

NUCLEUS  
RESEARCH

ROI: 1,043%

Payback: 1.2 Months

## SABA SOFTWARE

## SUNRISE SENIOR LIVING

### ANALYST

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### THE BOTTOM LINE

Shortcomings with the existing learning technology at Sunrise Senior Living complicated and slowed program administration, community management, and new-hire onboarding. In search of a replacement, the employer turned to Saba Software for integrated learning and performance management, deploying the latter to improve overall management of a leadership development program and boost its capacity to accept participants, as well as eliminate related manual workflow. The result was a solution that interfaced much better with other systems in place at Sunrise for human capital management (HCM) and improved the daily efficiency of staff at headquarters and across 280 locations in North America.

## THE COMPANY

Founded in 1981, Sunrise Senior Living operates resident-centered communities for approximately 30,000 seniors in Canada, the United Kingdom, and the United States. These locations accommodate short- or long-term stays and feature independent living and the full breadth of senior care. Headquartered in McLean, Virginia, the company employs more than 26,000 across North America.

## THE CHALLENGE

New and existing staff at Sunrise Senior Living require initial and continual training to be effective and legally compliant in doing their heavily regulated work. Two years prior, the employer had implemented an on-premises learning solution thinking it would solve several issues, but many problems persisted.

**Cost : Benefit Ratio | 1 : 14.1**

The old solution didn't integrate well with the payroll system. For example, if an employee moved from one location to work permanently at another, the learning technology was unable to understand the related payroll change and would default to automating a new hire training schedule. The system also left tracking new hires' progress in onboarding-related training complicated. Staff at headquarters and every Sunrise Senior Living center faced heavy administration and less time to be strategic or proactive.

## THE STRATEGY

Two years into the old deployment, Sunrise Senior Living sought a learning management system (LMS) in the cloud. After evaluating SAP SuccessFactors, SumTotal Systems, Cornerstone OnDemand, and Skillssoft, the employer signed with Saba, in November 2015.

### TYPE OF BENEFITS

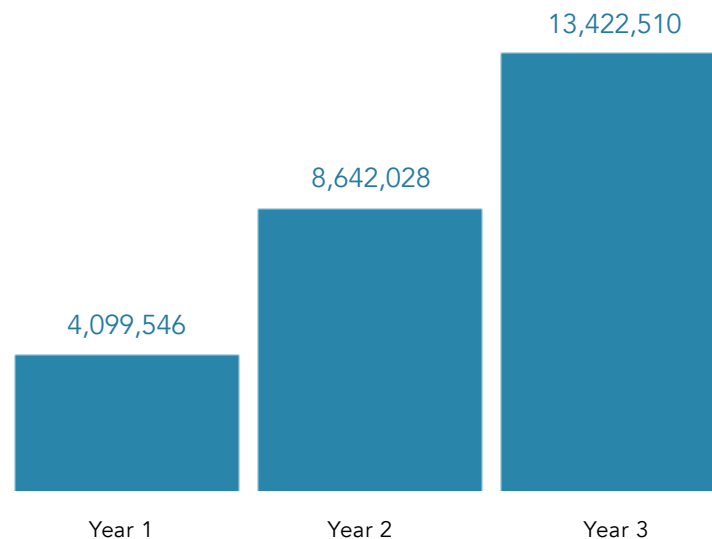


The rolling implementation began in February 2016 and lasted a total of 18 weeks. The learning module went live in August 2016 across the employer's 280 locations in North America. Performance management launched later. To support all this was a Saba-provided program to streamline training. In all, one employee from each of these communities

viewed a one-hour training webinar, as did approximately 20 regional directors. The senior director of learning and development, who led the implementation, worked with her team at headquarters to present this webinar a total of eight times. Ongoing, one IT staffer spends one-quarter of his time between day-to-day administering of the system and in helping to manage software updates.

## KEY BENEFIT AREAS

### CUMULATIVE NET BENEFIT



Following deployment of Saba, the employer experienced benefits in the forms of costs saved, gains in productivity, and other efficiencies. Following are details:

- **Software savings.** The first-year software-as-a-service (SaaS) subscription fee for Saba cost less than the old platform's final year of licensing, maintenance, and support fees. Additionally, the outgoing vendor was charging extra fees for technical support and for tickets beyond the 200 allotted annually for base support. In the final 12 months on the old system, Sunrise Senior Living was careful to avoid these fees. Had the employer paid these, the difference in cost would have persisted and grown even after the purchase of an additional 2,000 yearly recurring seats starting in the second year of the Saba deployment.
- **Redeployed IT staff.** After the new cloud solution went live to replace the old, on-premises one, Sunrise Senior Living was able to redeploy one full-time IT staffer. This employee's annual fully loaded cost to the organization equaled 40 percent of total direct savings the employer realized with the new technology.

- Productivity gains at headquarters. Centrally located learning-focused staff at Sunrise Senior Living saved a great deal of time across a broad range of activity. Some of this came with newfound automation in learning-related onboarding of new hires yielding gains in productivity anywhere from approximately 3 percent to 11 percent. Elsewhere, built-in, configurable logic and prescriptive rules in the Saba system were instrumental in eliminating manual workarounds that the old system used to exhibit whenever an existing employee moved from one location to work permanently at another. Headquarters-based learning development program managers saw an overall gain of 35 percent in their productivity.
- Gains in productivity across North American communities. Team leaders across 280 Sunrise Senior Living communities in North America are on the new system. This has yielded several million dollars' worth of gains in productivity. Each location employs a business office coordinator who manages the community's learning with the help of other department coordinators, also onsite at every location. With Saba in place, these leaders save time every day, at every location—with access to reports featuring far more detail than the old system's.
- Greater alignment of learning activities. In addition to the LMS, Sunrise Senior Living deployed functionality from Saba for performance management. The employer uses the latter unconventionally, as a way to drive participation and efficiency in the learning development program. Shortcomings in the old system forced the department to limit participation to 100 employees every spring and fall, but now there is no cap on the biannual roster. This was not even considered possible with the former LMS, whose process was manual.

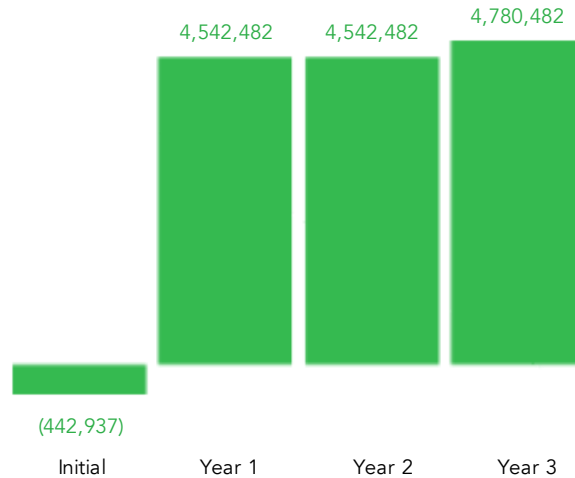
## KEY COST AREAS

Costs of the project included the implementation fee and annual SaaS subscription fee paid to Saba, labor expenditure for training in the new system, and the initial and ongoing internal labor expenditure to implement, deploy, and operate Saba.

## LESSONS LEARNED

Before looking for something new, Sunrise Senior Living distributed a survey to a subgroup of employees who were representative of the end-user base and incorporated their input in the selection process. The partnership with IT proved central from selection to the implementation, helping the employer determine that deployment of a new learning management solution was the biggest need. Leadership agreed that any additional functionality that might come with the new system would be welcome, but secondary in importance to a more intuitive user experience and the absence of line-item expenses such as those the old vendor charged. Lastly, field operations confirmed for headquarters that staff training in Saba would be straightforward.

## NEW CASH FLOWS



## CALCULATING THE ROI

To quantify Sunrise Senior Living's total investment in Saba, Nucleus quantified the cost of training, the Saba implementation fee, the cost of a yearly SaaS subscription fee now paid to Saba, and the initial and ongoing labor expenditure for time personnel spent implementing, deploying, and supporting the application.

Direct benefits quantified included the lesser first-year-of-deployment cost of the SaaS subscription fee for Saba compared to the old solution's final-year fees, as well as the redeployment of one IT staffer. Indirect benefits quantified included gains in productivity at Sunrise Senior Living headquarters and the employer's 280 communities across North America. The cost of employees was calculated using the annual fully loaded cost of those employees. Productivity savings were quantified based on this fully loaded cost using a productivity correction factor to account for the inefficient transfer of time between time saved and additional time worked.

## FINANCIAL ANALYSIS

**Annual ROI: 1043%**

**Payback period: 0.1 years**

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	366,650	366,650	366,650
Indirect	0	4,448,932	4,448,932	4,448,932
<b>Total per period</b>	<b>0</b>	<b>4,815,582</b>	<b>4,815,582</b>	<b>4,815,582</b>

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
<b>Total per period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

COSTS - DEPRECIATION	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
<b>Total per period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	384,455	238,000	238,000	0
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	44,226	35,100	35,100	35,100
Training	14,256	0	0	0
Other	0	0	0	0
<b>Total per period</b>	<b>442,937</b>	<b>273,100</b>	<b>273,100</b>	<b>35,100</b>

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(442,937)	4,542,482	4,542,482	4,780,482
Net cash flow after taxes	(243,615)	2,498,365	2,498,365	2,629,265
<b>Annual ROI - direct and indirect benefits</b>		<b>1026%</b>	<b>1026%</b>	<b>1043%</b>
Annual ROI - direct benefits only		21%	21%	39%
Net Present Value (NPV)				6,419,738
<b>Payback period</b>				<b>0.1 years</b>
Average Annual Cost of Ownership				341,412
3-Year IRR				1025%

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