or knowing who has low participation and inadequate training.

[Using internal marketing strategies for learners](#), you can target those specific people based on data, and make your organization better from within! This process ongoing process can help managers assign tasks to the people best suited for them, while strengthening the weak chains in the team. This leads to better results, happier customers, and better numbers.

Personalized platforms

Not all organizations are the same, so why should all training systems be? There are a few ways to customize eLearning tools, so it works best for your company and your learners.

Branded LMS: By opting for a branded LMS, organizations can look more put-together, while reminding all users about brand guidelines, colors, logos, tone, mission, values, and more. This consistency reinforces current marketing strategies and will trickle down to customers through employees. Consistency is good – it may sound small, but successful companies do not use multiple and incongruent communication.

Custom course authoring: Have a specific topic in mind? Tailor to it with professional course development, so experts can create professional courses for you. Not all industries

require the same training, so make sure classes aren't so generic that they're not useful to your profession.

Create your own courses: Already have some loose learning materials, such as training PDFs, videos, and PowerPoints and don't want to spend too much money? Instantaneously and inexpensively create your own courses using those materials. [Scormify](#) quickly transforms training documents into SCORM compliant, course-ready training tools.

Creating positive relationships with customers

By providing customers with accurate and up to date information regarding your products and services, you create a positive relationship based on trust. This improves how your customers interact with the product or service you provide, which will go a long way in customer retention and in turn, increase and maintain high revenues.

Not only does customer retention matter, but customer acquisition. Word of mouth is one of the most trusted ways to find new leads. According to Hubspot, 90% of people trust suggestions from family and friends, and 70% of people trust consumer reviews online.

This makes current clients are your best portal to new clients – make them influencers and evangelists for your company by giving them something great to talk about! To take it one step further, you could even set up a marketing referral program, so new business is being recruited for you. This will free up time for the sales staff to pursue new leads, while putting more customers in their pipeline.

Summary

Modern digital training solutions are a necessity for companies, especially ones looking to cut costs and increase ROI. Online training helps with these goals in a multi-pronged approach, which targets various parts of the training process and saves money.

If you'd like to get started for today, [schedule a free consultation](#) with one of our training experts – we'll get to know your training challenges and suggest potential solutions, tailored to your situation.