

# How LO Can You Go?

Want to take your learning programs to the next level? Start by getting an understanding of the outsourced learning market.

By Mark Hodges

Traditionally, the outsourcing of learning, training, or skills development—commonly called learning outsourcing (LO)—has been performed by piecemeal. If you're like many companies, you might have used different vendors to outsource some curriculum development here, some distance learning there, and so forth.

But in the past few years, LO has evolved to include end-to-end solutions. Service providers, including comprehensive HRO suppliers as well as specialty LO providers, can now offer a one-stop shop. So you can outsource everything from the upfront planning to the delivery of the actual training, plus all the technology and processes in between, to a single provider.

In response to this increased market capability, more organizations are taking providers up on it. Learning is included in about 30 percent of multi-process, multi-region HRO deals.

First, why outsource learning at all? A dominant driver is cost savings: Top providers state savings of 15 percent to 30 percent as the norm, and some clients have reported savings as high as 50 percent to 60 percent. Another key driver of LO is capital expenditure avoidance. For example, instead of laying out \$20 million for a people-management platform such as SAP or Saba, you can often get that technology as part of an outsourcing relationship. In addition to avoiding the expense, you also avoid the difficult cap-ex approval process, where HR is rarely at the front of the line.

LO can also drive efficiency, not just in individual processes but across the whole training portfolio. For instance, if you can consolidate services from 50 different training suppliers into one provider relationship, that can spell big value. Related drivers may include centralization and standardized learning.

Finally, many organizations pursue LO for the access to e-learning. Enabling employees to take a training course from home or an airport lounge, for example, can fuel competitive advantage in recruitment and retention.

## Processes and providers

When most companies think of learning outsourcing, two areas usually come to mind. One is the robust Learning Management System (LMS) such as SumTotal, Saba, Plateau, SAP, and Oracle-PeopleSoft that service providers use to automate training activities. The other is training administration, whereby providers announce a training course, manage attendance, run the support desk, and provide other support services to developers,

students, and managers.

In recent years, however, the LO market has evolved to offer end-to-end solutions that also feature these key processes:

■ **Needs Analysis and Delivery Model.** What are the current state and the desired future state for training? A service provider can determine your requirements.

■ **Learning Development.** Need to train assembly-floor employees to build a car? Your service provider can determine how best to meet this need and develop a learning solution.

■ **Learning Delivery.** The provider can deliver the training via methods such as teleconference, web portal, or classroom instructors. The provider will also track factors such as usage and satisfaction, and they can capture data to measure effectiveness.

■ **Alternative Delivery Systems.** Finally, service providers typically operate and support delivery to alternative training vehicles such as video networks or cell phones and other handheld devices.

In exploring the LO market, you'll find two main types of providers. The first are comprehensive HRO providers, most of which offer LO. Convergys, Accenture, IBM, and ACS, as examples, have provided LO services to Sun Microsystems, Unilever, P&G, Nestle, Delta Airlines, Chubb, and others. The market also includes providers who focus exclusively on LO. Raytheon Professional Services is one such specialty LO provider; its clients include Citibank, GM, Pfizer, and Dell.

When you're evaluating the opportunity for LO, the first step is to locate all your training dollars, which usually aren't limited to HR. Instead, those dollars are typically spread out among different business units, geographies, and product lines in categories that may be labeled "training" or "learning." Indeed, a good rule of thumb is to take whatever you think you're spending on training and double it. So that estimate of \$50 million might all of a sudden become \$100 million, but it's a more realistic number for your business case.

Next, determine which training is proprietary and which is generic. That is, when it comes to generic training such as Microsoft Office or an employee portal, most any LO provider can deliver. But if you're training employees to build, say, an electric car, outsourcing can get a little more challenging.

What's the best LO solution for you? Take time to understand the state of training in your organization so as the market gets stronger, you can take the best advantage of it. **HRO**



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