

What Things Cost

By Haidee Allerton, Sabrina Hicks, Eva Kaplan-Leiserson, and William Powell

The last time that T+D scoped the prices of training purchases was June 1996.

Our categories were

- one hour of instructional design
- equipment rental
- support materials
- training administration software
- customized video
- teleconferencing
- advertising and marketing
- writing and editing
- travel.

Things have changed.

For one, this time we decided not to cover the costs of travel. One obvious reason is that since September 11, companies have cut back on business travel, in

particular sending employees to conduct or receive training. The good news is that videoconferencing equipment has, on average, decreased in price from US\$50,000 to \$5000, and the technology has improved.

Since 9-11, 90 percent of companies surveyed by Raymond James Financial plan to use videoconferencing and Web-conferencing to replace air travel. Before 9-11, 66 percent of companies claimed to use such delivery methods as an alternative.

Another new development is e-learning. Let's take a quick look at some of those price tags:

- Learning management system: US\$12 - \$50 per user, with 15% of total for maintenance cost
- Library of workbook-style content: \$100 per user for about 100 courses, usually either end-user and business or IT professional
- Simulations: \$100s to \$1000s.

Learning content management systems and virtual classrooms involve dozens of ways to determine costs, says Clark Aldrich of SimuLearn

◀▶ www.simulearn.com. Those measures include per named user, per concurrent user, per author, per MB of hosted content, per course, per hour of content per person, and per server.

According to Click2learn ▶◀ www.click2learn.com pricing for e-learning solutions varies widely depending on the level of effort, number of users, size of organization, technology and tools used, and how the e-learning is deployed in the organization.

Simple Deployment

- Off-the-shelf courses: US\$50 - \$1500 per user
- Authoring tools: \$2000 - \$8000 per user; typically includes the tool, training, and maintenance or support for one year.

Solutions

- Small scale (1000 user base, limited services,

training, no customizations): US\$200,000 - \$400,000

- Average (10,000 user base, average services, training, some customization): \$400,000 - \$700,000
- Complex (20,000+ users, high level of services, training, customizations): \$900,000 - \$2 million.

LMS Only

- 1000 users: US\$120 - \$175 per user
- 10,000 users: \$55 - \$80 per user
- 20,000 users: \$40 - \$60 per user.

Put another way, an LMS on a company's server can cost from \$495 to \$2 million, depending on the number of users and features, and the level of complexity.

◀▶ Source/www.brandon-hall.com

LCMS Only

- 1000 users: US\$100 - \$150 per user
- 10,000 users: \$35 - \$60 per user
- 20,000 users: \$25 - \$40 per user.

Maintenance

Per year, 15 - 20% of total license fees

Hosting

US\$60,000 (or lower) to millions, depending on the server space and bandwidth to host the technology and data, and the number of users.

Other Costs

Add server costs for a behind-the-firewall solution and additional expenses for technology and marketing.

"It's like buying a car. There's not one best car or one best price. It depends on which features you want or need. That's why so few e-learning providers have prices on their Websites."

—Darin Hartley, ASTD's developer of new business ventures and author of *Selling E-Learning* (ASTD Press, 2001) and *On-Demand Learning* (HRD Press, 2000)

Free E-Learning

Though the availability of free stuff on the Web has been declining, you can still get free e-learning tools and content, though the quality, number of features, and flexibility may not be top tier. Still, it's a good place to start, and there are plenty of demos you can get free for a trial period and pay only after 30 days. Here's a sampling:

Free IT Tutorials

↳ www.edsurf.net/netlearning

↳ www-106.ibm.com/developerworks/training/?loc=dwmain

Free Tutorial to Learn Spanish

↳ www.studyspanish.com/tutorial.htm

Free Hosted Delivery/LMS

↳ www.teamxtend.com/xtention.html

Collaboration/Live E-Learning Software

Microsoft NetMeeting

Video- and audioconferencing, file sharing, whiteboard, chat, and more.

Free download ↳ www.microsoft.com/windows/netmeeting/download/nm301x86.asp

Best used with high-speed Internet connection; make sure your machine meets the system requirements.

IBM Mindspan Solutions

Rapid education delivery services

- 90-day hosted virtual classroom with LMS, up to 100 users
- helpdesk support and training, three-day onsite consulting.

Cost: US\$25,000 plus travel and living expenses for consultant

Content also available from IBM and NETg.

Centra Collaboration Solutions

- Symposium or virtual classroom: Starts at US\$55,000 for 100 users (perpetual use).
- Conference and Web conferences: Start at \$32,500 for 100 users (perpetual use).
- Emeeting and Web meetings: Start at \$45,000 for 50 users (application service provider model).

Genesys Meeting Center

Virtual meeting and training room

A subscription for the center for up to 15 participants: US\$39.95 per month, plus audio charges.

"It's expected that software vendors will drop prices by 40 percent, providing the purchasing department person with easily divisible numbers. Present a \$50 per-user amount, and the counter offer will be \$25, negotiating to \$30 per user. You need to present numbers that...aren't easily divisible."

—Clark Aldrich, co-founder, SimuLearn

Authoring Tools A Sample Range

HIGH ToolBook Instructor US\$2599 Authorware \$2699
Macromedia E-Learning Studio \$2999

MID ToolBook Assistant and DazzlerMax Deluxe \$1495
Trainersoft 7 Professional \$1699.99

LOW Dreamweaver \$299 DazzlerMax Standard \$370
Flash \$399 TrainerSoft Express \$499

◀ www.macromedia.com
www.trainersoft.com
www.asymetrix.com
www.maxit.com

Additional participants, \$0.40 per minute. A subscription includes an unlimited number of meetings to deliver presentations and collaborate in real time.

◀ www.genesys.com

WebEx Online Meeting Platform

US\$100 per phone line unlimited usage, or pay per use at \$0.45 per minute with data, voice, and videoconferencing

Interwise Enterprise Communications Platform

Incorporates imentoring, imeeting, iclass, iseminar, and icast—live events, including one-on-one or broadcasts to thousands of participants; fully hosted. Can be deployed enterprise-wide or by department. Starts at US\$75,000 for up to 300 users.

Groove

P2P collaboration technology

The next hot thing!

- Free preview edition to evaluate; all capabilities, but a limited number of shared spaces you can create

◀ www.groove.net

- Groove Workspace, standard edition: US\$49 per license (per computer), perpetual license
- Groove Workspace, professional edition: \$99 per license, perpetual license
- Enterprise License Pack, for 1000 seats or more: \$49 per user (or license) per year, with a minimum three-year commitment. Covers maintenance, support and upgrades for Groove Workspace.

Simulations

Ninth House

Pricing is on a per-user, per-year basis starting at US\$299 (with discounts for quantity of seats). Each seat comes with full access to the entire Ninth House Network, which includes courses, simulations, and more than 470 pieces of Instant Advice.

SmartForce

Within the SmartForce pricing model, specific simulation pricing is difficult to derive: A specific sim could be associated with more than 40 blended learning paths. A single-user license for one learning path costs \$495, but includes more than just the simulation.

Custom simulations vary in price from \$20,000 to \$150,000 to develop one hour of learning, with discounts for multihour bundles of content in related topics. The lower cost represents modification and extension of a core simulation; mid-range represents a custom simulation of average complexity; high-end represents the most complex simulation.

🌐 "Like Life?" by William Powell (February T+D)

Misc.

- Software purchase for nonrevenue-generating use: US\$18,000
- Software hosting: \$600 per month and up, depending on bandwidth use
- E-commerce charge module: \$9000
- Content-creation program (runs in Windows): free

◀ Sources/www.eufrates.com,
www.laservault.com

Prices throughout are based on estimates compiled from various sources and are subject to change and customization.

Another aspect of learning that has changed is that now it's more doable to take courses and get an MBA or other degree online. Here's a snapshot.

One Online Course on a Common Topic Topic: Diversity Training

Provider	Title	Cost
NETg	"Diversity: What Employees Should Know"	US\$74.95 single-user access for 365 days
SIT Extension	"Managing Diversity in Organizations"	\$320 (\$160 per continuing education units, 2 units)
Capella Online University	"Diversity in the Workplace"	\$1150

One Classroom Course on the Same Topic

Provider	Title	Cost
Management Concepts Vienna, Virginia	"Workforce Diversity"	\$425

One Management Course at University of Phoenix Online

Provider	Title	Cost
UOPonline	Undergraduate: "Management: Theory Practice, and Application"	Application fee: \$85 Undergraduate: \$410
	Graduate: "Project Management in the Business Environment"	Graduate: \$505
	Doctoral: "The Mind of the Manager/ The Mind of the Managed"	Doctoral: \$550

One Management Course at a Bricks-and-Mortar School

Provider	Title	Cost
Wharton/University of Pennsylvania (U.S. News & World Report's #1 undergraduate program in management/ #4 graduate program)	Evening School Program: "Intro to Management"	\$2143 (for 2001-2002 academic year)
	The Management Program: (required that your earned undergraduate degree NOT be in business)	\$4000/semester (for 2001-2002: two courses per semester, two-year commitment) + text fee approximately \$120
	MBA Program	\$30,900 (2001-2001 flat tuition rate)
University of North Carolina (U.S. News & World Report's #1 undergraduate program in management/#18 graduate)	EMBA: evening	\$42,000 (includes tuition, books, materials; 24-month commitment)
	Weekend MBA	\$54,000 (includes tuition, books, Friday night accommodations, most meals; 20-month commitment)
	OneMBA	\$64,000 (meet one weekend a month in Leesburg, Virginia, to gather virtually with participants in China, the Netherlands, Mexico, and Brazil)

Estimated number of e-courses available: 650,000

In 1996, we reported that daily rates for contract consultants ranged from US\$35 to \$7500.

David Zahn of Clow Zahn Associates

◀ www.clowzahn.com gives us these figures:

- develop or deliver customized training \$2000 - \$3000 per day
- average training program from development to delivery \$12,000 - \$21,000
- \$500 per day for facilitation support of a licensed program to \$5000 per day for consultants such as Michael Hammer, co-author of *Reengineering the Corporation*, to poke around your company to identify issues that need addressing.

Travel, meals, and incidentals are extra, rebilled at cost with receipts; some large consultancies add a percentage over the fee. Some top firms demand first-class air travel, limos, and so forth. Other consultants apply a project fee rather than a day rate and bill the client at various stages.

Perhaps the ballpark for your everyday consulting hasn't changed much, but there are new players on the field. Enter...

...Styled Training

Afterburner Seminars

Run by an ex-Air Force F-

15 pilot, this Atlanta-

based firm trains

corporate executives

using Top Gun tech-

niques. Clients in-

clude Charles

Schwab, Ford Motor

Company, IBM, and Sun

Microsystems.

Cost: about US\$32,000 for

150 participants.

◀ [Source/BusinessWeek](#)

Movers & Shakespeares

Ken and Carol Adelman conduct workshops—from 90 minutes to several days—using the Bard's words to teach management skills. Clients include Harvard's Kennedy School of Government and the U.S. Naval Academy. Cost: US\$4000 to \$18,000;

◀ www.moversandshakespeares.com.

◀ [Source/People](#)

A Trend?

William Horton Consulting cut its rates 99 percent, saying that "in the past, the economics of consulting meant that our advice was available only to large companies that could pay for our time to develop it." Citing the "new economics of the Web," Horton is offering Knowledge Packs—downloadable multimedia briefings with a printable companion guide—to individuals and small organizations at lower costs. Topics are knowledge management, knowledge objects, tools and technologies, standards for e-learning, and activating e-learning. Cost per pack: US\$15 to \$65.

◀ www.horton.com

PDAs

First Class

Compaq iPAQ Pocket PC H3870: \$649

Business Class

Sony Electronics CLIE PEG-T615C : \$399.99

Coach

Handspring Visor Edge: \$199

Notebook Computers

First Class

Toshiba Satellite 5105-S607: \$2499

Business Class

Apple iBook Power PC G3: \$1799

Coach

HP Pavillion ZT 1190: 1549.99

Digital Cameras

First Class

Nikon D1: \$5600

Business Class

Canon PowerShot G2: \$799.99

Coach

Olympus America Brio-D150 Zoom: \$399.95

Cell Phones

First Class

Handspring Treo: \$399

Business Class

Nextel Motorola i90C: \$199

Coach

Nokia 3360: \$100

MP3 Players

First Class

Apple iPod: \$399

Business Class

Sonic Blue Rio: \$179

Coach

IOMEGA HipZip: \$99.95

Gas Masks

First Class

Draeger Panorama Nova: \$135

Business Class

Israeli Civilian Gas Mask: \$89

Coach

3M 5206 Half-Face Respirator Gas Mask: \$39.99

Anthrax Treatment

Recommended treatment for confirmed exposure: 60 days of Cipro, 500mg, twice a day
Cost: \$5 per 500mg tablet Total: \$600

Emergencies

- *Jane's Chem-Bio Handbook* for post-exposure procedures: \$32.50
- British Berkfield "Big Bertha" gravity water filter with three-stage ceramic filter: \$279