

The Total Economic Impact™ Of Cornerstone's Learning And Content Solutions

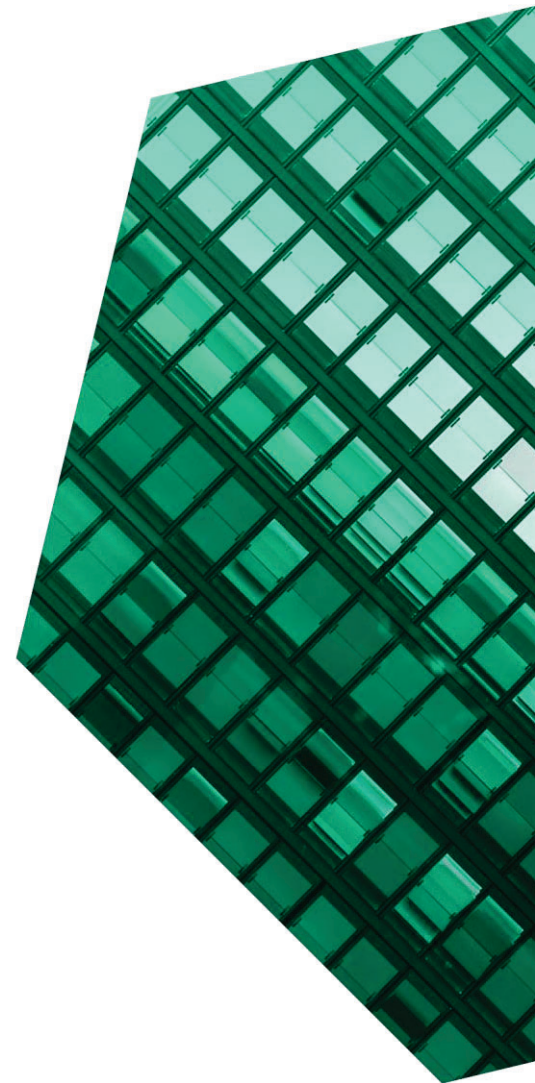
Cost Savings And Business Benefits
Enabled By Cornerstone's Learning And Content
Solutions

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Executive Summary

Learning has become a powerful tool to support critical business priorities such as enabling innovation, facilitating continuous transformation, extending knowledge beyond the enterprise boundaries, optimizing employee experience, and building the future workforce. The COVID-19 pandemic accelerated this journey, and few organizations are looking back. Moving forward with a growth mindset, companies must develop employees to execute their visions for the future.

Learning strategy has reached the boardroom as companies acknowledge that human capital is the primary value driver. In November 2020, the Securities and Exchange Commission (SEC) mandated that publicly traded companies must report human capital metrics such as the percentage of employees who have completed compliance training or the percentage of managers who receive leadership development.¹

[Cornerstone's learning technology platform](#) allows organizations to meet human capital goals and metrics with an integrated talent solution that offers rich functionality to support a wide variety of learning use cases. Cornerstone's content solution provides premium learning content that features award-winning original series and content from top learning brands. Topics covered include professional skills, leadership and management, compliance, technology, remote work, and diversity, equity, and inclusion (DEI). Delivered through AI-powered technology, the content is available through several category subscriptions that feature multiple modalities for all types of learners across organizations. And Cornerstone provides robust customer support that drives user engagement strategies that help customers meet learning and business goals.

Cornerstone commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Cornerstone

KEY STATISTICS



Return on investment (ROI)

543%



Net present value (NPV)

\$11.82M

learning and content solutions.² The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Cornerstone's learning solution and content solutions on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using Cornerstone's learning and content solutions. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#).

Prior to using Cornerstone, interviewees' organizations either cobbled together some kind of site to share learning content or used a legacy learning management system (LMS) that wasn't user-friendly or scalable. Their existing platforms and content did not engage users in proactive learning; instead, they took only the required courses. And in-person training was expensive and risked delivering inconsistent messaging to employees.

After investing in Cornerstone's learning and content solutions, interviewees' organizations made gains in efficiency, consistency, and compliance. Interviewees described scenarios where their organizations could move almost 90% of their onboarding training online. Others rationalized their organization's compliance training content, saving managers 10 hours of training time.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits through:

- **Efficiency savings.** Learning and development are important levers executives utilize to grow their businesses. Today, learning strategy and compliance are now board-level discussions. Without a scalable platform and high-quality, curated content, learning teams spend hours creating their own courses or they heavily depend on costly and time-consuming, in-person training. To realize the business benefits that learning can deliver with Cornerstone, companies must invest time and resources to provide engaging, high-quality learning content. Interviewees said Cornerstone learning and development teams saved more than 60 hours per course using Cornerstone compliance content. Employees were able to increase their productivity by reducing the number of mandatory training hours by more than 50%.
- **Consistency gains.** To meet the needs of changing workforce dynamics, companies must deliver clear and consistent messages to their employees. Cornerstone enables training managers to standardize onboarding and learning programs. By using Cornerstone, interviewees said their employees could clearly articulate the company missions, product specifications, and new policies with the same level of proficiency. Due to Cornerstone's onboarding and product training, one interviewee said their company increased its hiring pool by

25% and saved more than \$1.1 million in hiring and recruiting costs.

- **Compliance savings.** Interviewees said compliance with mandatory training and the need to distribute, track, and encourage ethical workplace behaviors are leading reasons organizations deploy learning management systems. Without an LMS, the tracking process can be unwieldy, and some interviewees reported taking the risk of non-compliance. A head of capability with a utility company said their organization was fined £150 million because it was unable to show proof of mandatory training. The company successfully avoided paying the fine by utilizing Cornerstone's learning and content solutions to build an extensive training program. The interviewee said: "We did a huge overhaul of how learning and development work with the operation with new field coaches, a new suite of content, and new training partners for specialist content. It was expensive but was a lot less than a £150 million fine."

**"We've got lots of ways to ensure that our folks are trained. We can prove it, we can track it, and we can report on it. The analytics in the [Cornerstone] LMS are great.
AVP of LMS education solutions,
financial services**

Unquantified benefits. Benefits that are not quantified for this study include:

- **Having a lighthouse in a sea of change.** The COVID-19 pandemic forced workforces to

change practically overnight. Online training allowed companies to pivot quickly by providing managers with increased visibility into their teams' needs and skill sets. Change is hard especially when it happens so quickly, but interviewees said using Cornerstone's content subscriptions helped their organizations provide much-needed guidance to leaders who promptly built their skill sets to manage remote teams.

- **Realizing the value of combining content with an LMS.** Interviewees said Cornerstone learning content and the Saba Cloud/Cornerstone learning solutions work together to allow maximum flexibility with minimal integration effort. An interviewee from a financial services firm said their organization leveraged security content from Cornerstone and a third-party provider to create a certification course that raised awareness to avoid future security issues.
- **Increased preparedness for emergencies.** The same interviewee said their organization used content from the Cornerstone compliance package to satisfy needs beyond mandatory diversity and inclusion (D&I) courseware. The firm deployed active-shooter training it previously struggled to find. Fortunately, when a scary situation arose in a branch, employees were well prepared and remained safe.
- **Increased engagement leads to increased employee satisfaction.** A head of capability for a UK-based utility company said their organization invests £11 per person for learning opportunities and that it changed its messaging to employees. The interviewee said: "It's no longer about the company telling you what to learn; it's giving employees the time and the tools. Now they need to drive themselves to learn."
- **Increased internal mobility.** A VP of global people development at a wholesale and retail organization said their firm wants 50% of its job

promotions to come from internal resources. They leveraged Cornerstone's learning and content solutions to solidify skills and upskill its workers for future opportunities.

Costs. Risk-adjusted PV costs include:

- **Planning and implementation.** Interviewees' organizations paid costs related to implementing Cornerstone's learning and content solutions. The composite organization dedicates an internal team of 15 employees (with two dedicated full-time employees) and a systems partner to collaborate for global deployment.
- **Annual license fees.** Interviewees' organizations paid licensing costs based on the size of the organization, the modules deployed, and the organization's geography.
- **Ongoing administration.** Interviewees said their organizations trained cross-functional teams of employees who dedicated time to the ongoing global administration of Cornerstone's learning and content solutions.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$14.00 million over three years versus costs of \$2.18 million, adding up to a net present value (NPV) of \$11.82 million and an ROI of 543%.



ROI
543%



BENEFITS PV
\$14.00M



NPV
\$11.82M



PAYBACK
<6 months

Benefits (Three-Year)

Efficiency savings

\$7.3M

Consistency gains

\$2.4M

Compliance savings

\$4.3M

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Cornerstone's learning and content solutions.

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 Cornerstone's learning and content solutions can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Cornerstone 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 Cornerstone's learning and content solutions.

Cornerstone 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.

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



DUE DILIGENCE

Interviewed Cornerstone stakeholders and Forrester analysts to gather data relative to Cornerstone's learning and content solutions.



DECISION-MAKER INTERVIEWS

Interviewed four decision-makers at organizations using Cornerstone's learning and content solutions to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



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 decision-makers.



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 Cornerstone Learning And Content Solutions Customer Journey

■ Drivers leading to the investment in Cornerstone's learning and content solutions

Interviewed Decision-Makers			
Interviewee	Industry	Region	Company size
Head of capability	Utility	UK	7,500 employees and 10,500 contractors
Business initiative consultant	Financial services	Global	250,000 employees
AVP of LMS education solutions	Financial services	US	10,500 employees
VP of global people development	Wholesale and retail	Global	9,000 employees

KEY CHALLENGES

Before working with Cornerstone, interviewees' organizations had various forms of learning management systems. Some were rudimentary and simply housed learning content on a document management system. Users struggled to find the content they needed, and administrators could not create, track, or manage required course regulations.

The interviewees noted how their organizations struggled with common challenges, including:

- **Users only begrudgingly took required courses and struggled to find additional engaging learning content.** Before using Cornerstone, users who wanted to grow their skills experienced challenges finding suitable courses in their organization's previous LMS. A business initiative consultant in the financial services industry described their user experience by saying: "The [previous] LMS was just a house for courseware if I had my course code. If I looked up something by name only, I might have had to look through 70 pages worth of courses to find what I was looking for."
- **Legacy learning management systems were not scalable.** Interviewees' said their organizations' LMS platforms didn't meet their needs during rapid growth or global expansion.

Further, creating learning content was onerous and often requiring too many clicks. An AVP of LMS education solutions at a financial services organization said: "We have lots of guides and resources that we self-develop, and the only way we could do that within the old system was [with] many, many clicks. Our old system was better than a spreadsheet for compliance purposes. But we were growing quickly, the [legacy] system had very quickly outgrown its use, and we needed something scalable."

"I only went there for [specific purposes], and those were to look up a course that I had to take, [to take] my required training, or [for] new hire training."

*Business initiative consultant,
financial services*

- **Inconsistent messages led to inconsistent responses.** A head of capability at a utility company used the parable, “Equal is one version of truth” to describe their previous system. To illustrate this story, he said: “Roughly 10,000 people a year need to do the [utility safety] training module, and it has to be done every year. When that training is delivered through 30 different trainers a year, you get a slightly different message. Using [Cornerstone] LMS, we deployed the same training material to our employees, our direct contractors, and our indirect contractors.”

The same interviewee said there are consequences to inconsistent training. They said that without uniform messages on safety procedures, it would put both employees and the public at risk.

- **A lack of compliance subjected organizations to risk.** Interviewees from organizations that could offer compliance training tracked it manually on paper or in spreadsheets, which was time-consuming and risky. Other interviewees said their organizations chose to forgo compliance training altogether. Before deploying Cornerstone, the VP of global people development said: “We weren’t doing compliance, and it was a huge risk. It just didn’t exist.” But the interviewee said that after deploying Cornerstone, he tracks employee completion rates and that he stands behind those facts in investor reports. He said, “We just listed in our most recent [Form] 10-K that we have over a 99% global completion rate.”

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

Interviewees said employees expect their workplace technology experiences to be of the same caliber as how they interact with technology in their personal lives. In trying to meet this expectation, interviewees’ organizations looked for a system to deliver a modern

learning experience. Their organizations wanted a solution that improved their learning infrastructures in the following areas:

- **Efficiency.** Interviewees’ organizations wanted a solution that would increase productivity for employees who were responsible for curating and creating learning content. They also desired a platform and related content that would allow their organizations to optimize onboarding processes with online training.
- **Consistency.** The organizations needed an LMS and a content package that would be robust but also configurable enough to adapt to organizational needs. Interviewees needed to deliver consistent messages across all roles and geographies where they conduct business.
- **Compliance.** Interviewees said it was a must for their learning partner to provide trusted, curated, and engaging compliance content. They also wanted a learning platform with deep compliance capabilities to manage versions and certifications and to track and monitor completion rates.

“The biggest challenge [with our previous solution] was consistency and record management. There was very poor, almost nonexistent training-record management. When asked for training records by regulators, the team couldn’t supply them.”

Head of capability, utility

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 four decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a US-based financial services firm with 10,500 employees and 700 managers at 30 global locations (20 of which are in the US). It generates \$15 billion in annual revenue, and the average transaction per consumer is \$8,000.

The composite is a market leader in its space, and it has experienced rapid growth during the past three years. This has driven the company to hire quickly, and it more than doubled its employee base during the past three years.

Each country in which the firm operates has its own regulations around employees taking industry-specific and compliance training each year.

Deployment characteristics. The composite seeks to deliver consistent messaging across all roles and in the geographies where it conducts business. In addition to deploying Cornerstone learning and content solutions to its US locations, the composite also needs to deploy to two European sites that have their own sets of regulations. The company gives each of its employees and managers access to Cornerstone.

Key assumptions

- **Financial services firm**
- **\$15B in annual revenue**
- **30 global locations**
- **10,500 employees**
- **700 managers**
- **Average transaction per consumer: \$8K**

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	Efficiency savings	\$3,048,000	\$2,864,000	\$2,864,000	\$8,776,000	\$7,289,617
Btr	Consistency gains	\$930,240	\$986,054	\$1,045,218	\$2,961,512	\$2,445,881
Ctr	Compliance savings	\$1,715,200	\$1,715,200	\$1,715,200	\$5,145,600	\$4,265,449
	Total benefits (risk-adjusted)	\$5,693,440	\$5,565,254	\$5,624,418	\$16,883,112	\$14,000,947

EFFICIENCY SAVINGS

Evidence and data. Interviewees said Cornerstone learning and content solutions play a crucial role in optimizing their organizations' business. By deploying Cornerstone's learning and content solutions, interviewees described ways they were able to improve processes for their organizations:

- A head of capability at a utility company described some of their productivity gains regarding mandatory safety training: "We shifted from being 100% classroom to being 14% classroom in the first quarter. We used to block out a whole day for mandatory safety training. Now, we only book the 2 hours needed for training so employees can get back to work." The organization condensed its onboarding training from two days of in-person training to one day of virtual training. And virtual learning eased the burden of scheduling mandatory training for third-party contractors. The head of capability said: "Being virtual on [Cornerstone] LMS from the first day of employment saved us a day of training. There are savings there. But, more importantly, we now have greater efficiency."
- Interviewees' organizations saved time by leveraging Cornerstone content instead of creating it from scratch. Interviewees reported

that it took upwards of 60 hours to build 1 hour of learning content, and 240 hours to design an in-person workshop.

- Describing the process for creating one compliance course, an AVP of learning education services said: "If we were going to develop that in house, we're looking at two, three, to four weeks of primary development time for one curriculum development person. Then, every year, we would spend a couple of weeks of updating it — and that's just development time. In addition, our compliance officer spends time staying up with

"It is beneficial to our organization and our learners to have Cornerstone curate outstanding content in these key areas that are universal and off-the-shelf. It makes financial sense to have [a company] like Cornerstone doing that for our organization."

Business initiative consultant, financial services

the regulations and making sure training content is current.”

- A VP of global people development at a wholesale and retail organization said: “There’s an equation that says for 1 hour of learning I build online; it takes 60 hours of labor. Simulations or complex modules can take up to a couple hundred hours. A typical 3-hour workshop could take up to 240 hours of time. If you use the 60:1 ratio, we have 6,000 pieces of content from Cornerstone. Some of them are 2 minutes long, and some of them are 10 minutes long. Let’s assume that’s an average of 5 minutes. So, 6,000 modules times 5 minutes [equals] 30,000 minutes divided by 60. That’s 500 hours times 60, which would take 30,000 labor hours. One person would have taken 14 years to build that content, or I would have had to hire 14 FTEs to build it in a year.”

Modeling and assumptions. Forrester modeled the benefit of efficiency savings for the composite organization by quantifying the savings from two use cases: initial onboarding training and time savings due to curating standardized, off-the-shelf training. For the composite organization, Forrester assumes the following:

Efficiency gains in onboarding expenses

- Before implementing Cornerstone, the composite’s employees traveled to headquarters for a five-day training course.
- Expenses from the training course included, parking, lunch, and (in some cases) flights and hotels. The average expense per employee was \$1,040.
- The number of new employees and contractors onboarded per year is 1,200.
- By leveraging Cornerstone’s learning and content solutions, the organization moved 100% of its

new-employee training online and reduces the number of content days by 50%.

“Without Cornerstone content, we just couldn’t offer the things we offer. It’s a 100% improvement because there’s no way we could have the quality, the quantity, or the mix of content that’s needed today in an ever-evolving world without curation.”

VP of global people development, wholesale and retail

Efficiency gains due to content creation and curation

- The composite offers a choice of 6,000 pieces of content to their learners.
- The average length of a piece of Cornerstone learning content is 5 minutes.
- The composite requires an average of 60 hours to create 1 hour of learning.
- The composite requires 30,000 total labor hours to create 6,000 learning modules in Year 1. In Years 2 and 3, the composite needs less time to update and refresh that content.
- Fifty percent of the time saved is applied to additional work.

Risks. The impact of this benefit may vary depending on:

- Whether or not the organization chooses to offer 6,000 learning modules to their employees.

- Whether the organization leverages only the Cornerstone's learning platform and not the curated content offering.
- The size and the scope of the organization.

three-year, risk-adjusted total PV (discounted at 10%) of \$7.28 million.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a

Efficiency Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of training days required to onboard an employee	Composite	5	5	5
A2	Reduced expenses related to classroom training	Composite	\$1,040	\$1,040	\$1,040
A3	Number of employees onboarded per year	Composite	1200	1200	1200
A4	Percent reduction in training days moving from classroom training to 100% virtual training	Composite	50%	50%	50%
A5	Subtotal: Efficiency gains in onboarding expenses	$A1 \times A2 \times A3 \times A4$	\$3,120,000	\$3,120,000	\$3,120,000
A6	Number of pieces of content	Composite	6,000	4,000	4,000
A7	Average time of content (minutes)	Interviews	5	5	5
A8	Total time of content (hours)	$(A6 \times A7) / 60$ minutes	500	333	333
A9	Average time to create one hour of learning (hours)	Interviews	60	60	60
A10	Labor time to create content before using Cornerstone (hours)	$A8 \times A9$	30,000	20,000	20,000
A11	Average fully burdened salary for learning professional	TEI Standard	\$46	\$46	\$46
A12	Productivity recapture	TEI Standard	50%	50%	50%
A13	Subtotal: Efficiency gains with Cornerstone due to time saved curating and creating content	$A10 \times A11 \times A12$	\$690,000	\$460,000	\$460,000
At	Efficiency savings	$A5 + A13$	\$3,810,000	\$3,580,000	\$3,580,000
	Risk adjustment	↓20%			
Atr	Efficiency savings (risk-adjusted)		\$3,048,000	\$2,864,000	\$2,864,000
Three-year total: \$8,776,000			Three-year present value: \$7,289,617		

CONSISTENCY GAINS

Evidence and data. Communication and training are vital responsibilities for any organization. As companies grow, so does the challenge of delivering clear and consistent messaging to their employees. Whether the purpose is to help employees stay on brand, create leadership messages, roll out new functions, or ensure safety throughout the organization, companies need strategies to communicate consistent messages and practices to employees, contractors, and stakeholders.

Interviewees said their organizations used various use cases in which training delivered consistent messaging that led to tangible business benefits.

A VP of global people development at a wholesale and retail organization said their company sells branded smartwatches in their stores. The watches are manufactured by a third party, and they're also sold through a retail partner network.

"We have 10,000 people a year that need to do the [compliance] training module annually. With 30 different trainers you'll always get a slightly different message. Trying to get contractors booked was always difficult because they had no system to schedule and manage courses, trainers, and availability. By using the LMS, it gave us the ability to deploy the same material to our employees, direct contractors, and indirect contractors."

Head of capability, utility

The organization sends secret shoppers to all of its stores to test salespeople about product features and functions. When the mission is complete, scorecards go back to each retailer. The branded stores typically score a 90 or better for knowledge and sales skills. The VP said: "The only thing we can tell that's different between our stores and our partner retailers is the training we create and deliver. We supply the training to everyone who sells our watches, but not every retailer delivers it to their employees. The scores are significantly lower when companies have not invested in training their employees."

The VP said that because of training, the company outsells their partners four to one. They said, "The biggest driver of sales is the employees' knowledge, which wouldn't be possible if we didn't have Cornerstone to get the content out there."

An AVP of LMS education solutions said, "Before we developed our training program, we wouldn't hire anyone from outside our industry no matter what the position." Decision-makers at the organization believed the learning curve was too steep to ramp outsiders to productivity and bring them into compliance with industry regulations. Since developing the training program, the company has hired 25% of its corporate employees from outside the industry. Today's tight job market benefits from casting a wider net for revenue-generating positions such as sales. The AVP said: "We now have hired between 5% and 10% of sales from outside the industry. Cornerstone enables folks to become productive quickly."

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The model looks at both the time saved in recruiting open positions and the increased revenue production from bringing employees to 100% productivity. Forrester took a conservative approach to the model and only quantified the productivity savings and revenue ramp

associated with new hires from outside of the financial services industry.

Productivity savings due to faster hiring and onboarding of new employees from outside the industry

- The composite hires and trains 1,200 employees each year.
- In Year 1, Cornerstone enables the composite to hire 20% more from outside its industry. This grows to 25% in Year 2 and to 30% in Year 3.
- Cornerstone allows the composite to fill open positions one month faster.
- The average fully burdened salary of a recruiting team member (including managers and recruiters) is \$9,450 per month.
- The composite's recruiters and managers spend an average of 50% of their time hiring for open positions.

Increased revenue due to the ability to train employees from outside the industry to productivity 1 month faster

- This subtotal addressed the impact of hiring an employee and ramping them to productivity one month faster.

- The composite's average revenue per employee is \$8,000 per month.
- Operating margin for the financial services industry is 1.5%.³
- By ramping an employee one month faster, the composite organization enables new revenue of \$1.9 million per year.
- Cornerstone leads to new risk-adjusted annual income of \$28,000.

Risks. The effect of this impact will vary based on:

- The size and scope of the organization.
- The organization's average deal size.
- The number of employees the organization needs to hire each year.
- The average salaries of hiring team members.
- The amount of time the organization saves hiring new employees.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$2.44 million.

Consistency Gains					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of open positions per year	Interviews	1,200	1,200	1,200
B2	Percent of positions recruited from outside the industry	Interviews	20%	25%	30%
B3	Number of positions recruited from outside the industry	B1*B2	240	254	270
B4	Time saved recruiting open positions by managers and talent acquisition (hours)	Composite	1	1	1
B5	Average fully burdened salary of manager and talent acquisition	TEI Standard	\$9,450	\$9,450	\$9,450
B6	Percent of time spent sourcing and hiring employees	Composite	50%	50%	50%
B7	Subtotal: Productivity savings due to faster hiring and onboarding of new employees from outside the industry	B3*B4*B5*B6	\$1,134,000	\$1,202,040	\$1,274,162
B8	Revenue gain per external new hire employee	Composite	\$8,000	\$8,000	\$8,000
B9	Operating margin	Composite	1.5%	1.5%	1.5%
B10	Subtotal: Increased net profit due to having the ability to train employees from outside the industry to productivity one month faster	B8*B9*B3	\$28,800	\$30,528	\$32,360
Bt	Consistency gains	B7+B10	\$1,162,800	\$1,232,568	\$1,306,522
	Risk adjustment	↓20%			
Btr	Consistency gains (risk-adjusted)		\$930,240	\$986,054	\$1,045,218
Three-year total: \$2,961,512			Three-year present value: \$2,445,881		

COMPLIANCE SAVINGS

Evidence and data. Interviewees said Cornerstone LMS helped their organization distribute, track, and encourage safe and ethical workplace behavior by delivering consistent and engaging employee education. They also said fines can be substantial for related offenses. Some interviewees said the tracking process is unwieldy and that their organization took the risk of not tracking, while others said their organization used manual labor to pull records. An AVP of LMS education solutions at a financial services organization said: “We had an audit, and we had to show the training we had pushed out. It took us weeks [to go] through old material and [pull] documentation for the auditor to show that we were in compliance.”

Use cases for interviewees’ organizations extended beyond tracking employee compliance.

An AVP of LMS education services said their organization wanted to protect employees’ time but that it needed to ensure they complied with mandatory training. Before using Cornerstone, managers at the organization took the training courses required for all geographies because its previous vendor had no way to parse out courses by the appropriate state. The AVP said: “We have managers with people in many states [who are] getting assigned the same content repeatedly. The old vendor couldn’t identify differences in each state, so [managers] were assigned as much as 12 hours of anti-harassment training. It was frustrating for our senior-level managers.” After deploying

Cornerstone's learning solution, each of the firm's 700 managers saved 10 hours of extraneous training.

Interviewees said utilities are notoriously fine-heavy, and a head of capability at a utility organization said auditors would fine their firm £150 million annually if the organization didn't improve its training practices. Auditors gave the organization a two-year window to overhaul its records management and learning programs to avoid paying the fine. The interviewee said, "We were able to prove to regulators that we could manage training efficiently through [Cornerstone] LMS."

A VP of global people development at a wholesale and retail organization said Cornerstone helped their organization protect itself against employee lawsuits: "Since we put in [Cornerstone] LMS, we have not had any fines that we've had to pay. Our employment attorney is well-prepared to defend the company because she can prove we provided the training and that the employee signed off on it. The person may get fired, but it doesn't result in a fine. We've had no monetary losses in the last six to seven years due to claims we've been audited for that resulted in court."

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The composite has 700 managers.
- The average fine the US Equal Employment Opportunity Commission (EEOC) levies on the composite for employment-related offenses for financial services firms is \$9.6 million.⁴ The model used this number to be conservative, as the interviews described an annual \$200 million fine.
- Based on interviewee responses, Forrester attributed 20% savings to Cornerstone.

Manager productivity savings achieved when taking compliance training

- The composite curates compliance courses and only assigns courses that individual managers require.
- This saves each manager 10 hours of training time.
- There are 700 managers in the company.
- The fully burdened hourly rate of a manager is \$64.
- Cornerstone is responsible for 20% of the composite's compliance savings.
- Managers apply 50% of the time saved to additional work.

Risks. The impact of this benefit will vary depending on:

- The number of fines the company receives.
- The number of managers within the organization.
- The amount of training each manager is required to take.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$4.26 million.

Compliance Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Avoided fines	Composite	\$9,600,000	\$9,600,000	\$9,600,000
C2	Percentage attributed to Cornerstone	Interviews	20%	20%	20%
C3	Subtotal: Fine avoidance	C1*C2	\$1,920,000	\$1,920,000	\$1,920,000
C4	Hours saved by managers due to curated compliance training	Composite	10	10	10
C5	Number of managers	Composite	700	700	700
C6	Fully burdened hourly salary of manager	TEI Standard	\$64	\$64	\$64
C7	Productivity recapture	TEI Standard	50%	50%	50%
C8	Subtotal: Manager productivity savings achieved when taking compliance training	C4*C5*C6*C7	\$224,000	\$224,000	\$224,000
Ct	Compliance savings	C3+C8	\$2,144,000	\$2,144,000	\$2,144,000
	Risk adjustment	↓20%			
Ctr	Compliance savings (risk-adjusted)		\$1,715,200	\$1,715,200	\$1,715,200
Three-year total: \$5,145,600			Three-year present value: \$4,265,449		

“I let someone know that this year’s anti-harassment training was hands down the best training I’ve ever attended in my career. It was proactive, thoughtful, and full of amazing advice and realistic examples. I found myself thinking about it over the entire weekend. It stuck with me. I hope [to] continue to see this type of training going forward. It’s no surprise our teammates are thinking outside the box to introduce educational and proactive training like this one that are easily relatable and can be applied to anyone’s everyday life. [The] training has me seriously thinking and considering ways I can grow and do better every day.”

— Email sent to the AVP of LMS education solutions

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- Having a lighthouse in a sea of change.** The pandemic forced workforces to change practically overnight. Companies with online training were able to pivot quickly by providing managers with increased visibility into their teams' activity. Cornerstone LMS allowed interviewees' organizations to track required training and prompt employees to complete open assignments. Managers gained the ability to assign new courses that would benefit employees and their teams. In addition, learning and development groups deployed training for managers, which helped them build their skills to manage remote teams. A head of capability with a utility organization said: "Cornerstone enabled people to help themselves navigate through change management, personal time control, and remote management. There's an entire library just dedicated to managing remote teams because, for a lot of managers, there was a real discomfort with going virtual for businesses being face-to-face its entire life history to suddenly go virtual and lose that awareness of presenteeism was hard. We needed to educate managers because suddenly they have to interact with this whole new remote world we're dealing with."
- Realizing the value of combining content with an LMS.** Interviewees said Cornerstone content subscriptions and the Saba Cloud/Cornerstone Learning work very well hand in hand. The AVP of technical education said: "When we bought the content, the Cornerstone team worked with us to identify what each state needed for anti-harassment training. The content consists of micro chunks or microbursts of four-minute learning modules. They gave us a list of what each state required, and the LMS lets us layer to assign the right person the right training." She also described the ease of combining security
- content from Cornerstone and a previous vendor: "We bought the package for anti-harassment. The security team liked the Cornerstone security awareness pieces and their previous vendors' content. We created a certification that combined both. The LMS works well with Cornerstone and other content."
- Increased preparedness for emergencies.** An AVP of LMS education solutions with a financial services firm said their organization needed to assign active-shooter training but that it previously struggled to find learning content that fit its needs. Decision-makers were pleased to discover that the compliance package from Cornerstone covered this content. The AVP said: "[The training is] very well done and tells you what to do if you're in a violent situation which, unfortunately, is the world we're in. For better or worse, shortly before we launched the training in July, we had a branch involved in an active-shooter situation right outside the building."
- Increased engagement leads to increased employee satisfaction.** Interviewees said one of the leading causes of employee attrition is that workers lack training and career development opportunities. A head of capability with a utility organization described the impact of the content collection, "In the first quarter, learners took over 3,300 hours of training, [which demonstrated] the appetite and desire for learning."
- Improving diagnosis and resolution of operational issues.** Interviewees said that when problems like lagging sales numbers arise, executives tend to point fingers at the failings of other part of the business. They said Cornerstone helps executives diagnose the root cause of the issue because it records which employees have completed training, it measures employees' knowledge, and it reveals where they struggle. After identifying areas of opportunity for improvement, teams can double down to

investigate what is causing the errors. A VP of global people development at a wholesale and retail organization said: “If it was [in] the training, then I can serve up supplemental content to build knowledge [and] help people apply the skills appropriately. We’ve gone from [using] a shotgun methodology to [being] laser-focused on what we need to do to make future rollouts successful.”

- **Increased internal mobility.** The same interviewee said: “In the field, we want 50% of our promotions to come from internal resources. Employees must be certified in their current skills and the level they are aspiring to. We must massively upskill our organization at every role, whether it [means] becoming certified in Salesforce, understanding what data privacy means, or enhancing product knowledge. We will leverage Cornerstone to do that.”

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Cornerstone’s learning and content solutions and later realize additional uses and business opportunities, including:

- **Being able to leverage Cornerstone’s people experience platform.** The people experience platform is the next generation of Cornerstone’s learning experience designed to empower the employee to build skills towards career advancement.⁵ An interviewee whose organization is participating in the Cornerstone people experience platform pilot program said their organization will be able to use it to do things they’ve never done before related to filling their skills gap. The interviewee said: “The tool starts to create skill models. [My company probably has] a thousand different positions, and probably 50% of the skills are common and 50% are unique across those 1,000. Cornerstone [people experience platform] will allow us to get granular down to the skill level for the first time. It

will serve up content based on the skill we need, not just the assumption. It allows us to present unique and personalized content based on the role’s needs and the career path the employee wants to follow. It’s tough to do [that] without this kind of technology. [Cornerstone] will change the way and the desire people have to learn.”

- **Giving employees control of their career paths.** Interviewees said their organizations have various learning philosophies, but a VP of global people development at a wholesale and retail organization said they believe their organization’s duty to help teach employees who desire to learn. The VP said: “We believe employees own their development, and it’s our job as a company to support that. We supply the investment, the resources, the time, and the opportunity. [It’s] our employees’ responsibility to step up and develop a plan to acquire knowledge. We believe there are three critical elements to a shared learning plan: education — which is where our

“The machine starts doing the work for you proactively and predictively. It’s really starting to take machine learning to the next level.”

VP of global people development, wholesale and retail

Cornerstone content subscription supports us — and exposure and experience.”

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

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
Dtr	Total costs	\$321,300	\$746,100	\$746,100	\$746,100	\$2,559,600	\$2,176,740
	Total costs (risk-adjusted)	\$321,300	\$746,100	\$746,100	\$746,100	\$2,559,600	\$2,176,740

TOTAL COSTS

Evidence and data. Interviewees said their organizations paid costs to Cornerstone for annual license fees, planning and implementation, and ongoing administrative costs. They also said the costs of licensing and implementation are highly customized to the needs of each client based on its size, geography, and modules deployed.

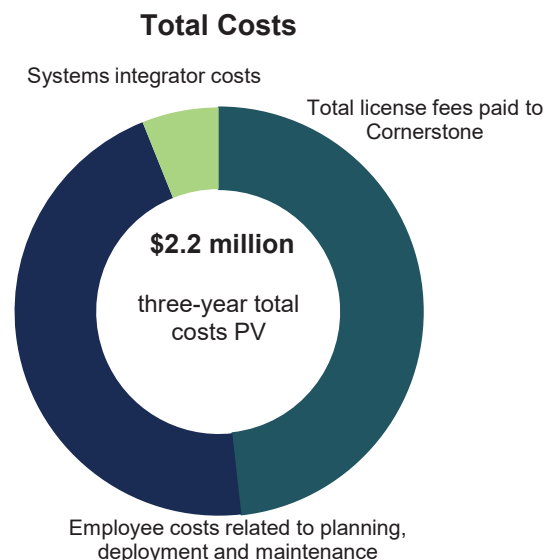
A VP of global people development at a financial services organization said their Cornerstone implementation required more than a year of planning and that the internal deployment team included learning and development executives on a full-time basis along with HR architects and technology architects. The VP estimated they interacted with 50 people across different groups in the company.

Interviewees said Cornerstone worked with a network of systems integrators to deploy their solutions. Cornerstone representatives said the costs of deployment typically comprise 75% of the total license fees for the platform.

And dedicated resources are also included in the total cost of the investment. These resources ensure the continued improvement of processes, creation of self-service content, and the review of curated content.

Risks. Costs will vary widely for each organization based on the number of licenses, the number of modules deployed, and the level of support required.

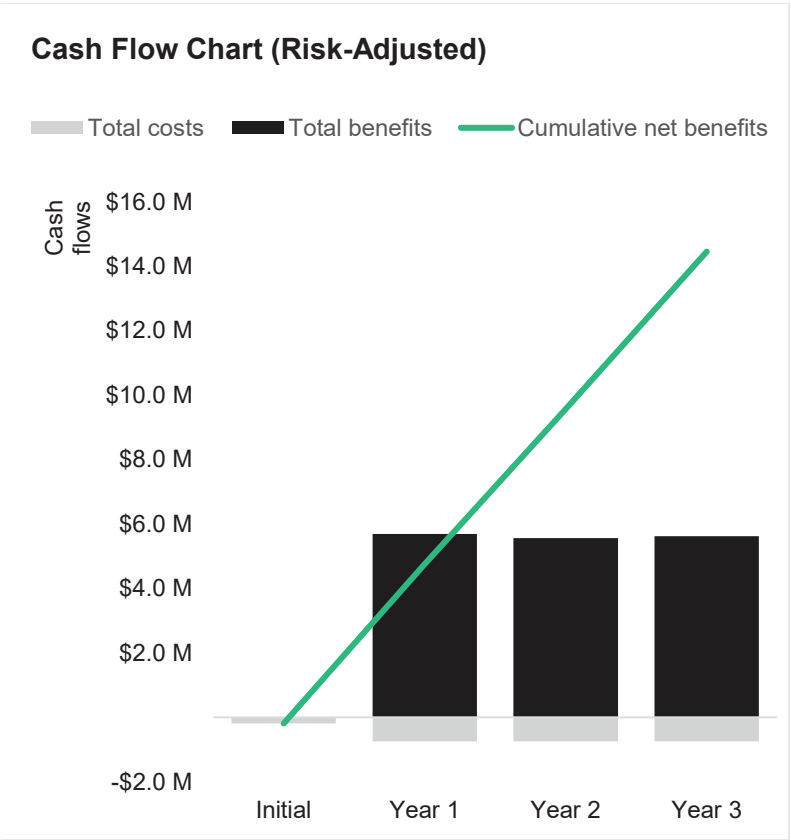
Results. To account for this risk, Forrester adjusted this cost upward by 20%, yielding a three-year risk-adjusted total PV of \$2.17 million.



Total Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Total costs	Interviews	\$267,750	\$621,750	\$621,750	\$621,750
Dt	Total costs	D1	\$267,750	\$621,750	\$621,750	\$621,750
	Risk adjustment	↑20%				
Dtr	Total costs (risk-adjusted)		\$321,300	\$746,100	\$746,100	\$746,100
Three-year total: \$2,559,600			Three-year present value: \$2,176,740			

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	(\$321,300)	(\$746,100)	(\$746,100)	(\$746,100)	(\$2,559,600)	(\$2,176,740)
Total benefits	\$0	\$5,693,440	\$5,565,254	\$5,624,418	\$16,883,112	\$14,000,947
Net benefits	(\$321,300)	\$4,947,340	\$4,819,154	\$4,878,318	\$14,323,512	\$11,824,207
ROI						543%
Payback						<6 months

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."

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.



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.

Appendix B: Endnotes

¹ Source: David Vance, “The SEC just mandated human capital disclosure: What does this mean for you?,” Chief Learning Officer, November 5, 2020 (<https://www.chieflearningofficer.com/2020/11/05/the-sec-just-mandated-human-capital-disclosure-what-does-this-mean-for-you/>).

² 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.

³ Forrester calculates operating margin by taking the gross profit and subtracting the indirect costs involved in the production and delivery of goods (e.g., salaries, marketing and advertising costs, general administrative expenses). Operating profit is often referred to as earnings before interest and tax (EBIT) because it includes all operating costs except interest on debt and taxes. operating profit margin is expressed as a percentage.

⁴ Source: “Discover Which Corporations are the Biggest Regulatory Violators and Lawbreakers Throughout the United States,” Good Jobs First (<https://www.goodjobsfirst.org/violation-tracker>).

⁵ Cornerstone combines learning experience, skills, and talent marketplace to assist users with development, growth, and career pathing. Cornerstone identifies knowledge gaps the user has and will recommend training to help them build their skills. Cornerstone (<https://www.cornerstoneondemand.com>)

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