FORRESTER

The Total Economic Impact™ Of Absorb LMS

Cost Savings And Business Benefits Enabled By Absorb LMS

A Forrester Total Economic ImpactTM Study
Commissioned By Absorb, March 2024

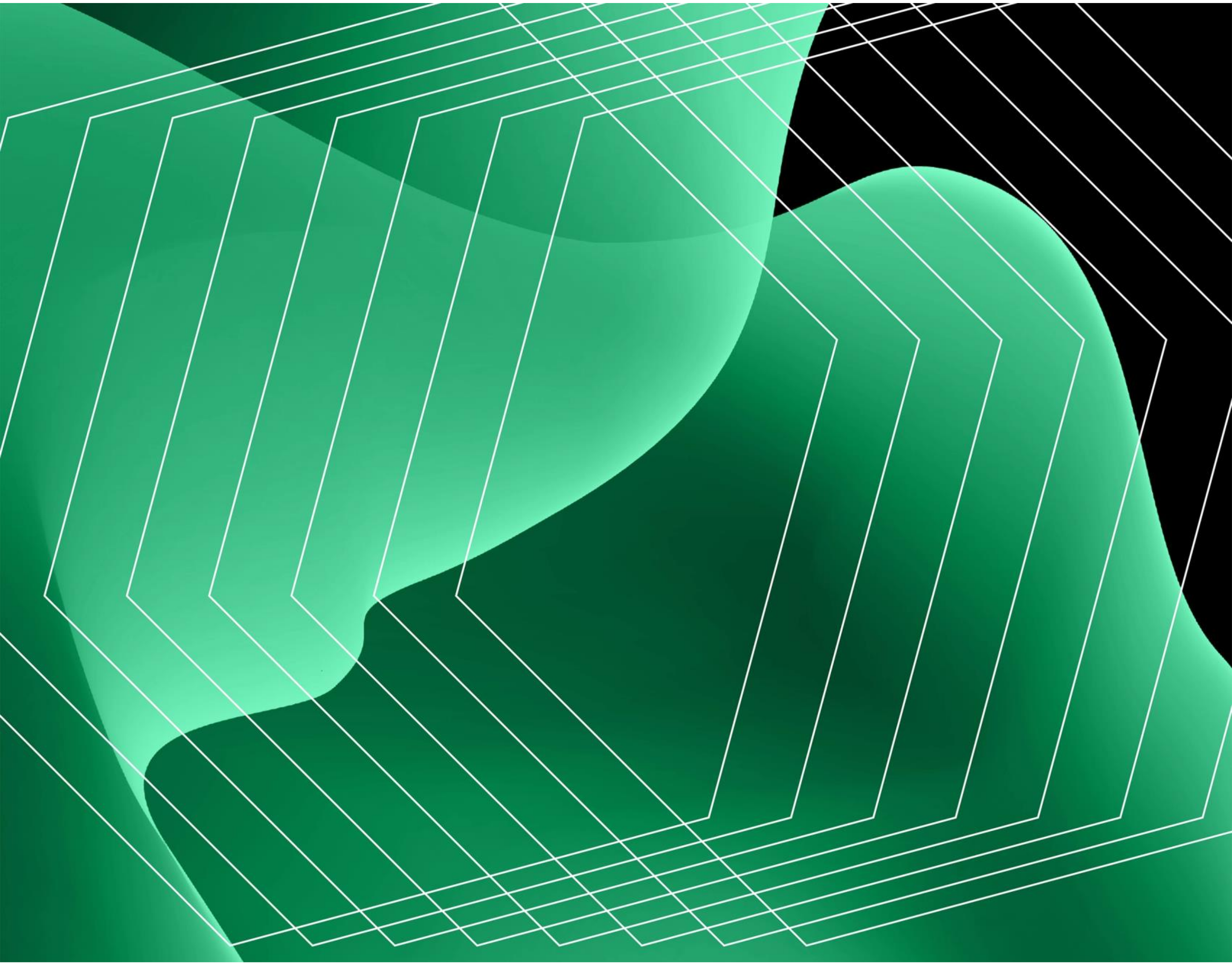

Table Of Contents

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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

Executive Summary

In recent years, the learning management system (LMS) market has undergone significant evolution and expansion, reflecting the growing importance of digital education and training solutions across industries. Today, adopting an effective LMS is no longer an option but rather, a requirement to achieve regulatory compliance in a cost-effective manner to train employees, customers, and partners, and enable a go-to-market strategy.

Absorb LMS is a cloud-based, AI-powered learning management system designed to equip employees, contractors, partners, and customers with the required streamlined training and development processes to reach regulatory compliance, generate essential job skills, and effectively go to market with any product. It offers a comprehensive suite of features including content management, course creation, social learning, learner management, reporting, and analytics. Absorb LMS aims to enhance employee, partner, and customer learning experiences while improving organizational efficiency by centralizing training resources and automating administrative tasks.

Absorb LMS commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Absorb LMS.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Absorb LMS on their organizations.

Return on investment (ROI)
490%

Net present value (NPV)
$11.8M

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed seven representatives with experience using Absorb LMS. For the purposes of this study, Forrester aggregated the interviewees’ experiences and combined the results into a single composite organization that is a professional services organization based in the US with revenue of $5 billion per year, and has 1,000 unique courses deployed across a user base of 10,000 employees, 10,000 customers, and 200 partners.

Interviewees said that before using Absorb LMS, their organizations lacked a unified and standardized approach to learning and development. Groups of employees, partners, and customers were trained differently, leading to inconsistent results, high onboarding, support, and administration costs, and a greater risk of noncompliance. Eventually, these challenges created negative downstream impacts like a suboptimal customer experience (CX) and potential loss of opportunities.

After the investment in Absorb LMS, the interviewees achieved an enhanced degree of consistency and efficiency with their onboarding and training efforts, ultimately benefiting everyone from individual learners to the admin and support groups who deploy, facilitate, and manage learning activities. This impact is also experienced by external groups such as partners and customers, therefore having a significant influence on top-line revenues.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Incremental gross profit of $3.8 million from an enhanced go-to-market strategy.** Go-to-market teams and partners receive access to seamless and timely training that enhances their ability to go to market effectively, which increases sales.
- **Compliance savings of $3.7 million.** Streamlined permissions and access management reduce noncompliance risk by allowing a single admin or manager to track the progress of compliance training across the organization. This is aided by an automatic alerting and a reminder system to reinforce completion rates.
- **Reduced onboarding costs of $2.4 million.** Creating a scalable onboarding process while customizing it for a particular role or function enables employees,

customers, and partners to onboard more quickly. This saves costs for time, travel, and other meeting-related expenses.

- **Employee onboarding time savings of $1.2 million.** With a unified onboarding approach, companies can reduce manual onboarding effort, which cuts the average onboarding time of one week by two days (i.e., reducing onboarding time by 40%). The time that has been freed up can then be reallocated to productive work.
- **Incremental profit of $1.1 million from externally-monetized coursework.** Organizations could easily package, price, and deploy digital training and certification coursework to partners or customers — ultimately generating a net new revenue stream.
- **Streamlined reporting time savings of $968,000.** Admins can reduce unnecessary repetition by generating a single daily status report for each active course instead of having to run individual reports for every course.
- **Gross margin impact from increased CX of $590,000.** Improved end-customer product training boosts CX scores by one point, resulting in a downstream boost in top-line revenues.
- **Reduced support costs of $383,000.** A streamlined and intuitive user experience, easy user access and management, visualization of course progress, and helpful alerts and reminders all reduce the need for basic product support.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Improved employee experience (EX).** Standardizing the employee onboarding experience and codifying training tracks by role or department enables employees to experience greater job readiness. This empowers them to further their self-education by engaging in elective training material.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Planning, deployment, and management costs of $1.8 million.** Activities include planning, documenting requirements, undergoing vendor selection, implementation, integration, and finally rollout. These costs primarily consist of internal labor driven by existing FTEs, and not net new.

- **Software and support costs of $646,000.** Fees paid to Absorb include software licensing, Elite support, and initial implementation services.

The representative interviews and financial analysis found that a composite organization experiences benefits of $14.2 million over three years versus costs of $2.4 million, adding up to a net present value (NPV) of $11.8 million and an ROI of 490%.

> "The improved performance and efficiency of Absorb LMS have positively impacted our service training scores, increased satisfaction rates, boosted the knowledge and skills of our workforce, and allowed us to provide a seamless learning experience."
>
> EDUCATION AND TRAINING MANAGER, CONSTRUCTION

Return on investment (ROI)

490%

Benefits PV

$14.2M

Net present value (NPV)

$11.8M

Benefits (Three-Year)

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment Absorb LMS.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Absorb LMS can have on an organization.

DISCLOSURES
Readers should be aware of the following:

This study is commissioned by Absorb and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Absorb LMS.

Absorb reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Absorb provided the customer names for the interviews but did not participate in the interviews.

1. **Due Diligence**
   Interviewed Absorb stakeholders and Forrester analysts to gather data relative to Absorb LMS.
2. **Interviews**
   Interviewed seven representatives from seven organizations using Absorb LMS to obtain data about costs, benefits, and risks.
3. **Composite Organization**
   Designed a composite organization based on characteristics of the interviewees' organizations.
4. **Financial Model Framework**
   Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.
5. **Case Study**
   Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The Absorb LMS Customer Journey

Drivers leading to the Absorb LMS investment

Interviews			
Role	**Industry**	**Region**	**Active learners**
Senior learning consultant	Financial services	North and South America	4,000
Education and training manager	Construction	Global	9,000
LMS administrator	Software	Global	30,000
Senior manager of learning and development	Sports	North and South America	2,500
LMS integration strategist	Software	North and South America	19,000
Learning and development administrator	Financial services	North and South America	500
Director of learning and development	Consumer services	North and South America	16,000

KEY CHALLENGES

Prior to adopting Absorb LMS, interviewees relied on legacy homegrown or third-party learning solutions that were inefficient to administer and lacked the flexibility to serve multiple internal and external use-cases. These interviewees shared the following challenges:

- **Fragmented training processes.** Interviewees said their organizations struggled with disparate training systems and resources, making it challenging to standardize training across departments or regions. This fragmentation led to inconsistencies in content, delivery methods, and tracking mechanisms, that lengthened the onboarding process and hindered the effectiveness of training initiatives.

- **Inability to deploy training externally.** Organizations struggled to align their external audiences (e.g., partners and customers) on key product value propositions as they lacked the flexibility to fully extend the capabilities of their legacy LMS solutions to them, ultimately reducing usage and adoption rates. Furthermore, they had limited measures to track and monitor training progress among external stakeholders, making it challenging to ensure compliance or measure the effectiveness of existing training efforts.
- **Limited accessibility.** Some interviewees said their organization struggled to provide training that was easily accessible to all employees, particularly those working remotely or in decentralized locations. Traditional training methods (e.g., in-person sessions or printed materials) were not conducive to accommodating diverse learning needs and schedules.
- **Manual administration and support.** Managing training programs using manual processes and outdated systems proved to be time-consuming and labor-intensive for many organizations. Administrative tasks (e.g., course enrollment, progress tracking, and reporting) required significant effort from training administrators and IT support staff, which led to higher costs and increased risk of noncompliance.

> "Our organization had a homegrown system for delivering learning content, which wasn't scalable and lacked the reporting and ease of use of a professional LMS."
>
> DIRECTOR OF LEARNING AND DEVELOPMENT, CONSUMER SERVICES

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the seven interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The organization is a professional services organization based in the US, with $5 billion annual revenue. It operates in multiple countries covering 10,000 customers and is served by 10,000 employees and 200 partners. The composite organization deploys learning content that consist of 1,000 unique courses per year for each of these user bases. Prior to adopting Absorb LMS, the composite organization relied on a homegrown LMS solution that lacked the ability to extend training efforts to partners and customers.

Key Assumptions

10,000 customers

10,000 employees

200 partners

1,000 courses

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Incremental gross profit from an enhanced go-to-market strategy	$1,512,000	$1,512,000	$1,512,000	$4,536,000	$3,760,120
Btr	Compliance savings	$1,498,776	$1,498,776	$1,498,776	$4,496,328	$3,727,234
Ctr	Reduced onboarding costs	$972,000	$972,000	$972,000	$2,916,000	$2,417,220
Dtr	Employee onboarding time savings	$492,480	$492,480	$492,480	$1,477,440	$1,224,725
Etr	Incremental profit from externally-monetized coursework	$440,000	$440,000	$440,000	$1,320,000	$1,094,215
Ftr	Streamlined reporting time savings	$389,238	$389,238	$389,238	$1,167,714	$967,977
Gtr	Gross margin impact from increased CX	$237,150	$237,150	$237,150	$711,450	$589,757
Htr	Reduced support costs	$154,066	$154,066	$154,066	$462,197	$383,138
	Total benefits (risk-adjusted)	$5,695,710	$5,695,710	$5,695,710	$17,087,129	$14,164,386

INCREMENTAL GROSS PROFIT FROM AN ENHANCED GO-TO-MARKET STRATEGY

Evidence and data. With Absorb LMS, organizations empowered their go-to-market teams and channel partners to become highly effective sellers. This increased top-line revenues and customer growth. Training content was tailored to target markets, ensuring alignment around the primary value proposition while customizing for specific customers and buying centers.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- It has a gross margin of 70%, which also reflects commissions paid to channel partners and any direct sales or marketing support.

Risks. The risk that other organizations may experience different values for this benefit is related to:

- The size of the sales and partner ecosystem.
- The average volume or transaction amount per deal.
- The degree of existing partner training.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $3.8 million.

20%

Increased sales

"A high priority for us over the past three years has been to grow our partners in a scalable way. We've achieved this using Absorb LMS and we measure the impact not only through the number of successful partners, but also through their increased consumption of our material."

LMS ADMINISTRATOR, SOFTWARE

Incremental Gross Profit From An Enhanced Go-To-Market Strategy					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Sellers	Composite	200	200	200
A2	Average resale revenue per seller, prior to Absorb LMS	Interviews	$60,000	$60,000	$60,000
A3	Increased partner sales efficiency with Absorb LMS	Composite	20%	20%	20%
A4	Increased revenue per seller	A2*A3	$12,000	$12,000	$12,000
A5	Total partner-driven revenue	A1*A4	$2,400,000	$2,400,000	$2,400,000
A6	Gross margin (after partner commission)	Composite	70%	70%	70%
At	Incremental gross profit from an enhanced go-to-market strategy	A5*A6	$1,680,000	$1,680,000	$1,680,000
	Risk adjustment	↓10%			
Atr	Incremental gross profit from an enhanced go-to-market strategy (risk-adjusted)		$1,512,000	$1,512,000	$1,512,000
	Three-year total: $4,536,000		**Three-year present value: $3,760,120**		

COMPLIANCE SAVINGS

Evidence and data. Absorb LMS enabled organizations to avoid potential noncompliance fees and penalties and ensured that their employees had successfully completed any required compliance training and certification by providing customizable course content, automated notifications, and centralized reporting features. Furthermore, Absorb LMS simplified the process of tracking progress on compliance training through its intuitive user interface and advanced reporting tools. These tools empowered organizations to easily monitor employee participation, completion rates, and performance metrics across all compliance courses and modules.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The average fine the US Equal Employment Opportunity Commission (EEOC) levies on the composite for employment-related offenses is over $9 million.

- The fully-burdened hourly rate per business line manager is $62.

Risks. The risk that other organizations may experience different values for this benefit is related to:

- The magnitude of noncompliance fines.
- The number of managers.
- Existing compliance tracking methods.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $3.7 million.

> **12%**
>
> Higher completion rates of compliance training

> "Absorb LMS has given us much better visibility and trackability around our compliance training and we've seen significant improvements in completion rates since using it. I'm sure it has reduced the risk of noncompliance and associated penalties."
>
> SENIOR MANAGER OF LEARNING AND DEVELOPMENT, SPORTS

Compliance Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Avoided fines for noncompliance	Composite	$9,000,000	$9,000,000	$9,000,000
B2	Percentage of avoided fines attributed to Absorb LMS	Interviews	20%	20%	20%
B3	**Subtotal: Avoided fines for noncompliance**	**B1*B2**	**$1,800,000**	**$1,800,000**	**$1,800,000**
B4	Average weeks for compliance season	Interviews	12	12	12
B5	Managers tracking training, prior to Absorb LMS	Composite	800	800	800
B6	Managers tracking training, with Absorb LMS	Composite	10	10	10
B7	Minutes spent weekly tracking training	Interviews	15	15	15
B8	Manager time saved during compliance season	B4*(B5-B6) *B7/60	2,370	2,370	2,370
B9	Fully-burdened hourly rate per business line manager	Composite	$62	$62	$62
B10	Productivity recapture rate	TEI standard	50%	50%	50%
B11	**Subtotal: Streamlined training**	**B8*B7*B9**	**$73,470**	**$73,470**	**$73,470**
Bt	Compliance savings	B3+B11	$1,873,470	$1,873,470	$1,873,470
	Risk adjustment	↓20%			
Btr	Compliance savings (risk-adjusted)		$1,498,776	$1,498,776	$1,498,776
	Three-year total: $4,496,328		**Three-year present value: $3,727,234**		

REDUCED ONBOARDING COSTS

Evidence and data. Employees, customers, and partners accessed training modules, orientation videos, interactive courses, and documentation on demand, significantly reducing the need for travel and in-person training sessions. By reducing the time and resources required for in-person onboarding activities, organizations minimized costs associated with travel, accommodation, facilities, and instructor fees, resulting in substantial cost savings while still delivering a high-quality onboarding experience.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Its average turnover rate of employees, customers, and partners is 18%.

Risks. The risk that other organizations may experience different values for this benefit is related to:

- The size of the employee base, customer base, and partner ecosystem.
- Individual retention metrics.
- Existing onboarding processes.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $2.4 million.

Reduced Onboarding Costs

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Partners	Composite	200	200	200
C2	Average Absorb LMS learners per partner organization	Interviews	25	25	25
C3	Learners in partner organizations	C1*C2	5,000	5,000	5,000
C4	Employees	Composite	10,000	10,000	10,000
C5	Employees and partners	C1+C4	15,000	15,000	15,000
C6	Average turnover rate	Composite	18%	18%	18%
C7	Number of onboarded users	C5*C6	2,700	2,700	2,700
C8	Reduced time required to complete full new hire onboarding (days)	Composite	2	2	2
C9	Average daily onboarding cost per new employee or partner	Composite	$200	$200	$200
Ct	Reduced onboarding costs	C7*C8*C9	$1,080,000	$1,080,000	$1,080,000
	Risk adjustment	↓10%			
Ctr	Reduced onboarding costs (risk-adjusted)		$972,000	$972,000	$972,000
	Three-year total: $2,916,000			**Three-year present value: $2,417,220**	

$200

Reduced onboarding costs per employee, customer, or partner

> "The past couple of years have completely changed our needs and requirements around onboarding and Absorb LMS has allowed us to evolve from a local onboarding experience to a true global onboarding experience."
>
> LMS INTEGRATION SPECIALIST, SOFTWARE

EMPLOYEE ONBOARDING TIME SAVINGS

Evidence and data. Absorb LMS provided a seamless onboarding experience that empowered employees to quickly gain required skills and knowledge to start contributing meaningfully to their teams, ultimately expediting time to productivity. Organizations leveraged customizable learning paths and interactive modules to deploy a targeted onboarding experience to a distributed network of in-person, remote, and hybrid employees.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The average turnover rate of employees and partners is 18%.
- The average fully-burdened hourly rate per new employee is $38.

Risks. The risk that other organizations may experience different values for this benefit is related to:

- The size of the employee base.
- Individual retention metrics.
- Existing onboarding processes.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.2 million.

Employee Onboarding Time Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	Employees	Composite	10,000	10,000	10,000
D2	Average turnover rate	Composite	18%	18%	18%
D3	New employees	D1*D2	1,800	1,800	1,800
D4	Total onboarding period prior to Absorb LMS (days)	Interviews	5	5	5
D5	Total onboarding period with Absorb LMS (days)	Composite	3	3	3
D6	Reduced time required to complete full new hire onboarding (days)	D4-D5	2	2	2
D7	Fully-burdened hourly rate per new employee	Composite	$38	$38	$38
D8	Productivity recapture rate	TEI standard	50%	50%	50%
Dt	Employee onboarding time savings	D3*D6*D7*D8*8	$547,200	$547,200	$547,200
	Risk adjustment	↓10%			
Dtr	Employee onboarding time savings (risk-adjusted)		$492,480	$492,480	$492,480
	Three-year total: $1,477,440		**Three-year present value: $1,224,725**		

40%

Faster onboarding time

> "Employees are now automatically enrolled in all the courses relevant to their role the day they are hired. We no longer have to manually assign anything and that has saved us so much time."
>
> SENIOR LEARNING CONSULTANT, FINANCIAL SERVICES

INCREMENTAL PROFIT FROM EXTERNALLY-MONETIZED COURSEWORK

Evidence and data. Beyond leveraging Absorb LMS for internal consumption, some organizations sought to use the platform to create and monetize external coursework. The platform's customizable branding options allowed these organizations to maintain their unique brand identity throughout the learning experience, and enhanced their credibility without compromising on quality or cost. Additionally, Absorb LMS's flexible pricing models and secure payment integrations streamlined the process of selling courses, enabling organizations to generate revenue directly from their online learning offerings.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Its operating margin is 22%. Software and services companies' operating margins typically range from 15% to 30%.[2]

Risks. The risk that other organizations may experience different values for this benefit is related to:

- The number of potential customers for paid coursework.
- Individual industry and operating characteristics driving margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.1 million.

Incremental Profit From Externally-Monetized Coursework

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Learners taking paid certification/coursework	Interviews	5,000	5,000	5,000
E2	Average cost per course/certification	Interviews	$500	$500	$500
E3	Revenue generated from selling coursework/certifications to partners	E1*E2	$2,500,000	$2,500,000	$2,500,000
E4	Operating margin	Composite	22%	22%	22%
Et	Incremental profit from externally-monetized coursework	E1*E2*E3	$550,000	$550,000	$550,000
	Risk adjustment	↓20%			
Etr	Incremental profit from externally-monetized coursework (risk-adjusted)		$440,000	$440,000	$440,000
	Three-year total: $1,320,000		**Three-year present value: $1,094,215**		

> "By offering comprehensive training and certifications, we enable our customers to fully leverage our capabilities, thereby accelerating their onboarding process and reducing time to market. This creates a win-win situation, where customers gain expertise and proficiency while we benefit from increased adoption and customer loyalty."
>
> LMS INTEGRATION STRATEGIST, SOFTWARE

STREAMLINED REPORTING TIME SAVINGS

Evidence and data. All interviewees said their organization saved valuable time by simplifying the process of generating comprehensive reports on the progress of their learning programs. Rather than repetitively generating daily progress reports for each active program, learning and development admins could now generate a single report covering all active programs with Absorb LMS. Furthermore, admins gained access to real-time data on learner engagement, completion rates, and performance metrics, thus further augmenting the analytic capacity of the learning and development team.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The average fully-burdened hourly rate of a learning and development administrator is $58.

Risks. The risk that other organizations may experience different values for this benefit is related to:

- The number of unique learning programs.
- Average learning program duration.

- The effectiveness of existing LMS reporting processes.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $968,000.

Streamlined Reporting Time Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
F1	Learning programs delivered	Composite	1,000	1,000	1,000
F2	Minutes required to generate a single status report prior to Absorb LMS	Interviews	10	10	10
F3	Average learning program duration (days)	Interviews	90	90	90
F4	Hours spent generating learning program status reports, prior to Absorb LMS	(F1*F2*F3)/60	15,000	15,000	15,000
F5	Hours spent generating status reports, with Absorb LMS	20 minutes per day*260 work days	87	87	87
F6	Hours saved generating status reports with Absorb LMS	F4-F5	14,913	14,913	14,913
F7	Fully-burdened hourly rate per learning and development administrator	Composite	$58	$58	$58
F8	Productivity recapture rate	TEI standard	50%	50%	50%
Ft	Streamlined reporting time savings	F6*F7*F8	$432,487	$432,487	$432,487
	Risk adjustment	↓10%			
Ftr	Streamlined reporting time savings (risk-adjusted)		$389,238	$389,238	$389,238
	Three-year total: $1,167,714		**Three-year present value: $967,977**		

99%

Time saved on reporting

> "We can now have a single report instead of hundreds and I can simply filter to get what I need. That alone has drastically reduced the amount of time that I spend on reporting by at least 90%."
>
> LEARNING AND DEVELOPMENT ADMINISTRATOR, FINANCIAL SERVICES

GROSS MARGIN IMPACT FROM INCREASED CX

Evidence and data. Absorb LMS offers comprehensive training resources and personalized learning paths which enabled organizations to empower their employees to deliver superior customer service and support, making them more adept at addressing customer inquiries and efficiently resolving issues. Additionally, end users themselves could access self-service training modules, enhancing their understanding and usage of various products or services. These two factors contributed to a meaningful difference in CX scores and associated downstream revenues.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The incremental revenue impact of a one-point boost in CX score is $0.62 per customer.[3]
- The gross margin for direct-to-consumer sales is 85%.
- The composite serves 500,000 end users.

Risks. The risk that other organizations may experience different values for this benefit is related to:

- The size of the customer base and extent to which training is deployed to different customer segments.

- Industry characteristics, which can have a significant impact on margins and the revenue uplift experienced by boosting CX scores.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $590,000.

Gross Margin Impact From Increased CX

Ref.	Metric	Source	Year 1	Year 2	Year 3
G1	End-users	Composite	500,000	500,000	500,000
G2	Average increase in CX score with Absorb LMS (in points)	Composite	1	1	1
G3	Annual incremental revenue per customer per point increase in CX score	Composite	$0.62	$0.62	$0.62
G4	Gross margin	Composite	85%	85%	85%
Gt	Gross margin impact from increased CX	G1*G2*G3*G4	$263,500	$263,500	$263,500
	Risk adjustment	↓10%			
Gtr	Gross margin impact from increased CX (risk-adjusted)		$237,150	$237,150	$237,150
	Three-year total: $711,450		**Three-year present value: $589,757**		

One-point

Improvement in CX scores

> "Absorb LMS has given our service staff more confidence and competence with our products, which in turn has made our customers happier and more willing to purchase add-ons."
>
> EDUCATION AND TRAINING MANAGER, CONSTRUCTION

REDUCED SUPPORT COSTS

Evidence and data. Absorb LMS significantly decreased the number of IT support tickets related to coursework. These organizations primarily credited Absorb LMS's intuitive user interface, seamless navigation, and helpful alerts and reminders that enable users to troubleshoot common issues independently, thereby minimizing the need for IT support on simple issues (e.g., password resets, course enrollment, or tracking course progress).

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The average fully-burdened hourly rate per support staff is $49.
- The average fully-burdened hourly rate per learning and development administrator is $58.

Risks. The risk that other organizations may experience different values for this benefit is related to:

- The number of daily technical and help desk support tickets related to existing LMS software.
- The nature and complexity of existing technical and help desk support tickets.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $383,000.

20% and 80%

Reduction in advanced technical support and general help desk tickets, respectively.

"Support tickets have gone down between 70% and 80% since implementing Absorb LMS. We get almost no technical issues anymore and our users are now mostly able to resolve simpler help desk issues on their own."

LEARNING AND DEVELOPMENT ADMINISTRATOR, FINANCIAL SERVICES

Reduced Support Costs					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
H1	Average daily technical support tickets made by partners, prior to Absorb LMS	Interviews	20	20	20
H2	Reduction in daily technical support tickets made by partners, with Absorb LMS	Composite	20%	20%	20%
H3	Reduced technical support tickets made by partners with Absorb LMS	H1*H2	4	4	4
H4	Average resolution time per technical support ticket (hours)	Composite	0.8	0.8	0.8
H5	Time saved resolving technical support tickets with Absorb LMS (hours)	H3*H4*260	832	832	832
H6	Fully-burdened hourly rate per IT technical support	Composite	$49	$49	$49
H7	**Subtotal: Streamlined technical support**	**H5*H6**	**$40,768**	**$40,768**	**$40,768**
H8	Average daily help desk tickets related to employee learning courses, prior to Absorb LMS	Interviews	100	100	100
H9	Reduction in daily help desk tickets related to learning courses, with Absorb LMS	Composite	80%	80%	80%
H10	Reduced help desk tickets with Absorb LMS	H8*H9	80	80	80
H11	Average resolution time per help desk ticket related to learning coursework, in hours	Composite	0.25	0.25	0.25
H12	Time saved resolving help desk tickets related to learning coursework with Absorb LMS (hours)	H10*H11*260	5,200	5,200	5,200
H13	Fully-burdened hourly rate per learning and development administrator	Composite	$58	$58	$58
H14	**Subtotal: Streamlined help desk support**	**H11*H12*H13**	**$301,600**	**$301,600**	**$301,600**
H15	Productivity recapture rate	TEI standard	50%	50%	50%
Ht	Reduced support costs	(H7+H14)*H15	$171,184	$171,184	$171,184
	Risk adjustment	↓10%			
Htr	Reduced support costs (risk-adjusted)		$154,066	$154,066	$154,066
Three-year total: $462,197			**Three-year present value: $383,138**		

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Absorb LMS and later realize additional uses and business opportunities, including:

- **Leveraging Absorb LMS as a content partner.** While interviewees said their organizations either generated their own unique content or relied on other third parties for content, some interviewees considered the potential benefits of leveraging Absorb not only as a learning platform, but also its partner ecosystem for content generation and management. In doing so, they could offload much of the content generation process, reduce the number of vendors and therefore simplify their learning and development programs, and more deeply embed Absorb LMS as a key partner.
- **Third-party integrations.** Interviewees found Absorb's integrations with industry-leading HR systems, communications software, and content providers to be a key differentiator from alternative LMS platforms. These integrations help organizations deploy learning content, tools, and alerts across various channels while enabling users to be more productive with the applications they already use. Many organizations are continuing to uncover new and useful integrations while closely monitoring the future integration roadmap.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

> "Absorb's integrations with content providers are extraordinary and allow us to easily review content, bookmark it, and create a playlist."
>
> SENIOR MANAGER OF LEARNING AND DEVELOPMENT, SPORTS

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Itr	Planning, deployment, and management	$1,460,085	$119,353	$119,353	$119,353	$1,818,145	$1,756,899
Jtr	Absorb LMS software and support	$44,000	$242,000	$242,000	$242,000	$770,000	$645,818
	Total costs (risk-adjusted)	$1,504,085	$361,353	$361,353	$361,353	$2,588,145	$2,402,717

PLANNING, DEPLOYMENT, AND MANAGEMENT

Evidence and data. Initially, organizations underwent a thorough planning phase to assess the organization's training needs, define objectives, and outline the desired features and functionalities of Absorb LMS. This was followed by the deployment phase in which existing learning and development admins, HR teams, and IT teams collaborated with Absorb's support staff to configure the platform according to the organization's specifications, customize the user interface, and migrate existing training materials as needed. Finally, they conducted training sessions for administrators to ensure a smooth transition and equip them to perform ongoing management tasks like monitoring user engagement, tracking progress, and optimizing the platform based on feedback and performance metrics.

Modeling and assumptions. To quantify the value of this cost, Forrester assumes the following about the composite organization:

- The average fully-burdened yearly rate per learning and development director is $168,750.
- The average fully-burdened yearly rate per human resources manager is $120,640.

- The average fully-burdened yearly rate per IT project manager is $72,800.

Risks. The risk that other organizations may experience different values for this cost is related to:

- The complexity of migration from the existing LMS platform.
- The number and types of LMS use cases.
- The degree of external support received.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.8 million.

> "We had a challenging implementation which required configuring our systems twice daily, but we got through it thanks to some great support from the Absorb team. I've never seen that kind of nimble delivery before and I couldn't be a bigger fan."
>
> SENIOR MANAGER OF LEARNING AND DEVELOPMENT, SPORTS

Planning, Deployment, And Management						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
I1	Learning and development FTE hours required pre- and post-implementation	Interviews	5.0	0.5	0.5	0.5
I2	Fully-burdened yearly rate per learning and development director	Composite	$168,750	$168,750	$168,750	$168,750
I3	Human resources FTE hours required pre- and post-implementation	Interviews	2.5	0.2	0.2	0.2
I4	Fully-burdened yearly rate per human resources manager	Composite	$120,640	$120,640	$120,640	$120,640
I5	Project managers hours required during implementation	Composite	2.5	0.0	0.0	0.0
I6	Fully-burdened yearly rate per IT project manager	Composite	$72,800	$72,800	$72,800	$72,800
It	Planning, deployment, and management	(I1*I2)+(I3*I4)+(I5*I6)	$1,327,350	$108,503	$108,503	$108,503
	Risk adjustment	↑10%				
Itr	Planning, deployment, and management (risk-adjusted)		$1,460,085	$119,353	$119,353	$119,353
	Three-year total: $1,818,145			**Three-year present value: $1,756,899**		

ABSORB LMS SOFTWARE AND SUPPORT

Evidence and data. Fees paid to Absorb consisted of software licensing, optional premium support, and implementation costs.

- Several organizations opted for multiyear contracts, billed for the same amount annually.
- Optional Elite support consisted of advanced technical assistance, faster response times, priority handling of tickets, and often a dedicated support representative.

Modeling and assumptions. To quantify the value of this cost, Forrester assumes the following about the composite organization:

- It opts for elite support services and implementation services from Absorb LMS. These services are optional and come with an additional fee on top of software licensing.

Risks. The risk that other organizations may experience different values for this cost is related to:

- The number of LMS users.
- The number and types of LMS use cases.
- Varying support needs.
- The complexity of migration from the existing LMS platform.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $646,000.

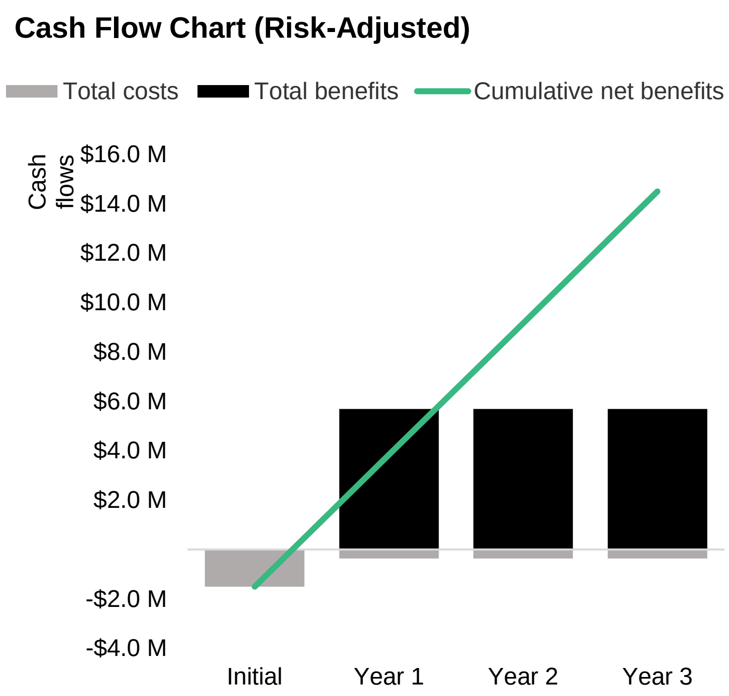
> "Our initial migration went smoothly and it became obvious that Absorb had invested in their support teams. We're getting very fast service and fast response times on support."
>
> LEARNING AND DEVELOPMENT ADMINISTRATOR, FINANCIAL SERVICES

Absorb LMS Software And Support

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
J1	Absorb LMS software costs	Composite	$0	$200,000	$200,000	$200,000
J2	Absorb LMS elite service	Composite	$0	$20,000	$20,000	$20,000
J3	Absorb LMS implementation services	Composite	$40,000	$0	$0	$0
Jt	Absorb LMS software and support	J1+J2+J3	$40,000	$220,000	$220,000	$220,000
	Risk adjustment	↑10%				
Jtr	Absorb LMS software and support (risk-adjusted)		$44,000	$242,000	$242,000	$242,000
	Three-year total: $770,000		**Three-year present value: $645,818**			

Financial Summary

Consolidated Three-Year Risk-Adjusted Metrics



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($1,504,085)	($361,353)	($361,353)	($361,353)	($2,588,145)	($2,402,717)
Total benefits	$0	$5,695,710	$5,695,710	$5,695,710	$17,087,129	$14,164,386
Net benefits	($1,504,085)	$5,334,356	$5,334,356	$5,334,356	$14,498,984	$11,761,669
ROI						490%

APPENDIX A: TOTAL ECONOMIC IMPACT

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

APPENDIX B: SUPPLEMENTAL MATERIAL

Related Forrester Research

"The Learning Management System And Experience Platform Landscape, Q4 2023," Forrester Research, Inc., October 13, 2023.

"What You Don't Know About Learning Design Is Costing You More Than You Think," Forrester Research, Inc., September 8, 2022.

APPENDIX C: ENDNOTES

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[1] Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

[2] Source: Aswath Damodaran, "Margins By Sector (US)," NYU Stern School of Business, January, 2024.

[3] Source: "How Customer Experience Drives Business Growth," Forrester Research, Inc., October 13, 2023.

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