

ROI

how to rationalize a feeling
on
digital development programs?

Agenda

- *What is ROI?*
- *What is OIL?*
- *ROI on what?*
- *How to calculate?*
- *Calculation results*
- *The ROI model*
- *An example*



What is ROI?

- *Ratio between*
 - *investment and*
 - *turnover*
- *to help one deciding if an investment is justified*



What is OIL?

- *E-learning is shovel ware*
- *Digital books are called e-learning... highly sophisticated digital management development programs also...*
- *We prefer talking about Online Interactive Learning*



ROI on what?

- *ROI calculation on OIL*

or

- *ROI calculation for choosing between traditional and OIL*

Statement

- ***The choice for OIL depends on more factors than financials only, e.g.***
 - ***type of organization***
 - ***variety of target group***
 - ***speed of education***
 - ***learning goals***

So this presentation handles about ROI of digital solutions



How to calculate?

- **Define all actors involved**
- **Per actor**
 - **Isolate turnover to gain**
 - **Grant probability %**
 - **Grant prudence %**
 - **Calculate**

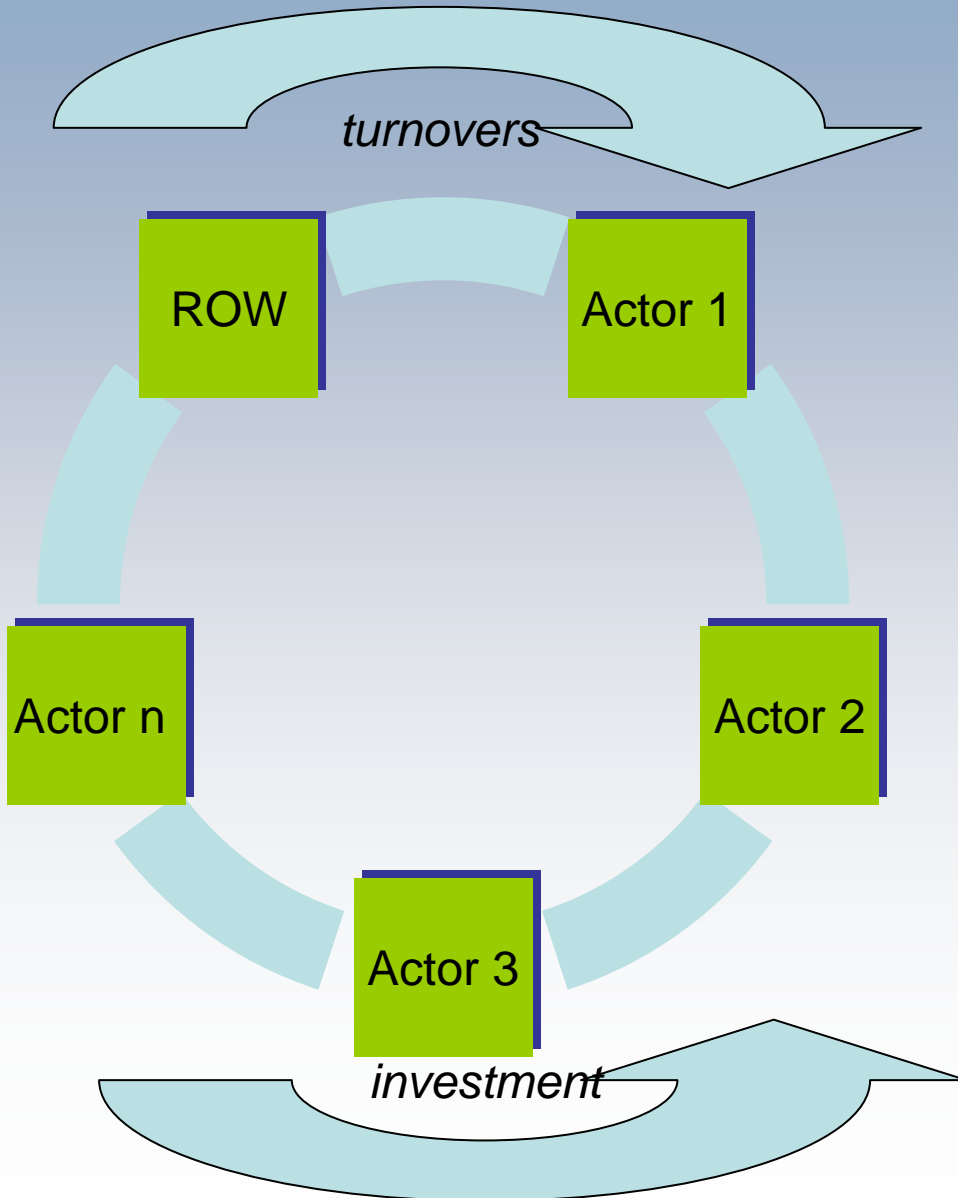
$$\frac{\text{turnover} - \text{investment}}{\text{investment}} \times 100\%$$

Calculation results

- *Multiple ROI*
- *ROI per actor, e.g.*
 - *Constituent*
 - *Participant*
 - *Training provider*
 - *'Rest of the world' (ROW)*



ROI model



- *Chain thought based on*
- *Investment & turnover with*
- *Individual actors and*
- *Clustered actors (ROW)*

Example

		T U R N O V E R				Total Inv.
I N V E S T M E N T		Actor 1	Actor 2	Actor n	ROW	
	Actor 1				120	
	Actor 2	300				
	Actor n					
	ROW					
Total T.O.						

Example

		T U R N O V E R				Total Inv.
I N V E S T M E N T		Actor 1	Actor 2	Actor n	ROW	
	Actor 1				120	
	Actor 2	300				
	Actor n		480			
	ROW					
Total T.O.						

Example

		T U R N O V E R				Total Inv.
I N V E S T M E N T		Actor 1	Actor 2	Actor n	ROW	
	Actor 1				120	
	Actor 2	300				
	Actor n		480			
	ROW			550		
Total T.O.						

Example

		T U R N O V E R				Total Inv.
I N V E S T M E N T		Actor 1	Actor 2	Actor n	ROW	
	Actor 1				120	120
	Actor 2	300				300
	Actor n		480			480
	ROW			550		
Total T.O.						

Example

		T U R N O V E R				Total Inv.
I N V E S T M E N T		Actor 1	Actor 2	Actor n	ROW	
	Actor 1				120	120
	Actor 2	300				300
	Actor n		480			480
	ROW			550		
Total T.O.		300	480	550		

Multiple ROI

- **Actor 1 (training provider)**
 $[(300-120)/120] \times 100\% = 150\%$
- **Actor 2 (constituent)**
 $[(480-300)/300] \times 100\% = 60\%$
- **Actor n (participant)**
 $[(550-480)/480] \times 100\% = 14,5\%$



Operationality

- *By moving the individual switches (turnover or investment), one can influence the ROI for all actors*

Multiple ROI

What if a ROI of 75% is sufficient for Actor 1?

- **Actor 1 (training provider)**
 $[(300-120)/120] \times 100\% = 150\%$
- **Actor 2 (constituent)**
 $[(480-300)/300] \times 100\% = 60\%$
- **Actor n (participant)**
 $[(550-480)/480] \times 100\% = 14,5\%$
- **Actor 1 (training provider)**
 $[(210-120)/120] \times 100\% = 75\%$
decrease on turnover of 30%!
- **Actor 2 (constituent)**
 $[(336-210)/210] \times 100\% = 60\%$
- **Actor n (participant)**
 $[(385-336)/550] \times 100\% = 14,5\%$

***On behalf of all project participants,
I thank you for attending this presentation***