



By Susan Schott Karr

For companies focused on change and growth — while charged with lowering costs and improving product offerings and service — learning is clearly at the center of achieving these goals. And, with current technology capabilities, enterprise-, electronic- or “eLearning” is fast-becoming the tool of choice for enhancing the ability to adapt to the rapidly changing environment. Learning itself has become a competitive advantage.

Learning has been dramatically altered by the Internet, with many factors contributing to its evolution. As a medium for communication and learning, the Internet is a powerful instrument for helping employees, business partners, suppliers and customers, particularly as it allows a “student” an anytime/anyplace classroom. This article surveys some eLearning trends and

strategies, and assesses how best to measure its business impact and return on investment.

eLearning, the electronic delivery of training resources, or the process of learning new information over the Internet, allows for varied types of student interactions. These include self-paced courses, virtual classrooms, email and voicemail interaction, chat sessions, discussion boards, online

resources and reference libraries, activities and readings and multimedia presentations.

Until now, many of the systems built to deliver eLearning have been fraught with troubles. They’ve been difficult to implement, difficult to understand and have fallen short of their promises. eLearning’s difficult beginnings raise questions: *How are you going to evaluate the system?*

What does it do for you? How do you know if you're paying too much? How do you make sure this isn't another fiasco?

As technology is becoming more refined, there's a shift to concentrating on improving content, learning and knowledge acquisition. We're no longer concerned with *How are we going to build the schoolhouse?* The technology for building the learning infrastructure is sophisticated enough so that we can concentrate on more important questions: *What are employees learning that is of value? Is this learning aligned with employee needs and those of the company, which has invested to provide employees with learning that is applicable to their jobs and will make them more productive?*

A Growth Market

The percentage of companies offering eLearning is expected to double within the next two years, say results from a study of 144 companies conducted by The Forum Corp., a Massachusetts-based training and consulting firm. Also, a 2002 State of the Industry Report by the American Society for Training and Development (ASTD) finds that training is thriving, with eLearning poised for growth. It notes that companies are spending more on employee training and that eLearning has reached its highest level since 1997. Other trends identified in the study relate to time, money and diversity: There are shorter time frames for learning often facilitated through technology, increasing pressure for short-term profits and a greater need for people to work together as a result of growing cultural diversity.

Chas Martin, director of global communications for BetterManagement.com, notes that when his performance management Internet resource company offers a series of Web seminars, four times as many people sign up for the second seminar, and more yet for the third. In addition, through its Web site, BetterManagement sees trends as they happen. With

There is a growing emphasis on a company's ability to align eLearning initiatives with the corporate mission and goals, and it's one that buyers need to grapple with before they approach vendors.

online reporting tools, the system affords the ability to monitor course activity and traffic, as well as to assess knowledge.

As buyers become increasingly knowledgeable about what to look for, ask for and expect, there is an apparent shift to buyer- versus vendor-driven purchasing decisions, and buyers are making more demands. They need to decide which learning management system (LMS) to purchase, as well as which course content, services and supports to use.

Plateau, an LMS provider, describes an LMS as a large, expensive software application with all kinds of features, serving as a course catalog, online registration system and auditable document-tracking system, capable of producing reports and "skill profiles" for large groups, enabling managers to assess levels of training throughout a large company.

Many buyers increasingly want one-stop shopping. Until recently, they've often had to deal with separate vendors for different pieces of the solution. Trace Urdan at ThinkEquity Partners says buyers are in search of a single source of IT and soft-skills content, and they are beginning to have some success in finding it. Now, some companies, such as Oracle and PeopleSoft, are touting one-stop shopping with their "total solutions." Buyers also want an LMS that integrates with their enterprise resource planning (ERP) and customer relationship management (CRM) systems — which bodes well for other larger players such as SAP, Oracle and Siebel.

ROI and Business Impact

As eLearning buyers become savvier, they are also questioning how close they can come to measuring their

return on investment. They want to know what specific effects eLearning will have on cost savings, productivity improvement, revenue growth and the ability to outpace their competition. Given the

assumption that a company has a well-established training program, budget and strategy, the next question is, "What are we doing that can be done just as easily with eLearning? Then, ROI becomes important.

KnowledgePool Americas, headquartered in Dallas, claims to improve ROI by aligning management goals with a robust library of titles — 2,500 in all — covering a variety of fields. CEO Vincent Rowe says that the company has focused on bringing "human motivation" into the equation, using LMS and ERP systems as enablers. The company has created a system with 14 different reward "motivations," such as challenges, promotions and, of course, more money.

"We're making it financially viable to buy libraries of content," Rowe says. "In the eLearning field — which we've been in since '94 — what had never been solved was the issue of massive content libraries getting utilization rates in the single digits. We wanted to build an application that addressed that."

"When we talk with CFOs, we're talking about making their investments pay off," says KnowledgePool Senior Vice President Bill Byron Concevitich. Rowe adds that the company's programs aren't all electronic, either, since some people do better with more traditional forms of learning: "We don't just push eLearning — we have OJT [on-the-job training] and classroom training as well. Blended learning is a mantra that everyone is using these days."

To estimate the initial cost reductions in an ROI equation, INTELLINEX, an eLearning Ernst & Young LLP venture, has created an online Learning Cost Calculator, (www.intellinex.com) which helps companies

approximate the cost of their current training program and calculate the potential savings made possible through a change to Web-based learning. The calculator breaks down costs and savings into content development, delivery and maintenance.

While Plateau indicates that businesses often rely on a rapid ROI to justify their technology purchase, long-term ROI is also a factor. Short-term returns — reduced costs for instructors, physical facilities, training materials and administrative time — are more straightforward and easier to quantify than the long-term returns that come in the form of enhanced enterprise systems or a more productive workforce that can adapt more quickly to new technologies or corporate changes.

Bob Mosher, executive director of education at ElementK, an eLearning company that provides courses, service and support, believes there is an important distinction to be made between a “hard money” return on investment and the true success of any learning experience — the degree to which students can apply what they’ve learned when they’re back on the job. At this point, the emphasis is on added value.

At Docent.com, a business management performance software company, Vice President of Marketing and Business Development Sanjay Dholakia says, “The bottom line is that companies and CFOs today don’t buy products, they buy value. More often than not, the two biggest demands that a company or a CFO will make are in its people and its information. It’s illogical not to demand business value.”

Goal Congruence

There is a growing emphasis on a company’s ability to align eLearning initiatives with the corporate mission and goals, and it’s one that buyers

need to grapple with *before* they approach vendors. Measuring what matters entails quantifying eLearning’s impact on business and fiscal performance.

Steven M. Roberts, partner-in-charge of KPMG LLP’s National Regulatory Advisory Services Group, believes that “large firms, required by law or regulation to train thousands of their professionals in significant compliance issues, such as anti-money laundering, are likely to increasingly turn to eLearning as a primary means of meeting their compliance requirements.” This need has created a business opportunity, and KPMG has formed an alliance with Learning Insights Inc. to develop, market and disseminate courses. Focusing on regulatory and compliance-related issues, its first course offering is designed to help financial services companies comply with the anti-money laundering provisions of the USA Patriot Act, the anti-terrorism bill passed in the aftermath of the 9/11 terrorist attacks.

The KPMG/Learning Insights alliance also plans to develop courses on the Health Insurance Portability and Accountability Act (HIPAA), as well as others on privacy and information security and ethics. “These courses can make it easier to train thousands of employees in outlying locations — such as a global financial services company’s domestic and international network — so that an organization can meet regulatory deadlines and requirements, effectively and cost-efficiently,” says Roberts. Smaller institutions can also benefit from the availability of those eLearning courses, he adds.

Business Cases

One positive trend that helps answer the question, *What’s eLearning good for?* is the gradual emergence of con-

What E-Learning Can Do

- Streamline and speed up the rollout of new products and services to market by providing education to customers at lower per-unit costs and no additional per-unit costs to the seller.
- Improve employee and customer satisfaction because things get done more quickly and with less confusion.
- Build customer trust and loyalty by offering product- and service-specific training to the customer.
- Reduce the cost of employee internal training, with lower costs for instructors, physical facilities and training materials.
- Improve sales performance by better preparing salespeople.
- Facilitate “just in time” learning in small segments and within a few days of using new material on the job.
- Provide access for thousands of employees in outlying locations, across time zones, and across cultures.
- Enable management to keep up with the pace of change, which requires constant learning to update skills and requirements.
- Improve ability to meet regulatory deadlines and requirements effectively and cost-efficiently.
- Allow management to remedy skilled labor shortages through targeted learning.
- Enhance collaboration with channel partners and customers by offering them opportunities to keep current with the state of their markets.
- Reduce errors and speed up processing.

Companies are spending more on employee training and eLearning has reached its highest level since 1997.

—ASTD 2002 State of the Industry Report

crete examples and business case studies, which document the experiences vendors have had with their corporate customers. Business cases substantiate claims and give validity to the reasons behind corporate investment in eLearning.

Knowledge Anywhere, which emphasizes its ability to develop customized Web-based eLearning solutions for corporations in just six to eight weeks, provides customer success stories at its Web site. Docent posts business cases that offer information across industries. As Dholakia says, "By posting business cases or talking about ROI and real solutions, we're demonstrating that we are creating value."

INTELLINEX also uses its Web site to describe customer stories and a track record of learning solutions success that reaches back nearly half a century. "Companies want to understand the potential business results of their eLearning investments," says Roy Brown, CEO and president of INTELLINEX. "By taking a business

issues approach, we are able to design, build and operate learning solutions that help companies execute business strategies, drive performance and achieve real growth. Our stories provide real-world examples of how INTELLINEX solutions have helped companies reduce costs, accelerate speed to profit and improve people effectiveness." For example, he said INTELLINEX teamed with Canon U.S.A. to design a blended learning solution focused on sales force optimization that is helping to shorten the sales cycle and improve the efficiency of a geographically dispersed sales force.

KnowledgePool, which is technically a subsidiary of Fujitsu Ltd., has most of its employees overseas and offers courses in 14 different languages — with a staff of full-time counselors in "global support centers" to solve problems or answer questions. "We provide online answering 24-7, and the human element that is so often missing" in eLearning, says Concevitch.

As the demand to make learning more relevant to business needs increases, businesses are jumping on the eLearning bus. And as organizations use technology to create, manage and deliver learning content, learning is taking its place as a strategic asset.

It is also beginning to be known as an enterprise-class action that promotes collaboration with suppliers, vendors, customers and business partners. eLearning allows organizations to train large groups of people quickly and efficiently. If you've got a browser, you can get to anyone, anywhere, anytime — and get targeted, concrete results.

By putting training in context to business processes, companies are creating a competitive advantage through their learning initiatives. That translates into money well spent.

Susan Schott Karr is a freelance writer in Chatham, N.J., who writes frequently about business education and training. She can be reached at susankarr@aol.com.

