



SKILLSOFT – MERCY TECHNOLOGY SERVICES

ANALYST

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THE BOTTOM LINE

Mercy Technology Services (MTS), the IT arm of a Midwest Catholic health care system, was contending with an underutilized and underequipped solution for learning. As the outgoing technology's replacement, Skillport – a product by Skillsoft – furnished MTS with considerably more (and more relevant) content, as well as a far more intuitive, navigable user interface (UI). The combination of these factors significantly increased system usage and brought major related savings attributable to avoided costs and productivity improvements.

ROI: **526%**

Payback: **2.4 months**

Average annual benefit: **\$1,760,861**

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THE COMPANY

MTS is the IT branch of Mercy, a 45-hospital, 300-clinic health system. Founded in 1986, but with roots dating back to 1827, Chesterfield, MO–headquartered Mercy was recently named one of the nation's 15 Top Health Systems by Truven Health ranking us among the five best performing large health systems in clinical quality, safety measures and patient experience. MTS is home to nearly 900 in staff. This workforce helps approximately 50,000 healthcare co-workers across seven states work with the technology they need in order to do their jobs – providing them with analytics and consulting, as well as supporting them in their processing of electronic health records. Critical to this is the development of staff, and for a long time MTS dealt with a learning solution that featured a difficult UI, stale content, and additional issues together leaving it severely underutilized.

THE CHALLENGE

These difficulties impeded staff’s effectiveness and slowed projects whose completion hinged on employee training. The system also incurred MTS unnecessary costs as the organization continually had to look externally for content that would provide employees with related needs. When Skillsoft acquired the solution that MTS was using, in September of 2012, an opportunity arose for MTS to improve matters significantly.

Cost : Benefit Ratio | **1 : 5.8**

THE STRATEGY

Implementation of Skillsoft’s Skillport solution commenced in March of 2013. The system deployed in three months with the promise of improving MTS’s situation in the following ways:

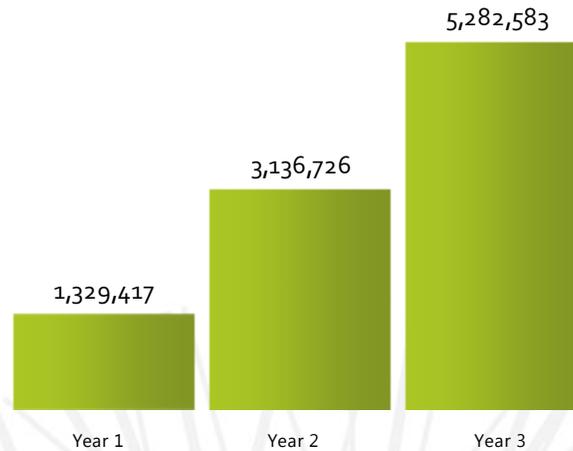
- Current, more easily accessible and navigable content for staff learning and training improved participation and completion of job-necessitated certification.
- A far larger book library of learning content spared MTS significant costs in purchasing the content separately, increased staff productivity, and prompted much less in the way of learning-related offsite travel.

TYPES OF BENEFITS



Stephanie Linde, senior business operations specialist at MTS, was the internal lead for the short, predictable, affordable implementation. Upon deployment, benefits from Skillport quickly cascaded down to MTS staff’s learning activities.

CUMULATIVE NET BENEFIT



KEY BENEFIT AREAS

Direct benefits have stemmed from a variety of sources, including retirement of the outgoing solution and an array of avoided costs. Indirect benefits in the form of productivity improvements have affected a large percentage of employees, who are now able to achieve their needs in certification and aspirations in career development internally, within the system. Participation has improved by several orders of magnitude, in fact. Whereas, with the old solution, course completions averaged a total of barely 60 every 6 months, employees of MTS have taken well more than 10,000 courses in Skillport, since its deployment. Additional benefits have readily emerged.

- Considerable decrease in employee travel. MTS has saved significantly on avoided costs. One of these has pertained to employee travel. Because of the new system's user-friendliness compared to that of the outgoing solution, staff is inclined to use it. Utilization by the workforce is at nearly 100 percent, and the content found in Skillport is such that employees need not travel offsite or to the various Mercy Health locations, anywhere nearly as often, in order to train as necessary for their jobs.
- Marked savings on book purchases. The book library found in Skillport dwarfs that of the outgoing solution. This has resulted in a significant, cumulative reduction in cost for books that MTS would otherwise have had to obtain from outside sources. Additionally, the ready availability of this larger library encourages staff to expand their knowledge in areas that are important to their continual career development.

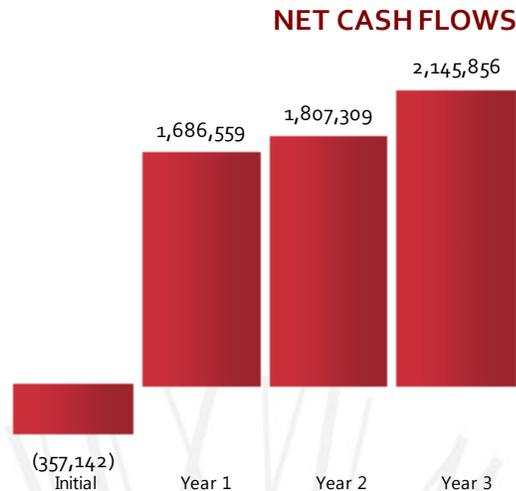
- Avoided costs on training to satisfy management initiatives. On several occasions since deployment, because of the sheer volume of content found in Skillsoft, MTS has avoided investing in outside-sourced content to satisfy management-originating companywide initiatives. These instances have entailed staff obtaining new certification or training in some new, necessary area of knowledge or form of project management.

“Under the old solution, only twenty-five percent of the MTS workforce said they had the training they ideally needed. That percentage has risen drastically. Since deploying Skillport, we’ve been able to create a variety of programs to encourage co-workers to take time out for development.”
– Stephanie Linde, Senior Business Operations Specialist, MTS

The subscription fee for the outgoing solution was about half that of Skillport, but direct cost savings and productivity improvements have more than offset this increase. Additionally, paltry utilization of the outgoing solution made oversight of the system difficult to justify. With Skillport, however, this role has become essential, with positive results.

KEY COST AREAS

The primary costs of this project included a software-as-a-service (SaaS) subscription fee for Skillport, paid to Skillsoft. There was no implementation fee, with MTS entirely handling this aspect of the project. Assisted nominally by IT staff (who configured security for the new system), one member of MTS staff carried out the implementation. MTS incurred some additional cost training 450 staff members.



BEST PRACTICES

When an organization does away with a languishing system for human capital management (HCM) and replaces it with modern technology, the ROI tends to be strong. In this case, a learning system comprising counterintuitive navigation and a lack of usable content impeded user adoption. These shortcomings in and of themselves more than justified a switch.

Beyond that, however, are advancements in technology relevant to this project – for instance, analytics, the availability of real-time data, dynamic content, and the user-friendliness of UIs. These have given rise to in-the-moment learning. Nucleus calls this kind of learning, which occurs continually, trigger-based (Nucleus Research *p199 – The coming mass extinction in HCM*, November 2015). A workforce’s newfound ability to learn as needed means they begin to self-develop, with intent, which brings cumulative benefits to the entire organization. An apt case in point is MTS’s deployment of Skillport. Vendors such as Skillsoft, at the forefront in developing technology for learning, have become adept in facilitating this transformation (Nucleus Research *q57 – Trigger based learning takes hold*, March 2016).

CALCULATING THE ROI

To calculate MTS’s total investment in Skillport, Nucleus quantified the initial and ongoing costs, over a 3-year period, of software license subscription fees, the time it took personnel to implement and support the application, and employee training.

Direct benefits quantified included the eliminated cost of learning technology from the previous provider, as well as other costs avoided because of that. This comprised

not only the previous solution's licensing fee, but also costs in the form of far fewer book purchases and a considerable decrease in employee travel. Additionally, the organization avoided purchasing training content outside the system in support of key management initiatives. Indirect benefits quantified spanned broad improvements in productivity experienced by staff because of greater utilization of the learning system.

Not quantified are the additional efficiencies and savings that MTS will likely gain as employees continue to increase their utilization of Skillport.



FINANCIAL ANALYSIS

Mercy Technology Services

Annual ROI: 526%

Payback period: 0.2 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	498,667	619,417	647,964
Indirect	0	1,540,013	1,540,013	1,540,013
Total per period	0	2,038,679	2,159,429	2,187,976

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	310,000	310,000	310,000	0
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	16,767	42,120	42,120	42,120
Training	30,375	0	0	0
Other	0	0	0	0
Total per period	357,142	352,120	352,120	42,120

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(357,142)	1,686,559	1,807,309	2,145,856
Net cash flow after taxes	(196,428)	927,608	994,020	1,180,221
Annual ROI - direct and indirect benefits				526%
Annual ROI - direct benefits only				95%
Net Present Value (NPV)				2,502,122
Payback period				0.2 years
Average Annual Cost of Ownership				367,834
3-Year IRR				478%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.