



TenStep Supplemental Paper

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ROI of e-Learning

Organizations primarily wish to train by e-learning because they believe it will result in a major cut in training expenditure. The amount that an organization can save determines an organization's decision to shift to e-learning. This may not be the best way to view e-learning. There are numerous other non-cost related aspects of e-learning, such as flexibility, consistent messaging and reach.

However, a business case for e-learning must invariably show a decrease in cost. A typical cost analysis between e-learning and classroom training appears straightforward:

Classroom Expenses

Facility Costs

- Room rental
- Training material
- Teaching aids
- Refreshments

Instructor Cost

- Instructor salary and other benefits (if internal)
- Instructor fee (if outsourced)
- Travel and meals

Learner costs

- Cost of time away from workplace
- Labor replacement costs
- Travel and living costs

e-learning Expenses

Facility Costs

- Incremental desktop computer costs
- Course development costs
- Web-enabled LMS costs
- MIS support
- Costs of the learners being away
- Hosting costs
- MIS support



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Though used often, this break-up does not account for the total ROI on e-learning, which also includes efficiency (E) and speed (v).

If learning is defined as the skills or knowledge acquired from instruction, then learning efficiency can be defined as the performance that is improved by the sum of knowledge and skills gained divided by the sum of all information delivered during the learning process.

Perfect learning efficiency is the state when all the information delivered results in learning that improves performance at the rate of 1.0 (equal to 100%).