



Procurement's Role in Leveraging Technology

Best Practices to Optimize Your Talent Plan

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- Over 30 years experience in technology enabled learning.
- Currently providing digital learning programs that reduce costs & increase efficiencies for over 6000 customers worldwide.
- Empowering over 19,000,000 learners with courses & certifications in IT, Business Skills, Compliance, and many others.

Agenda

- Global talent state in context
- Your organization's talent preparedness
- Procurement's role in optimizing efficiency
- Ensuring effectiveness and outcomes
- Case studies

Organizations should feel compelled to explore how they can maximize their investments, scale learning to reach more employees and implement solutions that truly enable an agile enterprise.

Jeffrey Berk
COO, KnowledgeAdvisors

Learning has an undeniable impact

Research by Dr. Laurie Bassie, former research director of ASTD (ATD), discovered that human capital investments are smart business, shown to be positively correlated to:

- Stock performance
- Profitability
- Employee retention

Learning irrefutably affects organizational performance

Source: Laurie Bassi, McBassi & Company, The New Economics of People & Profits

The Value of Learning

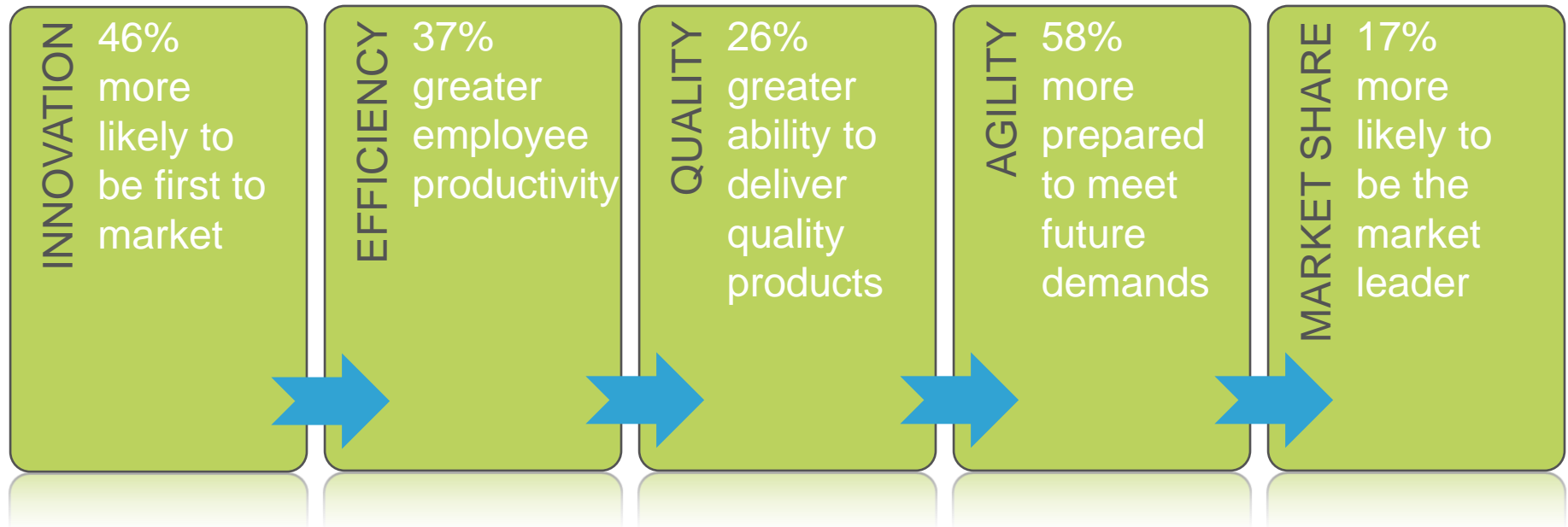
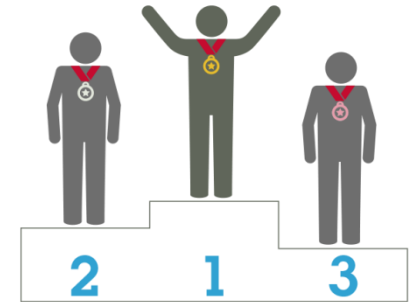
Key Facts from “The Value of Training”. IBM Training White Paper, 2008

- Untrained or poorly trained employees can add real costs through increased down-time, co-worker distractions, re-work from mistakes, and high utilization of IT and/or helpdesk resources.
- 41% of employees in an organization with **an inadequate training program** plan to **leave within one year** as opposed to 12% in an organization with excellent training programs.
- The average cost to recruit a professional candidate is US\$18,374.
- Every dollar spent on training yields US\$30 in productivity gains within three years.
- An average productivity improvement of just three minutes per day can save an organization of 1,000 employees US\$240,000 per year.



The Importance of a Learning Culture

Organizations with strong learning cultures **significantly** outperform their peers:



Source: Bersin & Associates, *Building a Borderless Workplace: Predictions for 2011*
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The Learning Crisis

85 MILLION:

That's the expected global deficit of skilled workers five years from now.

200 MILLION:

That's the number of unemployed people in the world right now.

8 BILLION:

That's the number of people we'll have in the world by 2030.

Potential is certainly not in short supply — but developed talent is a precious resource.

What keeps people from unlocking their potential is the same thing that keeps companies from cultivating an evergreen source of talent with new and current employees: **Learning.**

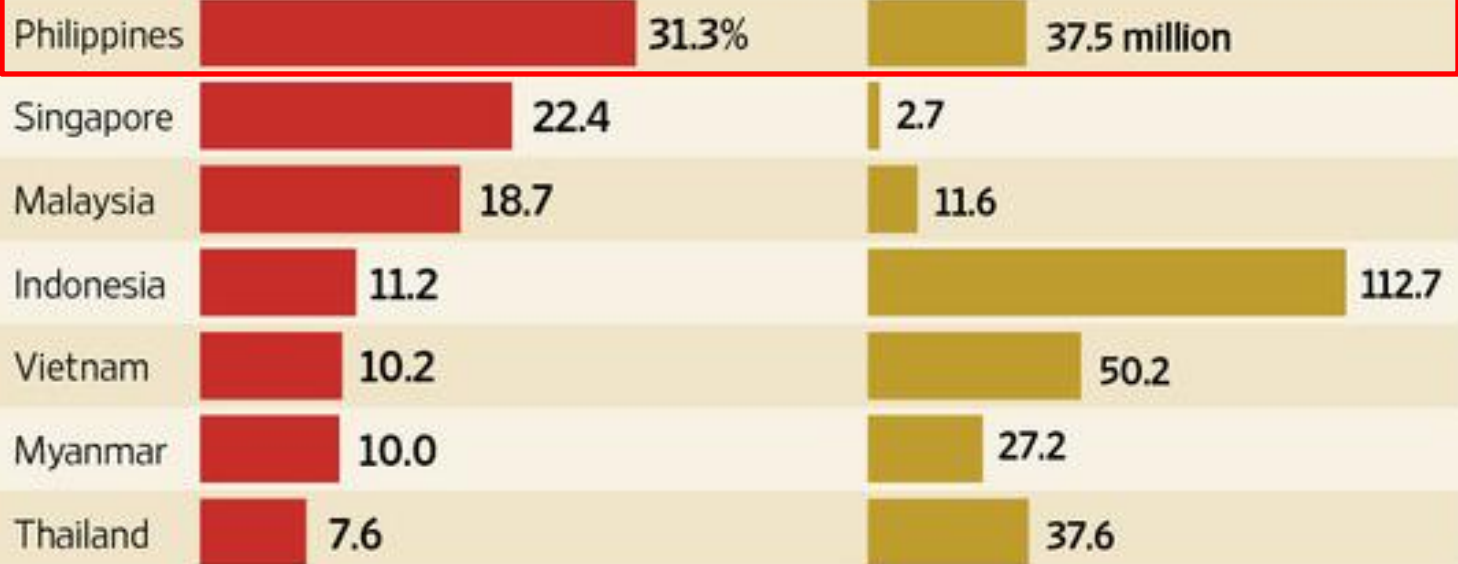
We don't *really* have a labor crisis. **We have a learning crisis.**

Preventing Brain Drain

Asia's Demographic Divide

Expected labor force growth 2010-'20

2010 labor force, ages 15-64

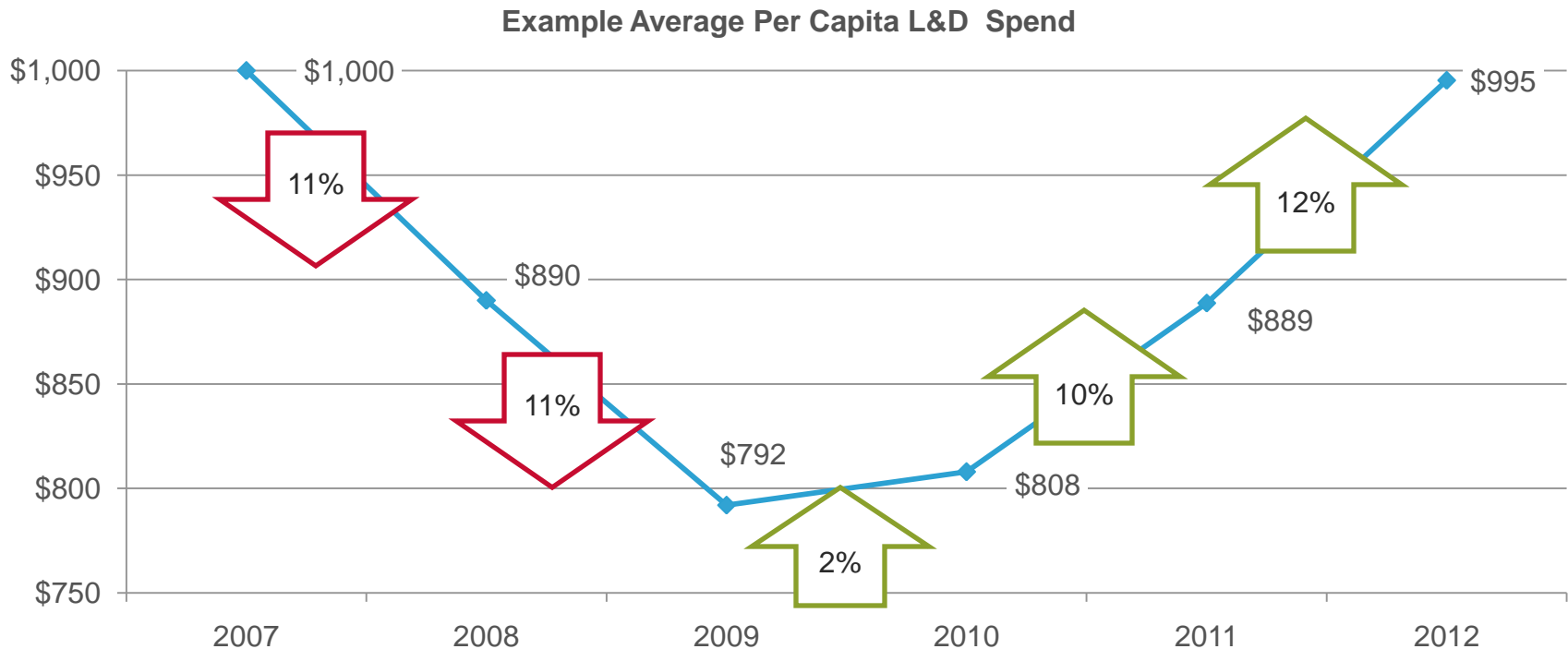


Sources: World Bank; U.N.; Bofa Merrill Lynch Global Research; International Labor Organization

Image Source: The Wall Street Journal April 4, 2013

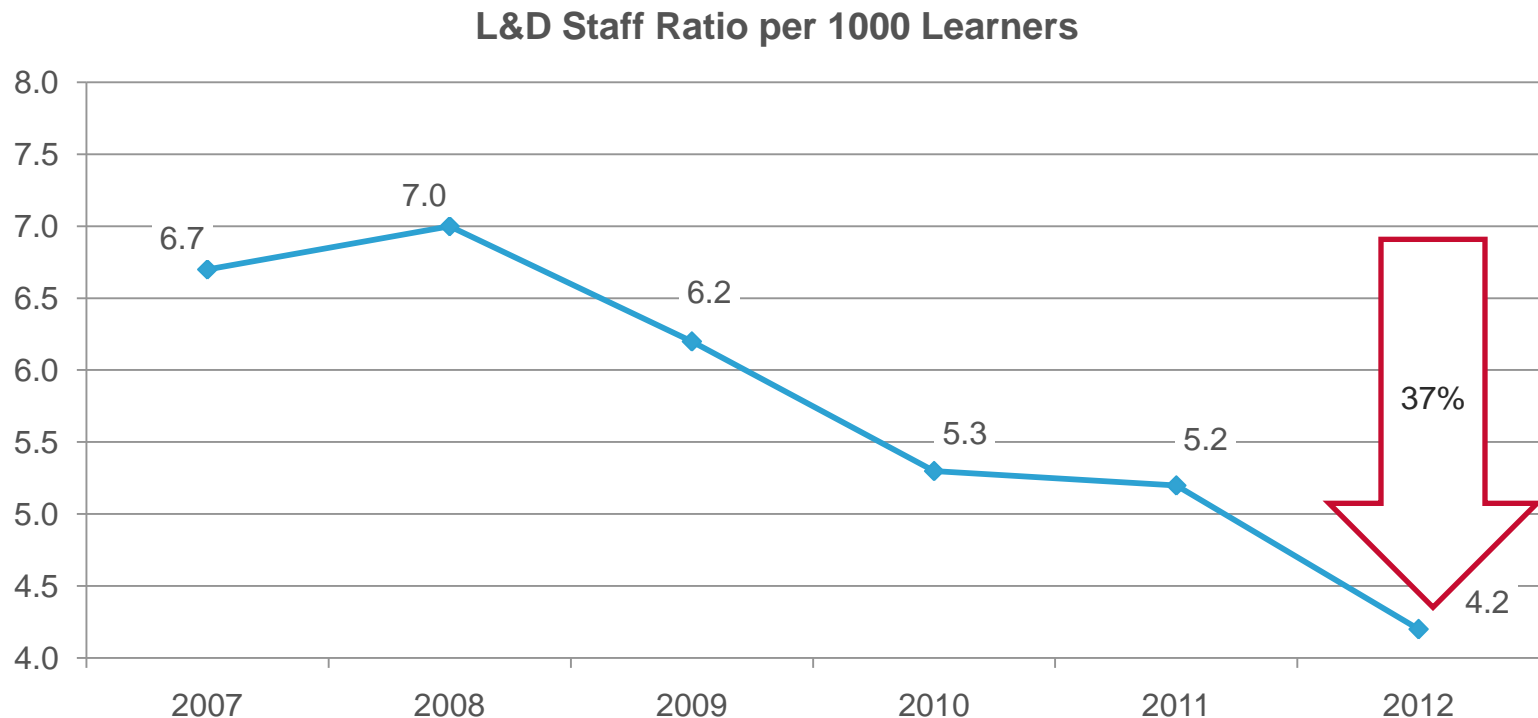
L&D budgets lag by six years

- While the industry is currently celebrating budget increases, L&D investments are still short of pre-Financial Crisis figures
- For example, if an organization invested \$1000 per capita in 2007, the same organization spent \$995 in 2012

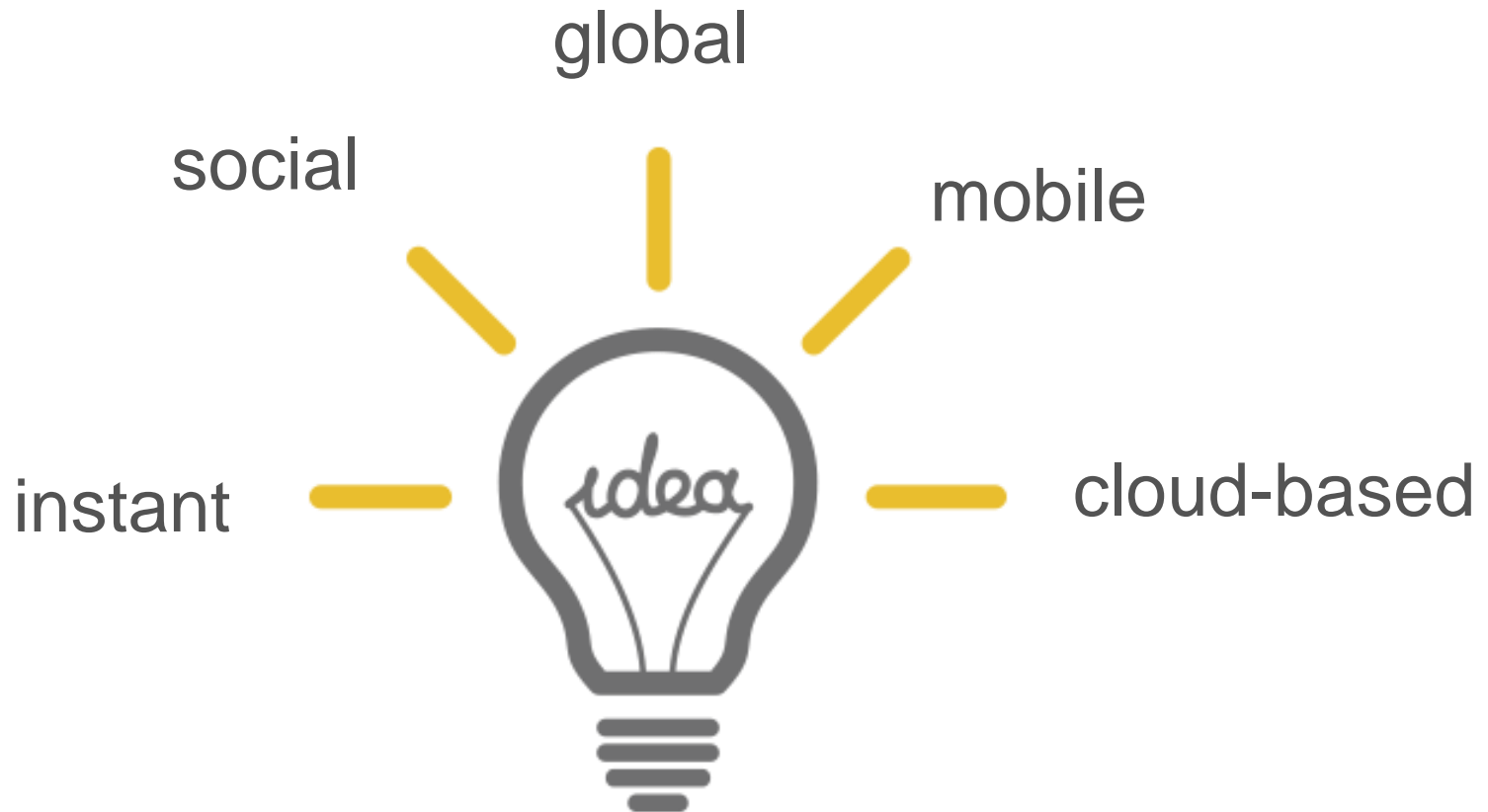


L&D staff continues to drastically decline

L&D is suffering steady reductions without any sign of improvement



Learner expectations are transforming



CEO's lack confidence in the talent plan

- **Lloyds Risk Index:** CEO's feel their businesses are more prepared to address disruptive cyber security threats, defunct investments and supply chain failures than the talent crisis
- **PwC:** One in four CEOs say they are unable to pursue a market opportunity or have delayed a strategic initiative because of talent challenges



Talent concerns will only rise...

- **McKinsey:** By 2020, the global labor market faces a shortage of 38-40 million college educated workers and 45 million secondary educated workers

Finance is increasing its involvement

- L&D budgets are not rising at the same levels as workforce challenges
- Finance and supply chain's participation in L&D budgeting and expense management increased during the recent economic crisis
- Given the intensification of talent challenges and the risk skill gaps pose, financial scrutiny will only intensify

Organizations will prioritize maximizing employee output by managing performance and promoting training and development. Controlling costs is step one; everything else is step two.

CFO Research, 2012

What got us here won't get us there

Given the facts about the state of talent:

- L&D budgets lag by six years
- L&D staff continue to drastically decline
- Learner expectations are transforming
- CEO's lack confidence in their organization's talent plan
- The talent shortage will become even more severe
- Finance is increasing their involvement in L&D

Best in class organizations are adapting their plans & looking to procurement to provide cost-effective solutions...

How is your organization responding
to the current realities?

If you have a plan, is it fully optimized?



Best in class exploit technology's advantages

- Other business processes have been exploiting technology to increase efficiency (Marketing, Sales, Operations, Finance, etc.)
- Now is the opportune time for **Procurement to help L&D** to do the same

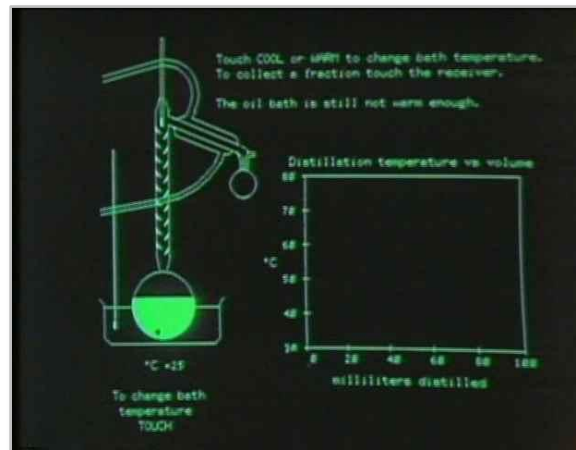
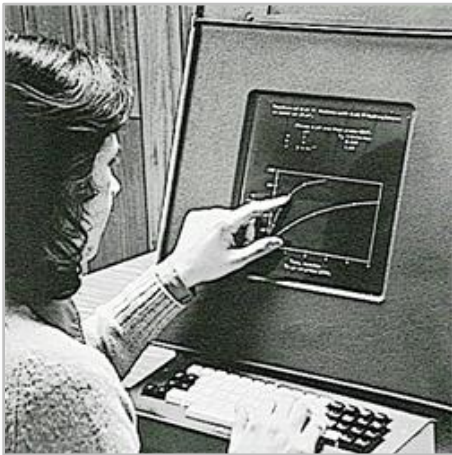


Leveraging technology in learning increases talent agility by:

- Building greater scalability
- Dramatically decreasing costs
- Enabling a more agile and productive workforce

Leveraging Technology for Learning

1951: School of the Air (Australia)



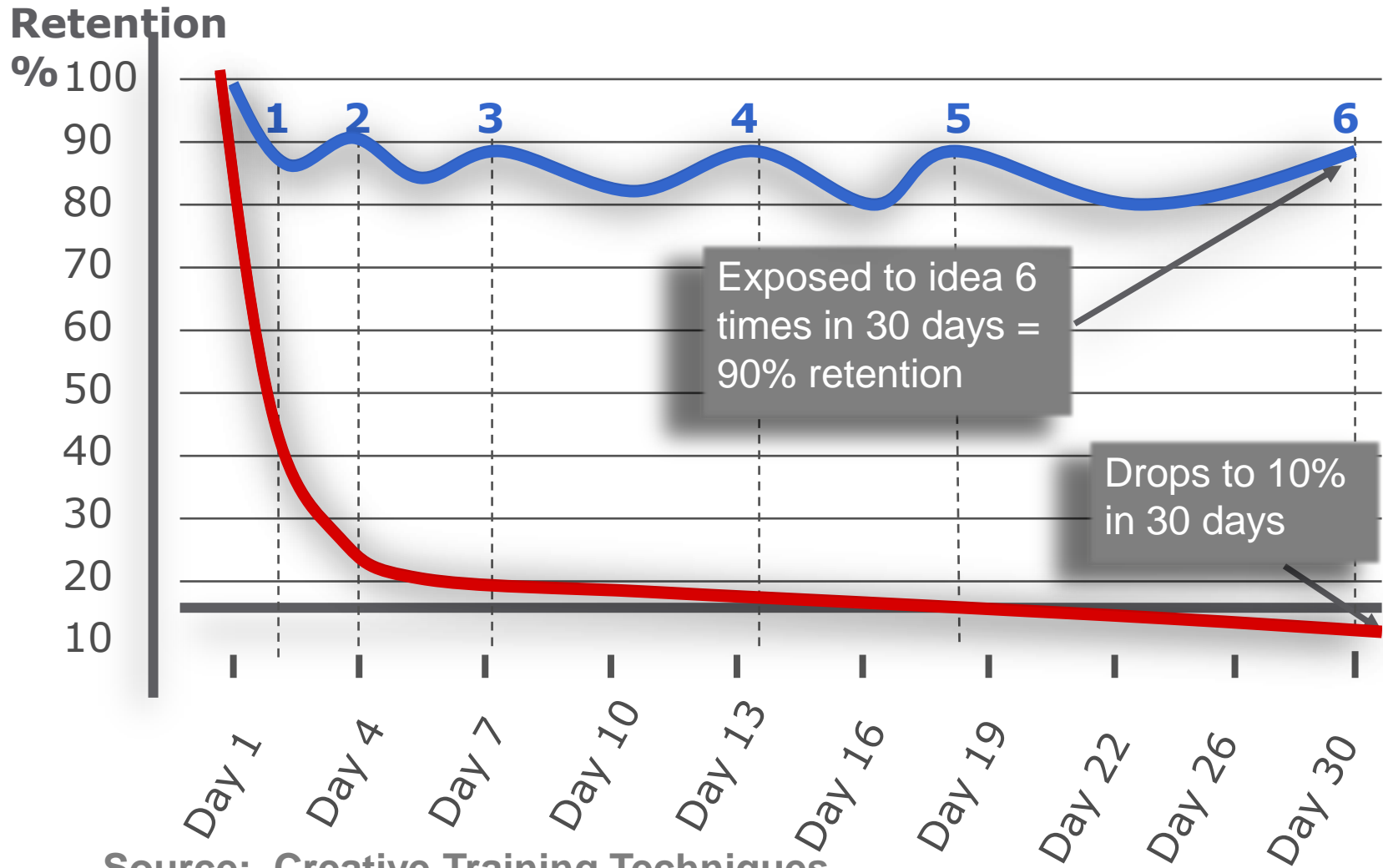
1960: PLATO System (USA)

Technology Enabled Learning Makes Sense

Feature	Benefit
Efficient	Capable of teaching the same material in less time and reducing the duration of class time
Adaptable	Addresses both formal and informal learning needs
Available	No need to schedule learning with a 24x7x365 solution
Scalable	Reaches more employees faster and with greater consistency
Effective	Found to be as effective as face-to-face learning*
Economical	Cost -effective for any size audience

**U.S. Department of Education, Office of Planning, Evaluation, and Policy Development, Evaluation of Evidence-Based Practices in Online Learning: A Meta-Analysis and Review of Online Learning Studies, Washington, D.C., 2009, revised 2010.*

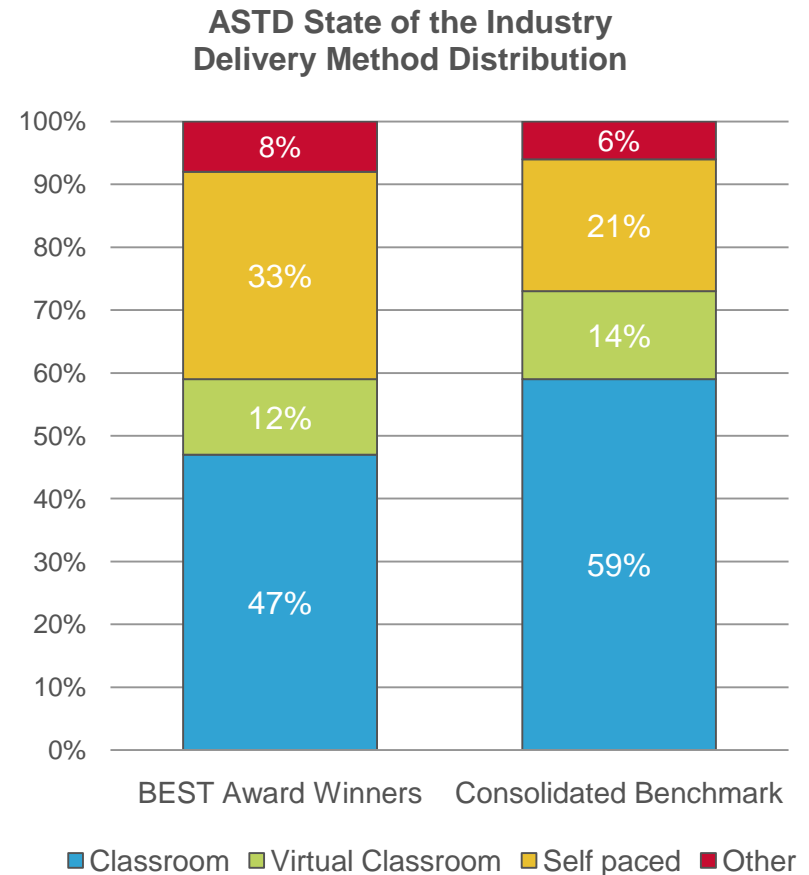
Continuous learning vs. event learning



Source: Creative Training Techniques

Best in class are shifting delivery

- As best in class organizations optimize their talent plans, the delivery mix is shifting from more expensive and less scalable modes to elearning
- ASTD BEST award winners leverage far more elearning than the consolidated benchmark



Comparative Summary of Benefits

	Traditional Classroom	Skillsoft eLearning Subscription
EFFICIENCY		
Instructor Cost	High cost fixed asset; easy to waste instructor investment on foundations	Instructors applied only when needed for practice and/or assessment; maximize the total investment
Annual per User Cost	Fixed per user cost; drives higher total cost with wide adoption; unpredictable annual total investment	Per user cost improves with wider adoption; Predictable year-over-year investment
Time Required	1:1 ratio	2:1 ratio
Velocity	L&D struggles to produce new and maintain existing content over time limiting ability to keep pace with ongoing needs in business	Content is refreshed and maintained; enables L&D agility and to keep pace with business demands
Scalability	Limited due to cost, time, & geography	Highly scalable
EFFECTIVENESS		
Scrap Rate	Usual range of 50 - 65%+ scrap	Skillsoft average is 14% scrap
Productivity	Productivity is drained through wasted and required retraining	Proven to "stick"; take what you need when you need it; proven time efficient
Quality of Instruction	Variable depending on instructor	No variability in quality; reusable
Sustainability	Travel, facilities, paper use contribute to harmful emissions	Eco-friendly; lower carbon footprint
Reach	Limited by location, trainer availability, workforce schedule	24x7 availability, on-demand and flexible

eLearning investment in context of scalability

Assumptions:

- Current elearning investment: \$150,000 annually
- Average Salary Level II Safety Trainer: \$87,402¹
- Training Staff-to-Worker ratio is: 4.2 trainers for every 1,000 workers²

Under these research-based assumptions, the current eLearning investment is equivalent to:

1.7 FTE Investment Level

- If company chooses to reallocate the current investment in elearning to instructors, the organizations will be able to add 1.7 FTE to replace elearning
- $\$150k \div \$87,402 = 1.7 \text{ FTE}$

20 : 4,800 Staff-to-Worker Ratio

- To create similar scale to elearning, Company will need to deploy 20 instructors to deliver the 15-20 Safety topics currently consumed via elearning by 4,800 workers
- Fully loaded cost of 20 instructors: \$1,748,040 of fixed annual cost

13.4 weeks of Instructor Time

- If delivery of current consumption is to be absorbed by existing internal resources, a team of 20 instructors will need to allocate 13.4 weeks of time (537 hours each) to provide the same coverage achieved today.
- $5,374 \text{ elearning hours} \times 2 \text{ (compression ratio)} = 10,748$
- $10,748 \div 20 = 537.4 \text{ hours}$
- $537 \text{ hours} \div 40 \text{ hours} = 13.4 \text{ weeks}$

¹Fully loaded salary estimate from www.salary.com

² Bersin by Deloitte Corporate Learning Factbook 2013

eLearning drives higher productivity

- Studies show 1 hour of elearning content is equivalent to 2 hours of classroom time¹
 - 2:1 compression ratio keeps the workforce on the job
 - Contributes to productivity
 - Frees instructors to focus on application and assessment or other priorities

Value of workforce time

- 5,374 elearning hours x 2 (compression ratio) = 10,748
- Avg worker salary of \$19.23 per hour (\$40k annually)
- \$206,684 in classroom time value
- \$103,342 in online time value



Impact to Productivity

- Annual revenue of the company is \$ 18.9 billion
- Company employs 26,000 workers
- Each worker on average produces \$349 revenue per working hour (assumes 2,080 hrs in a year)
- 5,374 hours of classroom time avoided using elearning
- The opportunity cost avoided using elearning is valued at \$1,875,526

¹Source: Multiple studies as cited in [compilation](#) created by Dr. Karl M. Kapp, Bloomsberg University

But how do you improve efficiency & reduce costs without sacrificing effectiveness or jeopardizing outcomes?

Best Practice Building Blocks

Learning Culture



Engagement

- Value objectives defined upfront with stakeholder buy-in
- Annual success criteria is defined in order to deliver progress toward the value objectives



Alignment

- Learning solutions aligned to enable value objectives
- Context is key (right people, right content, right time)



Adoption

- Communicate how learner performance contributes to organizational objectives
- Accessibility and visibility are vital



Value

- Demonstrate impact against the value objectives
- Outcomes are optimized through the quality of engagement, alignment and adoption efforts

Building Blocks for a Healthy Program

Skillsoft programs with high utilisation include*:

Executive/Management Sponsorship

- 88% manage programs with executive support
- 96% with executive support have goals or success criteria in place

Internal Resources to Manage Program

- 88% commit internal resources
- 98% consult with Skillsoft on a regular basis

Alignment to Initiatives/Goals

- 95% align content to initiatives
- 87% of programs aligned to initiatives are actively marketing

Commitment to Program Reviews

- 90% conduct regular review meetings to discuss how the program is performing to objectives, trends, and ongoing improvement

Ongoing Marketing and Promotion

- 87% of customers with active marketing dedicate internal resources focused on marketing

** High Utilization = customers with utilization at 70%+ of annual contracted seats*



Case Study

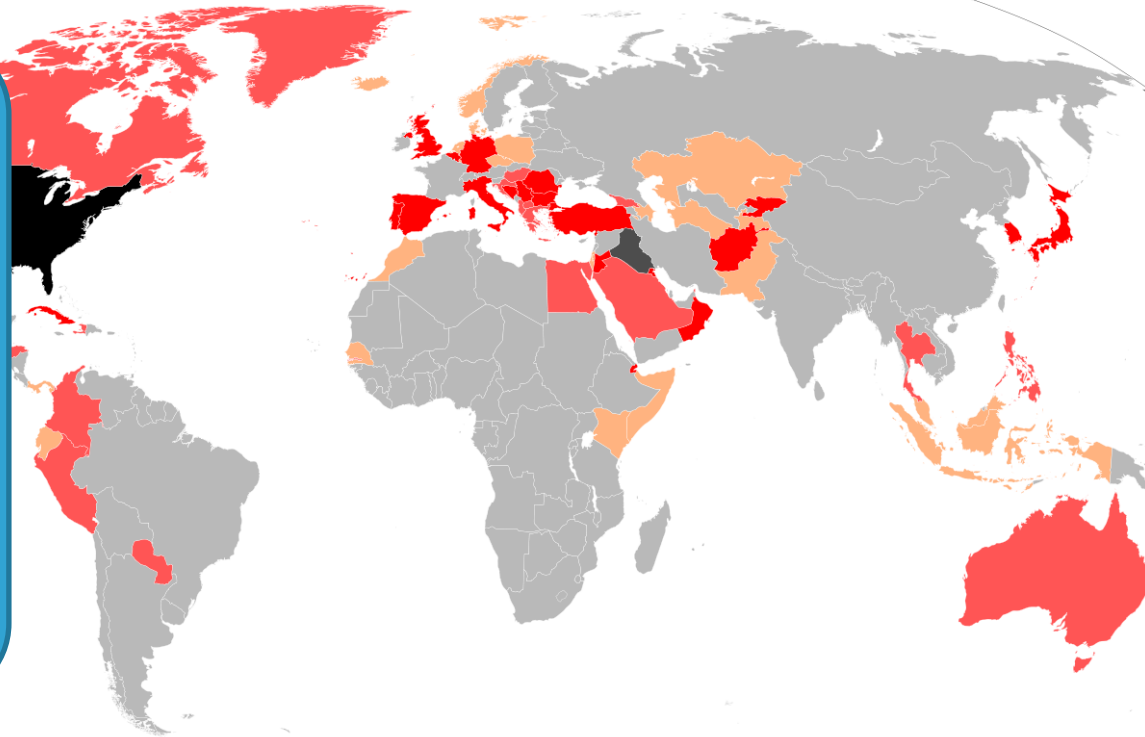
Reducing Training Costs for the US Military



The US Military: Distributed Forces Across the Globe

Over 3.23 million employees comprising of...

- 1.4 million active duty military personnel
- 1.1 million reservists
- 0.7 million civilian employees.



How to economically deliver just-in-time learning to millions on a secure platform & flexible?

Skillsoft allows us to train our soldiers wherever they may be. The soldier, who is across the globe from us, can take a wide-range of Skillsoft courses. Our soldiers need learning fast and 24x7 and Skillsoft provides that capability - Stan Davis, Distributed Learning Program, US Army

US Air Force



US Air Force

The United States Air Force employs more than 700,000 active, guard, reserve and civilians worldwide.

Challenge

- Provide the ongoing training of Air Force personnel responsible for establishing and maintaining Air Force networks and network security
- Support mandatory training and licensing of all Air Force network users.

Solution

- The Air Force delivers 2,000 business and IT courses, more than 300,000 Books24x7 licenses and 22 custom courses to a global audience.
- The solution is mapped to Air Force Job Qualification Standards for targeted crew positions and delivered on a combination of platforms.

Results

- The Air Force has achieved exceptional usage and return on investment,
- 700,000 licenses
- **Recognized cost avoidance of more than \$37 million.**

US Army



US Army

The Army e-Learning Program offers training and education to 1.4 million Active Duty Army, National Guard and Reserve, and Department of the Army civilian personnel.

Challenge

- The Army is constantly challenged with providing geographically dispersed personnel with a wide range of business, information technology, leadership, professional and technical skills necessary to excel on the job..

Solution

- Through its partnership with SkillSoft, the Army has deployed a comprehensive e-learning solution to deliver Web-based training and professional development to all Active Duty Army, Reserve Component, Guard and civilian personnel.

Results

- Cost savings approximately \$86 million over three fiscal years



Think. Research. Contact me.

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