

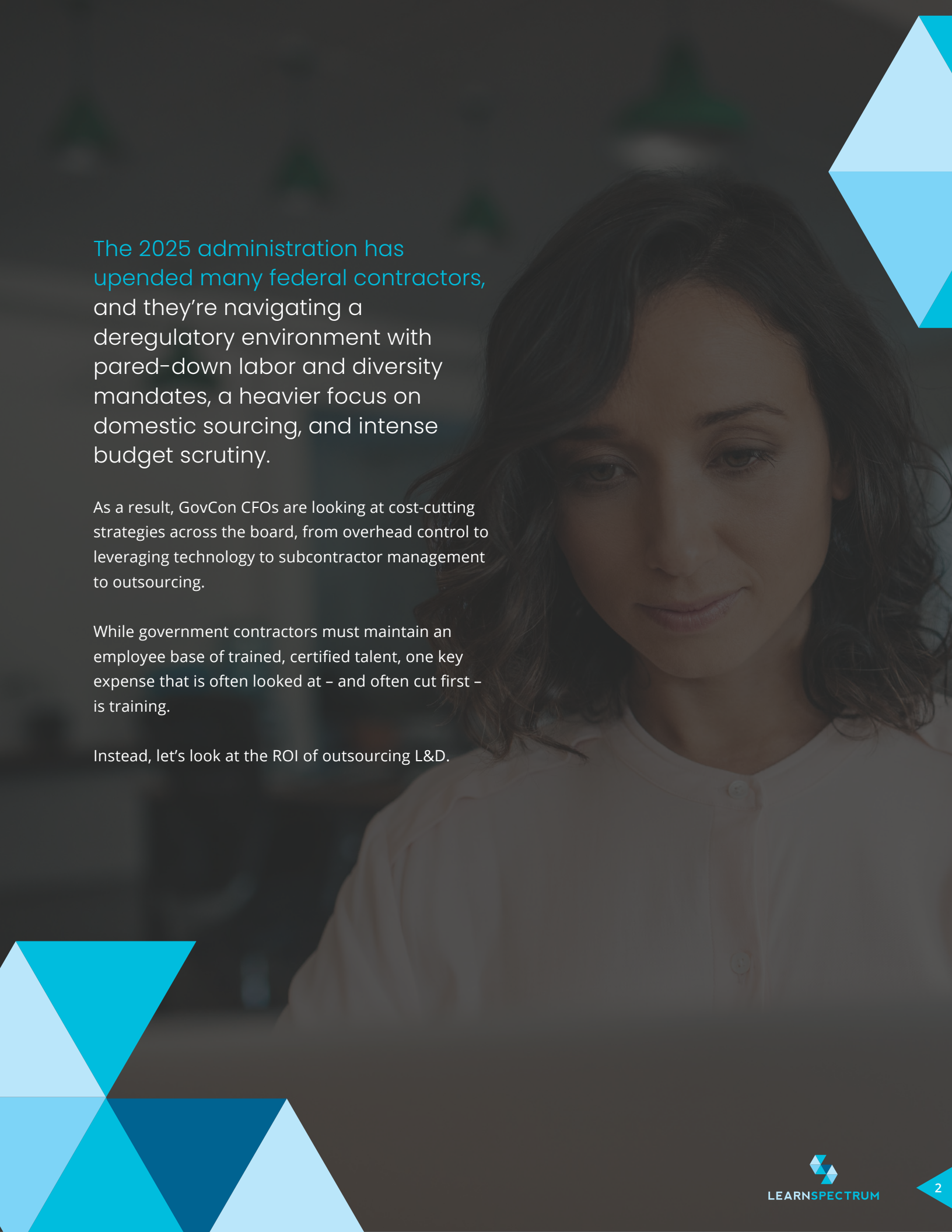


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ROI of Outsourced Learning & Development for Federal Contractors

By Nat Emery,
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The 2025 administration has upended many federal contractors, and they're navigating a deregulatory environment with pared-down labor and diversity mandates, a heavier focus on domestic sourcing, and intense budget scrutiny.

As a result, GovCon CFOs are looking at cost-cutting strategies across the board, from overhead control to leveraging technology to subcontractor management to outsourcing.

While government contractors must maintain an employee base of trained, certified talent, one key expense that is often looked at – and often cut first – is training.

Instead, let's look at the ROI of outsourcing L&D.

Cost Savings And Productivity Gains From Outsourcing L&D

Recent research shows substantial cost savings and productivity gains from outsourcing L&D.

Deloitte found that organizations outsourcing their learning functions can **cut training costs by roughly 30-40%**.²



30-40%

Bersin & Associates similarly reported that firms outsourcing training spent ~\$827 per learner versus ~\$1,191 internally – **a 31% cost reduction**.¹



31%

Bersin & Associates report that: **companies outsourcing training have ~25-40% fewer administrative support personnel** per 1,000 learners.¹



25-40%

Roundtable Learning cites **20-35% lower development costs** than in-house programs.³



20-35%

In summary, gains from outsourcing learning and development fall into six categories:



Cost Savings: Outsourcing training often cuts per-learner costs by 20-40%.¹



Staff Efficiency: Outsourcers report ~26% fewer total trainers/support staff per 1,000 learners and 30-40% fewer admin staff.¹



Speed to Deployment: Vendors with mature processes can develop and deploy courses faster than fragmented in-house teams.³



Strategic Focus: With administrative burdens lifted, internal teams can concentrate on mission-critical work rather than logistics.



Revenue Growth: One study notes outsourced L&D partners make companies 24% more likely to grow revenue, reflecting productivity gains.⁴



Contract execution: efficiently upskilled contractors results in faster project delivery, higher quality, less risk.



Cost & Efficiency Comparison (In-House vs. Outsourced)

The table below highlights typical differences:

Metric	In-House Training	Outsourced Training	Notes/Source
Total cost per learner	~\$1,190	~\$827	31% Outsourcer savings ¹
Admin/support staff (per 1k)	~1.4 FTE for admin, 1.3 support	~0.9 admin, 1.0 support	30–40% fewer admin/support staff in outsourcers ¹
Development speed	Often months	Often weeks	Vendors report “faster turnaround” when processes are streamlined ³
Fixed vs. Variable Costs	Higher fixed (facilities, staff)	More variable (usage-based fees)	Outsourced models convert training into a variable expense

Often, an in-house training center can only break even at very high utilization. One case study noted that a company’s in-house facility at 50% capacity had per-learner costs 65% higher than the outsourced alternative.⁵ At full capacity, in-house was slightly cheaper, but most underutilized in-house centers see costs double. By contrast, outsourcing makes training costs scale with demand and avoids idle overhead.



Outsourcing makes training costs scale with demand and avoids idle overhead



L&D Outsourcing Models

In the federal contracting space, common L&D outsourcing arrangements include:



Managed Learning Service (MLS)/Program Management

A vendor assumes end-to-end responsibility for L&D (needs analysis, course development, delivery, reporting). This “learning-as-a-service” model lets contractors pay per-seat or per-project, shifting curriculum ownership to the provider.



Training Administration Services

Vendors handle scheduling, enrollment, record-keeping, certification tracking, and help-desk support. Nearly one-quarter of companies outsource such admin tasks.¹ This relieves internal HR/IT staff from time-consuming logistics.



Content Sourcing (Off-the-Shelf & Custom)

Buying off-the-shelf compliance and technical course libraries (e.g., cybersecurity awareness) or commissioning custom eLearning. Contractors often mix ready-made federal training courses with niche content developed by specialists.



Staff Augmentation & Co-sourcing

Supplementing internal L&D with contractors, trainers, or consultants for specific skills or short-term projects. This provides flexibility without long-term commitments (vendors often engage experts on a per-project basis).



Learning Technology Partnerships

Engaging consultants or agencies for L&D technology strategy (e.g., blended learning), microlearning platforms, or mobile learning – delivering expertise that most in-house teams lack.



LMS Hosting & Administration

Outsourcing the Learning Management System (hosting, maintenance, user support). For example, ~47% of firms in one study outsourced LMS hosting.¹ This removes IT burden and provides 24x7 platform support.

By combining these models, contractors tailor solutions to their size and needs. For example, a small prime might outsource compliance courseware and LMS hosting, while larger firms co-source strategic learning programs with retained L&D chiefs. In all cases, studies show leading companies outsourcing content-driven technologies (virtual classrooms, learning content management system, etc.) and vendor management to focus internal staff on core projects.





Compliance & Regulatory Training

Federal contractors face stringent training mandates. Outsourced L&D providers specialize in keeping content up to date with regulations, which greatly simplifies compliance.



For example, **FAR clause 52.203-13** requires contractors to implement an ethics and business conduct program that includes “effective training programs” on fraud/ conflicts.⁶ Outsourcing this training ensures all employees complete the required anti-kickback and ethics refresher courses on schedule.



Similarly, **DFARS/CMMC rules** mandate cybersecurity awareness and safeguarding training. Vendors typically offer standardized NIST/CMMC training modules, helping contractors meet DFARS 252.204 requirements without rebuilding courses in-house.

In short, outsourcing lets contractors “check the box” on FAR/DFARS/CMMC training with minimal internal effort and provides tracking reports for audits.



“Outsourcing learning administrative services can help businesses significantly boost their training ROI.”

Source: Infopro Learning

For federal contractors, the strategic value of outsourcing L&D includes staying audit-ready: providers supply turnkey training (e.g., technical certifications, OSHA, cybersecurity) that automatically meets federal requirements.⁷ Outsourced HR/training partners can deliver compliance courses as part of HR outsourcing, which CFOs can leverage. In practice, this means less internal risk: mistakes in compliance training can lead to fines or lost contracts, whereas an experienced L&D vendor keeps materials current and documented.

Risks & Best Practices

Outsourcing L&D carries certain risks that must be managed to protect ROI.

Key concerns include:³

Concern	Issue	Mitigation
Scope Creep & Costs	Vendor-led projects can expand beyond the original scope, incurring extra fees	Define fixed scope and pricing up front, and include clauses for any change orders. Establish clear deliverables and budget constraints.
Quality & Alignment	External content may not perfectly match the contractor’s culture or learning objectives	Involve internal SMEs in vendor selection and review cycles. Use iterative development with frequent feedback (the vendor’s “alpha” and “beta” versions) to ensure alignment.
Timeline Slippage	Outsourced programs can be delayed by miscommunication or unclear goals	Implement a strong project plan with milestones. Schedule regular status meetings and quick feedback loops. Agile or sprint-based development models can accelerate delivery and adaptability.
Data Security & IP	Sharing sensitive business or employee data with a vendor creates exposure risks	Enforce non-disclosure agreements and conduct security reviews before transfer. Provide vendors only the minimum required proprietary information for each task.
Loss of Internal Knowledge	Over-reliance on vendors can erode in-house expertise over time	Use a co-sourcing model where internal staff collaborate with external teams, preserving institutional know-how. Retain a small core L&D team to manage vendors and keep strategic context.

Tracking ROI

To maximize ROI, focus on measurable outcomes.



Establish KPIs (e.g. cost per learner, completion rates, performance impact) tied to business goals, and require vendors to report on these.



Track training outcomes (by surveys, proficiency tests, on-the-job performance) and link improvements back to the outsourced programs. Many organizations calculate ROI by comparing the total cost of outsourced training vs. the performance/ value gain (e.g., faster project start-up, higher project win rates, reduced turnover).




Continuous improvement is key: use vendor analytics (LMS reports, learning analytics) and periodic ROI reviews to refine the program.

Summary

In summary, for federal contractors, outsourcing L&D can unlock significant ROI through cost savings, efficiency and scalability. It also ensures training quality and compliance by leveraging external expertise. CFOs should weigh these benefits against the risks and engage vendors with proven public-sector experience. With careful vendor selection, clear contracts, and ongoing governance, outsourcing L&D can deliver measurable savings and mission-aligned workforce development.





SPOILER ALERT: I'm about to share why and how my company can help CFOs attain the ROI from outsourced learning.

I'm the CEO and Founder of **LearnSpectrum**, and enterprise learning and development has been my passion for over 25 years. I have worked with enterprises, government contractors, and system integrators; and, I have seen managed training done right, and I have seen it done horribly wrong. It is why we focus on helping organizations leverage outsourcing to handle rapid growth, compliance training, and upskilling in a cost-effective fashion, reporting cost reductions (~30% less) along with higher training completion rates and outcomes..

Want to learn more about outsourced learning?

If you have a question about outsourced learning and development, would like to test drive our solution, or just want to shoot the breeze about the learning and development space, please drop me an email at nemery@learnspectrum.com and/or feel free to **connect with me on LinkedIn**. I'd welcome the opportunity to connect with you.

References

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