



The Return on Investment of an LMS

How to Create an Effective Business Case for an LMS

www.skyprep.com
hello@skyprep.com
1-855-SKY-PREP
1-855-759-7737

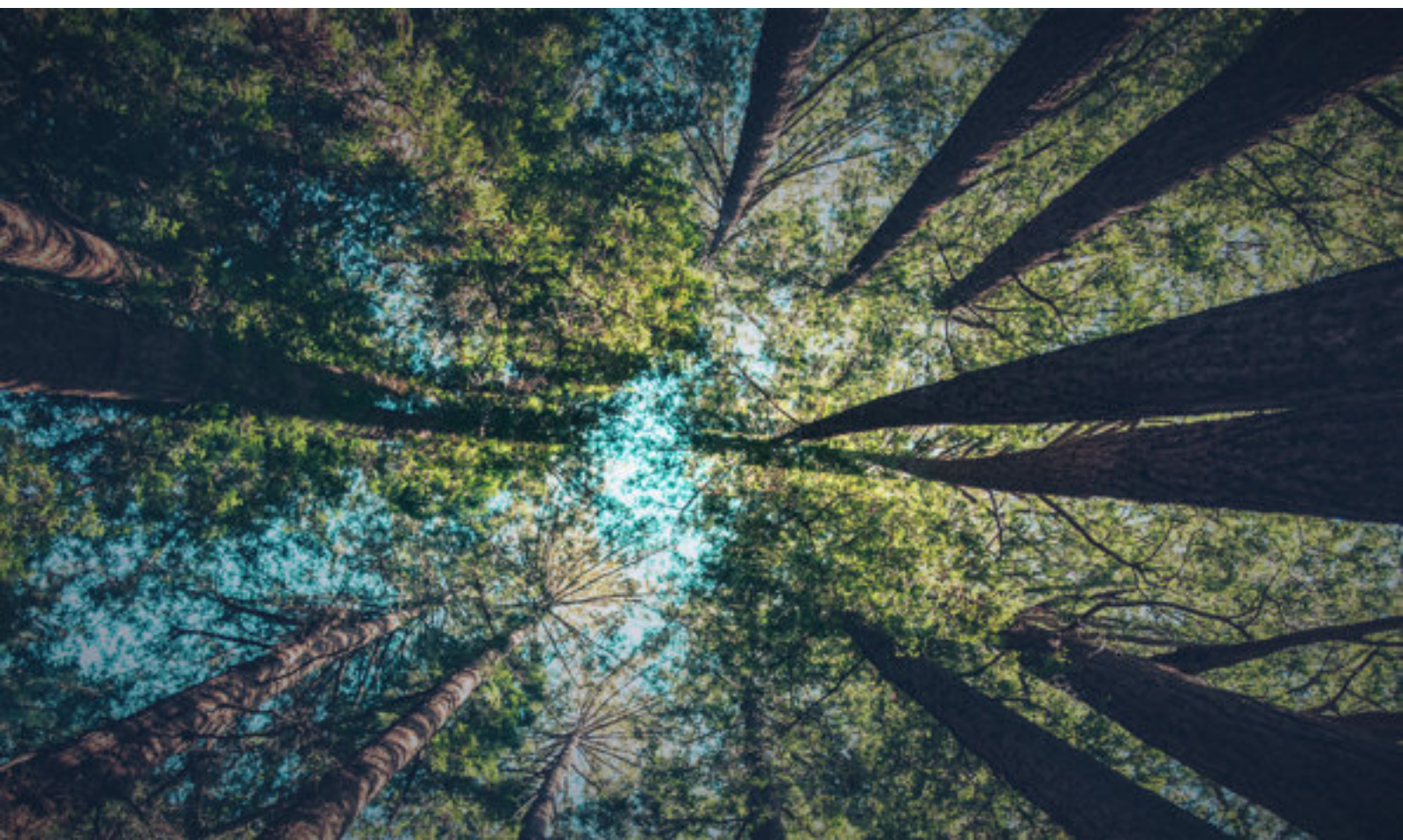
Table of Contents

- **Importance of an LMS**
- **Online training vs in-person training**
- **Benefits of using an LMS**
- **Average cost of running a cloud-based LMS**
- **How to demonstrate ROI**
- **ROI calculator**
- **Customer success stories**
- **Finding the right solution**

With new technology and changing working environments, a Learning Management System (LMS) may have come across your radar. An LMS delivers countless benefits to elevate the learning experience, however, it can be difficult to demonstrate the value of using one.

In this document, we will walk you through this process and:

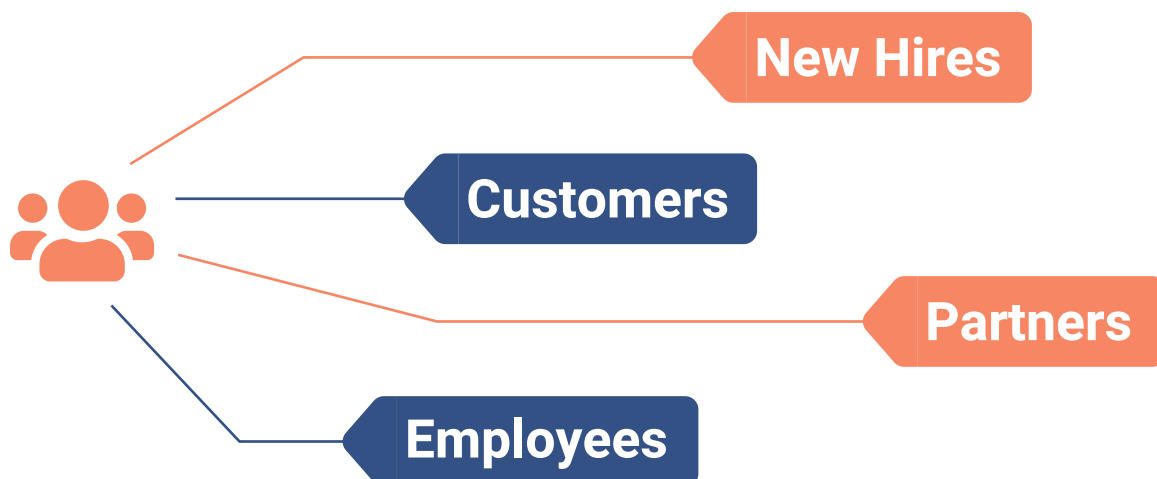
- Explain how an LMS compares to traditional methods
- Go over the average cost of running an LMS
- Highlight the benefits you can achieve by using an LMS
- Show how to demonstrate ROI



- **Importance of an LMS**

Training is vital for the success of your business. New hires need to be properly trained on policies and procedures. Current employees need to keep their skills up-to-date. Customers need to be able to understand your product or service to reduce churn. Partners need to be familiar with what you are selling to drive revenue. An LMS supports all of the use cases mentioned above, helping you transform your training and set your business up for success.

An LMS can also provide substantial benefits and efficiencies that traditional training cannot offer. It organizes courses and training materials in one central location, for quick access from any location. It enables you to easily track learner progress and performance, helping you stay on top of your training program. Your training time and costs will also decrease, putting more money back into your wallets and giving your team more time to complete their tasks.



- **Online Training vs In-Person Training**

Traditional training offers many benefits such as having face-to-face interaction and being able to ask questions on the spot and receive immediate responses. However, with the modern working environment, traditional training may not be sufficient. The limited reach of in-person training can be a problem if you have to train many employees in different locations. Also, managing and delivering traditional training is costly and time consuming when compared to online training. Lastly, it is difficult to track learner performance and ROI from in-person sessions, which requires manual input and calculations.

Elearning is being used more and more among organizations to overcome the shortfalls of traditional training. Even though traditional training offers solid benefits, it is not sufficient for the modern day workplace without elearning components.

- **Benefits of Using an LMS**

Reduces Learning and Development Costs

By moving your training online, you will significantly reduce your L&D costs. It eliminates expenses associated with travel, venues, instructors, and printed materials. For example, you do not need to print hundreds of manuals, book a training venue or deal with the logistical headaches of organizing in-person training. This alone can save you thousands of dollars on a single event – and only increasing from there.

Provides Quick Access to Training From Any Location

Training Courses and materials are housed in a central location, making it easier to create and manage courses. Most importantly, your team can access their training whenever they need it.

Reduces Manual Work

An LMS streamlines your training processes. Since the creation, management and delivery of training is done online, it eliminates redundant and time consuming tasks. For example, reminder emails and course enrollment can all be automated through trigger based rules. Once these are set up,

everything is done automatically without any manual work.

Increases Learner Engagement

Using an LMS can make training engaging and interactive with features like gamification and virtual classroom elements like online whiteboards and breakout rooms. Making training more enjoyable will motivate your team and you can expect to increase course completion rates, improve knowledge retention, and boost employee productivity.

Easily Track Learner Progress and Performance

With in-person training, it can be difficult to manually track metrics such as assessment results and course completions. An LMS simplifies the whole process by allowing you to generate reports with a few clicks. You can create various reports on different KPIs such as how many learners have passed or failed a course, or a list of learners with a training deadline approaching.

Overall, you will be able to track learner progress and see if they are meeting their targets. You can dive deeper to see what's working well and which areas your teams are struggling in. You will have the insights you need to make your training program a success.

Reduces Training Time

An LMS provides an efficient way for your team to complete their training. It delivers training in a direct and organized way, making it easy for learners to go through it. Learners can tackle training whenever it is convenient for them and go at their own pace instead of at the pace of an instructor or not have to wait for the next scheduled time slot.

Stay Compliant with Regulations

If your organization has to meet strict compliance regulations, an LMS is a valuable tool. It offers features to help ensure your team remains compliant, like automated alerts of compliance training that is due. Auto-enrollment allows you to automatically assign users compliance courses. This ensures that they are enrolled into the required training and can track their certifications. Another key feature is reporting and analytics, which allow you to quickly see who is compliant and who needs to complete their training.

Lastly, there are constant changes being made to existing regulations and new regulations are created. It can be difficult and time-consuming to always be updating your courses and materials. An LMS allows you to do this with ease and ensures your team is aware of new and updated regulations.

- **Average Cost of Running a Cloud-Based LMS**

Cloud-based LMS solutions are cost-effective and can fit into almost any budget.

Organizations will save money compared to having an in-house data storage system that requires expensive technical infrastructure. There is also zero installation and maintenance costs associated with a cloud LMS. The only cost you need to consider is a monthly subscription.

With SkyPrep, monthly subscriptions start at \$199 USD/month plus an additional \$100 for each 100 users (including the first 100 users). There are three plans, Core, Premium, and Enterprise. The Core tier has the fundamentals to create, manage, and track your training program. Moving up to the Premium plan will provide you with advanced features and capabilities that support a more sophisticated training program at a cost of \$499 USD/month. Extra training is not necessary as SkyPrep is very intuitive and easy to use. Your organization will be able to get up and running in very little time.



- **How to Demonstrate ROI**

Time-Savings Versus Traditional Training

In today's busy working environment, time is worth a substantial amount of money. If you are able to do things more efficiently and eliminate redundant work, your organization will save vast amounts of time and money.

With an LMS, employees can easily access training courses and resources whenever they need it and from any location. Training and HR managers spend less time managing and delivering courses online compared to in-person sessions.

There is also less paperwork involved to find information and calculate data – it can be done in one place with a few clicks of a button. This prevents you from having to manually collect and compute information from several spreadsheets and other documents.

Online training enables learners to complete their training more efficiently, giving them more time to focus on their work tasks. They can go at their own pace whenever it is easy for them to do so and they do not need to wait on training that is scheduled at a later date.

To calculate time savings, you can compare payroll

hours or seat time for each online activity to in-person training sessions.

Review Previous L&D Expense Sheets

You can expect to significantly reduce your training costs. On-site training may require travel, accommodations, food expenses, and printed materials which can easily add up and eat into your L&D budget. Online training eliminates all of this as a user only needs their computer or mobile device to access training. It also saves training managers time and effort from having to plan and manage on-site training logistics associated like hotels, venues, and transportation.

Review your L&D expense sheets to figure out how much was paid for the expenses mentioned above. Then simply eliminate those costs when you are calculating your ROI.

Employee Retention Rates

Employee turnover is very costly. Many companies fail to recognize the importance of retaining their staff. Searching for new talent, onboarding new hires, and replacing those who have left can add up significantly. A single employee that leaves a company can cost between 16% and 20% of that

employee's salary. Now imagine if you were to lose dozens to hundreds of employees every year?

Providing employees with the training they need to succeed in their roles will alleviate this issue.

Employees are much more likely to stay if they perform well at their jobs and have access to professional development opportunities.

Assess Costs of Running an LMS

You need to understand the running costs of an LMS to properly demonstrate accurate ROI. As mentioned earlier, cloud-based LMS systems offer a cost-effective solution. Organizations do not need to worry about installation, maintenance, and data storage costs. The only costs you need to consider are ongoing subscription costs which are predictable and you can better prepare for.

Determine the LMS Learning Curve

With any software, your team may require extensive training on how to utilize the new system. The same applies to an LMS. You may need to provide online training tutorials or in-person training sessions.

However, if the solution is intuitive and user-friendly, you won't need to provide comprehensive training and you will be able to get your team up to speed very quickly.

• ROI Calculator

To further demonstrate ROI with quantifiable results, you can use an ROI calculator. There are various types out there you can use for different situations but here is a generic one.

First, calculate hard cost savings such as:

- Reduced costs for travel and training facilities
- Lower instructor fees and salaries
- Reduced time spent on facilitating logistics of in-person training
- Lower costs to produce, print, ship, and update training materials
- Less time spent on record-keeping and manual tasks
- Improved training efficiency

Second, calculate estimated revenue benefits such as:

- Giving employees more time to do their tasks by reducing training times
- Making employees productive sooner
- Driving revenue by providing efficient training to your sales team

- Minimizing customer churn by properly training your customer service reps

Once you have these two figures, you can start to calculate your initial ROI.

(Hard costs savings + Revenue benefits) / Cost of LMS = Return on investment

Example:

Hard cost savings:	\$10,000
Revenue benefits:	\$10,000
<hr/>	
Total:	\$20,000

Minus cost of LMS:	3,588 (based on Core plan with 100 users)
<hr/>	
Return before investment:	\$16,412

Return before investment:	\$16,412
Cost of LMS:	\$3,588
<hr/>	
Return on investment:	4.57 (or 457%)

ROI

- **Customer Success Stories**

To further build your case for an LMS, it is important to highlight real life examples. Below are a few examples of the benefits organizations have realized from using SkyPrep.

USIS - USIS was able to establish a more effective and organized training structure. They significantly cut down employee training time from four days to only a few hours. New hires are up to speed in 4 hours instead of the previous average of 32 hours, allowing them to be productive, sooner.



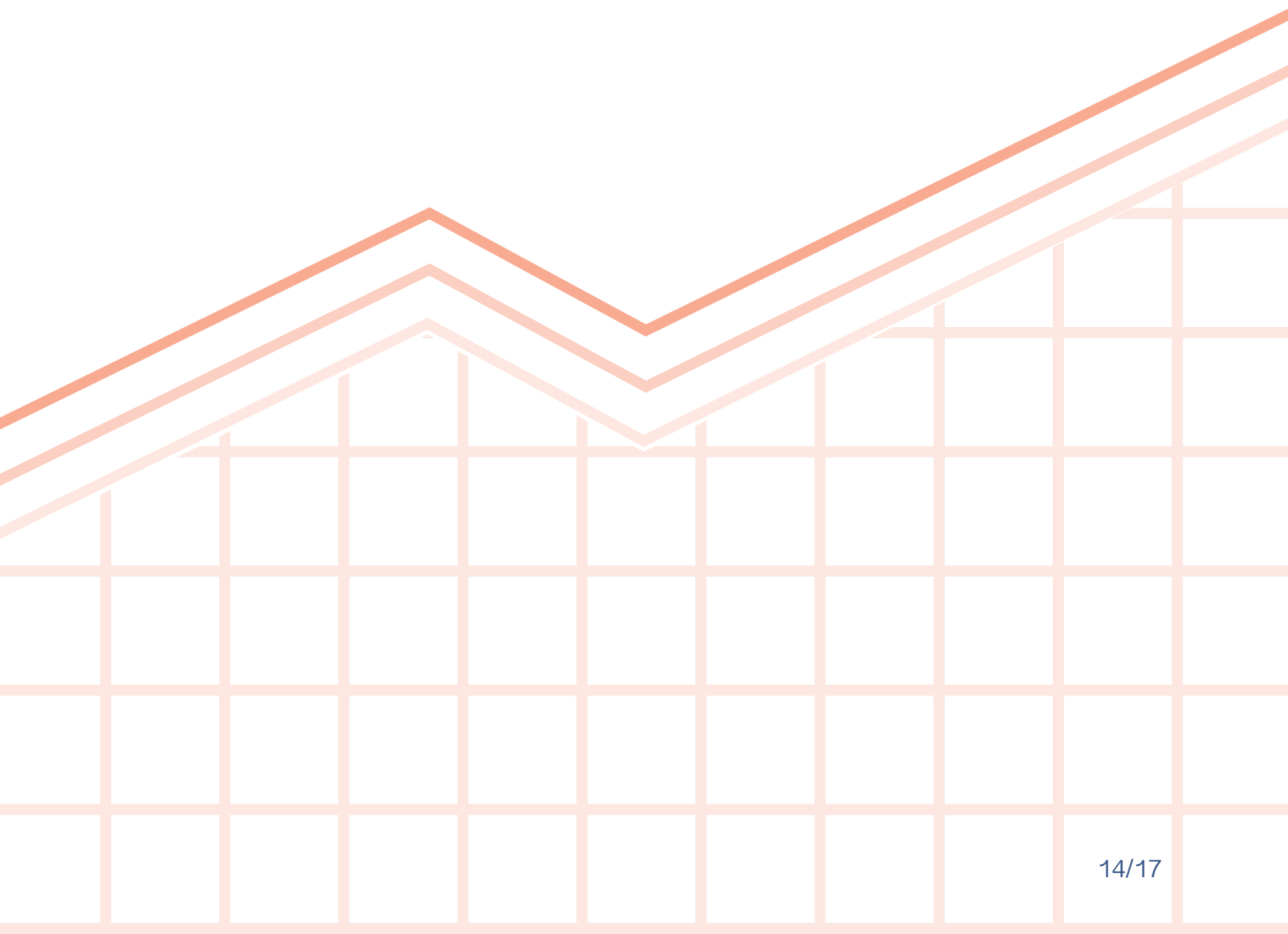
Buffalo Bills - The Buffalo Bills' employees can get up-to-date training immediately and consistently instead of having to wait until the next meeting which can be weeks, if not months, away. Admins also now have immediate access to reports and feedback to track learner progress and performance. By having better trained staff, they have been able to greatly improve customer service, elevating the fan experience.



People's Trust - The People's Trust can now easily train their employees in the areas required to be compliant. They are able to use the reporting feature to prove to auditors that everyone has gone through and passed all the necessary training. In addition, SkyPrep's flexibility allowed People's Trust



to branch away from regulatory training to other uses such as general telephone training, among other things.



- **Finding the Right Solution**

Now that you see the true value an LMS can bring to your organization, you need to find the right solution for your training needs. The following steps will help you to determine what LMS is ideal for you:

Establish Goals and Objectives

Determine the goals and objectives of your training program as the first step in finding the right LMS. This will highlight the features and characteristics you require for your training needs.

Identify Your Audience

The next step is to determine your training audiences. Some questions you need to answer are who are you looking to train? Is this a company wide initiative or restricted to a specific department?

Understanding who you need to specifically train will help with your decision making process. Just like your content, your LMS needs to resonate with your employees.

Determine Essential Features

It is key to identify the necessary features you need. Never select an LMS strictly based on features alone. You risk paying too much for the bells and whistles you may not need, and you risk having a cumbersome solution that is hard to use. Carefully assess what features are necessary to achieve your specific goals. For example:

- If your goal is customer onboarding, you will most likely need your LMS to allow branding and customization
- If you need to use an LMS for compliance training, you will need to look for certificate reminders and recurring training features
- Most companies, regardless of size or industry, need a few core features:
 - Enterprise grade security
 - Robust reporting and analytics
 - Integration with 3rd party applications
 - Easy user management
 - Intuitive interface

Test Drive It

Before choosing your LMS, you need to see it in action to determine if it's a fit for your needs. Ask the prospective vendor to give you a product demo where they will go over the platform, the features most relevant to you, and answers to any questions you have. Alternatively, you can request a free trial in order to get a feel for the platform and see how well it integrates with your e-learning projects.

Training Smarter, Faster!

SkyPrep offers an award-winning LMS that simplifies online training for over 400,000 users from leading companies in different industries and sectors across the world. Both our customers and industry experts have recognized SkyPrep for its industry-leading ease-of-use and outstanding customer support. Learn more about how you can transform the way you manage and deliver your training programs at www.skyprep.com.

www.skyprep.com

hello@skyprep.com

1-855-SKY-PREP

1-855-759-7737

