

e-Learning: *The Pay-Per-Use Course Content Model*
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In these belt tightening times, a three day educational conference is often seen as an indulgent extravagance that companies simply can't afford. Yet, it is still essential for employees to learn the latest techniques and business technologies that facilitate customer service excellence, garner customer loyalty and keep customers coming back. One way to accomplish this is through e-Learning.

Fortunately, HR personnel can find thousands of self-paced training courses online. With so many web based courses available, companies can select the perfect training tools for their employees, whatever their needs are. Some courseware is leadership and business skill oriented; some is functional-specific, while others target certain fields, such as the insurance, medical or manufacturing industries. The most used courses fall into the following categories:

- Health and safety
- Leadership and management
- Customer service
- Quality management

Training Formats

Online subject matter can be presented to employees in a number of media formats. A basic safety course, for example, might be a twenty minute video that imparts common knowledge to use as simple job aid. At the other end of the spectrum, an interactive course may teach a highly complex set of skills through a business simulation approach. For example,

marketing managers can practice taking the controls as a hypothetical company experiences a market downturn. They get helpful feedback as they go along, and in the end, learn how much money they made for the company. Most online courseware falls somewhere in the middle and includes a pre-test, followed by a voice over video and text and then a post test.

e-Learning Purchasing Models

There are two popular models companies use to purchase their training materials. One is the Library License Model and the second one is the Pay-Per-Use model.

1. *Library License Model.* With this model, companies access online courseware by contracting for a license from a supplier. These contracts, when designed to serve a company's overall e-learning needs, generally cost anywhere from thirty thousand dollars up to two million dollars, depending on the number of courses selected from that particular supplier's library and the number of employees who will potentially use them.

To use this model, a company must know how many courses their employees will take, or at least know the topic areas important to them. If the employees fail to access the system and take the courses, the employer may not get the return on the investment that was intended. At the time the contract is signed, the HR personnel may have estimated a cost of \$10 per employee per course. When the actual number of courses taken is tallied, the cost might well end up being \$300 per employee per course.

Because of budget constraints, purchasing a library license might limit a small to midsize company to too few courses. For any size company, a license contract limits selection to only one vendor. Such a contract also requires an up-front or perhaps quarterly fee.

At times, however, a library license is the cost effective way to go. When a company knows that a course will be mandated for all employees, or that a key population historically

takes a certain set of course from a specific supplier, a contract is often a safe bet. As an example, if a company chooses to contract specifically for a safety course library, the price of the license depends on the number of users. For 100 employees, it cost \$1900; for 250 employees it cost \$4500; and for 5,000 employees, \$70,000. The more users there are for a library license, the lower the per unit price.

Pay-Per-Use Model. With the Pay-Per-Use content model, a company pays a per course fee, each time one is taken by an employee. An individual course can cost between \$10 and \$200. Few courses are over \$80, and an average price (per course) ranges from \$40 to \$60.

Some suppliers now offer a Pay-Per-Use option for their materials, as an alternative to the library license. Pay-Per-Use courseware is also available through aggregators and consortia, which offer material from multiple online suppliers on one database and provide a broader range of content, media format and cost choices than a single supplier could.

Deciding when to use the Pay-Per-Use model rather than the license contract route is a judgment call. Basic safety or sexual harassment courses mandated for all employees in a large company would not be cost effective under the Pay-Per-Use model. But where the amount of usage a supplier's library of courseware will get is in question, the Pay-Per-Use model is often the right answer.

Spartan Stores, a grocery supplier and retailer based in Grand Rapids Michigan, weighed its e-Learning purchasing options. Randy Elders, Spartan's Executive in Learning, says that after analyzing a per seat licensing arrangement, his company found they would have experienced excessive cost when compared to actual usage. "We estimated the cost savings to be at least 50 percent under a Pay-Per-Use model," Elders states.

Pay-Per-Use courseware is popular with small to midsize companies, where different groups of employees each have their own unique training needs. If new courseware comes along from specialty boutique design shops or for a particular industry, a midsize company can pick and choose just the courses that they need from a vendor neutral aggregator at an affordable price.

Peter Neufeld, Director of Organizational Development and Learning for MDS, Inc. — a Toronto-based global life sciences company with over 5,000 employees — likes the flexibility of the Pay-Per-Use model. “We have three distinct businesses and operate in almost 30 countries,” Neufeld says. “There is a lot of complexity whenever we are looking at training across such a dispersed employee base with different needs. It seems this approach meets it quite well.”

Neufeld also feels the consortium gives him buying power. “We can take courses from Harvard, from SkillSoft and many other providers. There is no way I would have been able to do that as an individual purchaser.”

Pay-Per-Use pushes the door to e-Learning wide open, but it is still important to manage the content offered to employees. When purchasing courseware through a consortium, HR personnel can narrow down the thousands of offerings, based on topics, quality and cost, to create a 200-course training catalog or a series of job-related curricula appropriate for their company. The consortium often has curricula specialists who help companies make selections based on their skill needs.

Education Is Key

Keeping employees well trained is good for business. However, in these days of corporate bailouts and company downsizing, training needs to be as cost effective as possible. So rather than making a \$3,000 investment to send an individual to an off-site seminar, the HR

department can now educate that individual online with Pay-Per-Use courseware, all at a cost of about \$150/person. It may not come with a lunch buffet, but e-Learning curriculum can be a rich and affordable feast of information.

About the Author:

Lois Webster is CEO and General Manager of LearnShare LLC, a consortium based in Toledo, Ohio. Born of the brilliance of fourteen Fortune 500 companies that founded it in the late 1990s, LearnShare is a technology company that creates and implements integrated Talent Management Systems and aggregates courses from the world's best course suppliers. With this product suite, LearnShare provides customers with tools to manage the performance and build the talent of their workforce on a global scale. For more information, please call 419 327-4160, send an e-mail to info@learnshare.com or visit the company website at www.learnshare.com.