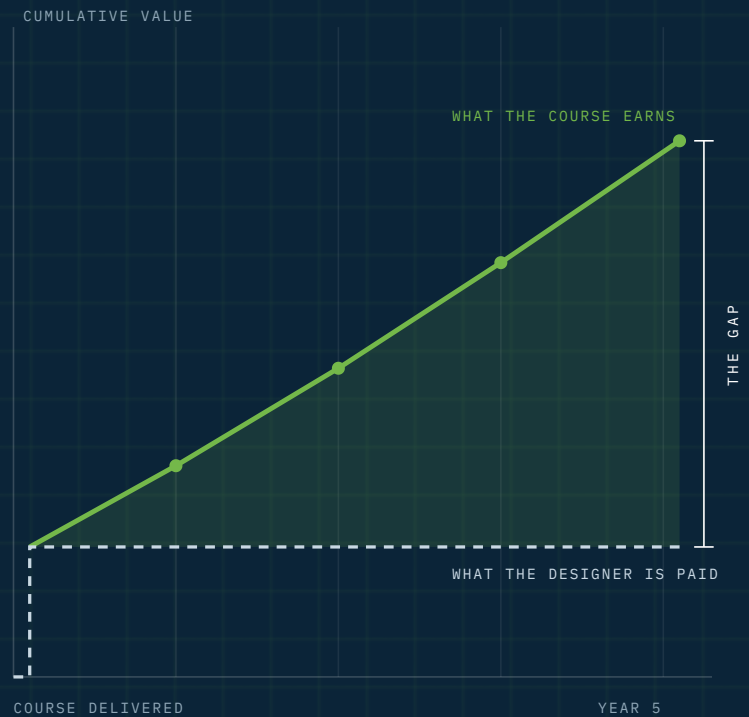




— A FIELD GUIDE FOR INSTRUCTIONAL DESIGNERS

The Residual Gap

Why instructional designers are paid once for work that keeps earning for years — and what it takes to close the gap.

For freelance and in-house instructional designers, eLearning developers and learning consultants who build courses other people keep using.

BEFORE YOU BEGIN

A course is an asset. Its designer is usually paid like a contractor.

You invoice once. The course keeps working — every new hire, every compliance cycle, every cohort — for years.

Most instructional designers are paid by the hour or by the project. That made sense when training was a one-off event. It makes less sense when a single well-built course can be delivered to thousands of learners over five years or more, with almost no extra cost per learner.

We call the difference between what a course earns over its life and what its creator receives after delivery **the residual gap**. This guide looks at why the gap exists, where the money goes today, and two practical ways designers can claim a recurring share of the value they create.

It follows *Beyond the Feature Checklist* (Volume 1), which argued that the best learning partners sell a result rather than a tool. This volume applies the same idea to the people who build the learning.

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\$30/hr

Median freelance instructional design rate on Upwork

184 hrs

Average team effort per finished hour of interactive eLearning

0%

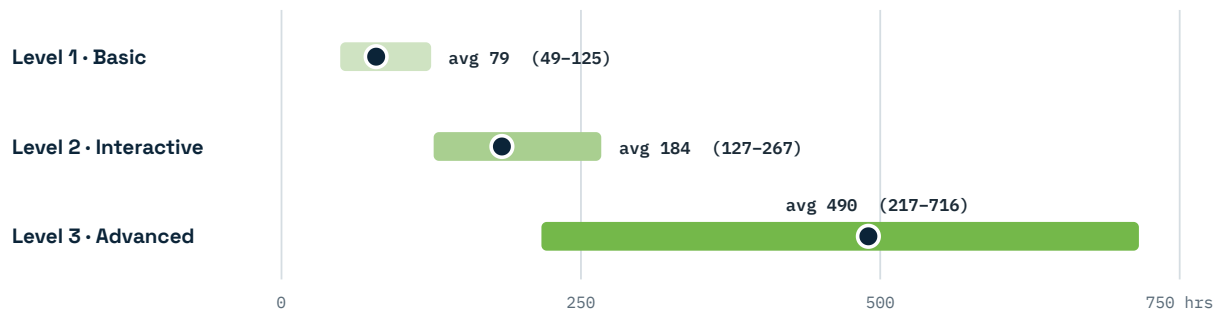
Designer share of a course's ongoing value under a standard work-for-hire contract

01 WHAT A FINISHED HOUR REALLY COSTS

One hour of learning takes weeks to build.

Learners see a 60-minute course. Behind it sits analysis, design, scripting, media, build, review and testing.

FIG. 01 • PEOPLE-HOURS TO DEVELOP ONE FINISHED HOUR OF ELEARNING



THE RATE

\$20–45

Typical hourly range for freelance instructional designers on Upwork; median \$30.

THE BUILD

138 hrs

A 45-minute interactive course at the Level 2 average (0.75×184).

THE INVOICE

\$4,140

Those hours billed at the \$30 median. Paid once.

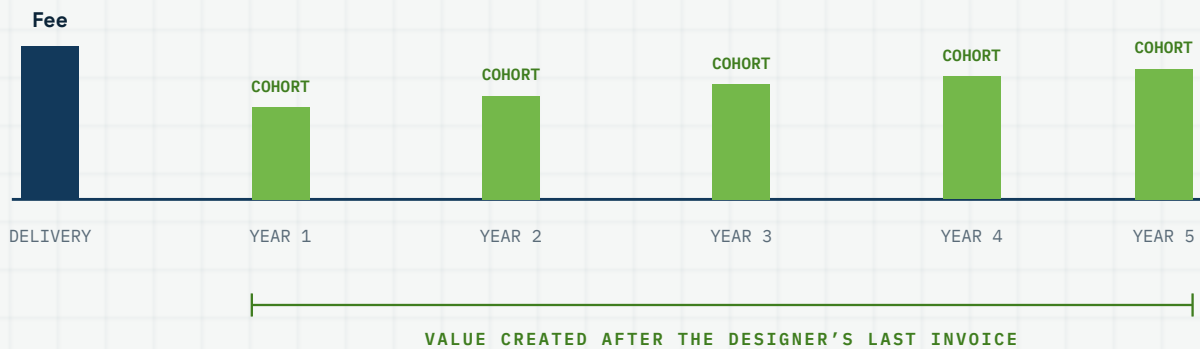
WHY IT MATTERS

The effort is front-loaded and substantial. The value is spread across every learner who takes the course, for as long as it stays in use. A fee-only model captures the first and none of the second.

02 PAID ONCE, USED FOR YEARS

The invoice closes. The course keeps working.

A compliance course is retaken every year. An onboarding module meets every new hire. A certification program runs every season. Each delivery creates value for the organisation, and none of it reaches the designer once the project is signed off.



THE DESIGNER'S VIEW

Income stops at delivery

To earn again, you build again. Income is tied to hours, so growth means longer weeks or higher rates in a market where the median is \$30.

THE COURSE'S VIEW

Value compounds with use

Every additional learner costs almost nothing to serve. The more successful the course, the wider the gap between what it earns and what its creator received.

DEFINITION

The **residual gap** is the difference between the value a course creates over its working life and what its creator receives after delivery.

03 WHERE THE RESIDUALS GO TODAY

Designers have four options. Each trades share for effort.

If you want a course to keep paying you, the usual routes are below. None is wrong; each asks you to give up either share, control, or a lot of your own time.

	WORK FOR HIRE	OPEN MARKETPLACE	SELL IT YOURSELF	LICENSE THROUGH A PLATFORM PARTNER
YOUR SHARE AFTER DELIVERY	None	37% of marketplace sales on Udemy; subscription share falling to 15% (Jan 2026)	Most of the revenue, after costs	An agreed share of every sale (Momentum: 30% floor)
WHO OWNS THE IP	Usually the client	You	You	You, non-exclusive licence
WHO SETS THE PRICE	—	Largely the platform	You	Agreed; you can set minimums
WHO RUNS THE TECHNOLOGY	Client	Platform	You: hosting, payments, LMS, support	The partner
WHO FINDS BUYERS	—	Platform, mostly consumers	You	The partner, incl. organisational buyers
BEST FOR	Bespoke, client-specific work	Consumer topics with broad demand	Designers with an audience	Workplace and compliance topics organisations buy

Udemy figures from its instructor letter filed with the SEC (Exhibit 99.1, 2023): marketplace share 37% unchanged; subscription share 25% stepping to 20% (2024), 17.5% (2025) and 15% (Jan 2026).

THE PATTERN

The routes that pay the biggest share ask you to become a software company, a payment processor and a marketing team. The routes that do that work for you tend to keep most of the money. The question is whether a partner can do the work *and* pay a meaningful share.

04 WHY THE GAP PERSISTS

Designers sell hours. Organisations buy results.

Volume 1 argued that the best learning partners sell an outcome and stay on the hook for it. Most instructional designers are structurally prevented from doing the same — not by skill, but by how the work is bought.

01 THE CONTRACT

IP is assigned away by default

Standard work-for-hire terms hand the client everything, including generic modules that could serve other organisations.

02 THE INFRASTRUCTURE

No platform to sell from

Hosting, SCORM delivery, payments, tax, invoicing and learner support are a business in themselves.

03 THE DISTRIBUTION

No route to buyers

Organisations buy learning through procurement and relationships, not app stores. Few designers have time to sell.

04 THE DATA

No view of what happens next

Once delivered, designers rarely see usage or results, so they can't prove value or price for it.

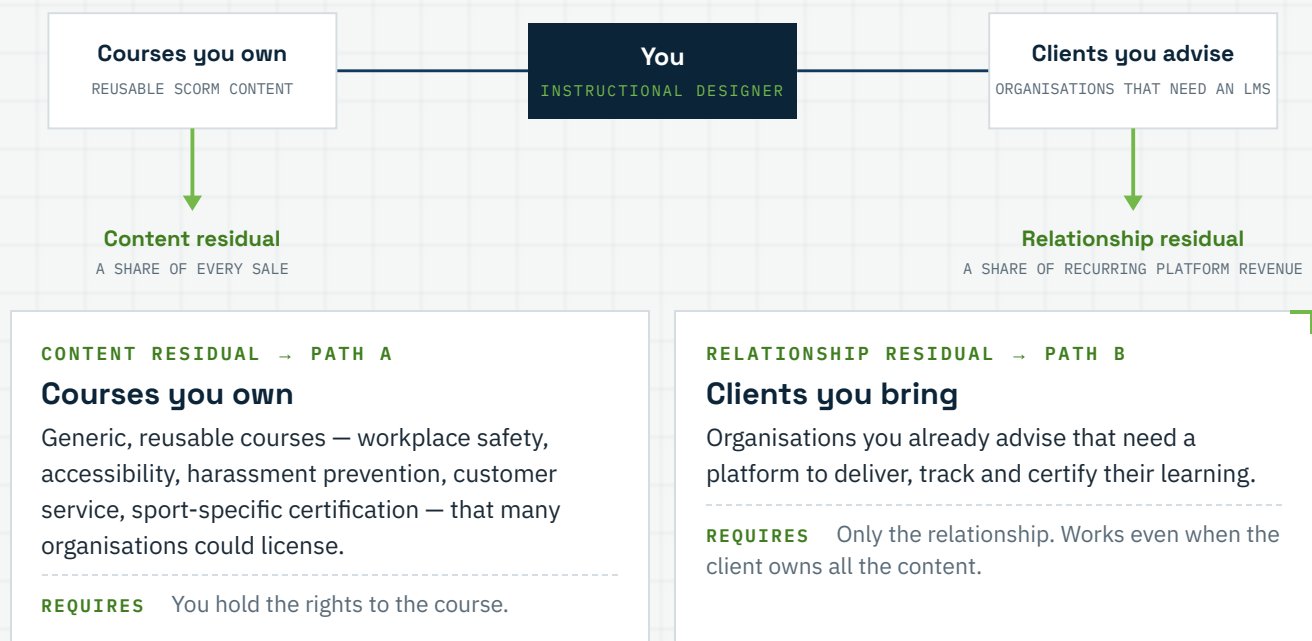
Closing the gap isn't about charging more per hour. **It's about staying attached to the result** — and being paid for as long as the course keeps delivering it.

05 TWO KINDS OF RESIDUAL

You create value in two ways. Both can pay you over time.

Designers create value through the **courses they build** and through the **organisations they advise**. Each can produce its own recurring income, and the two work side by side.

FIG. 02 · TWO SOURCES OF RECURRING INCOME



06 PATH A • CONTENT CREATOR PROGRAM

License your courses. Earn on every sale.

You license your SCORM courses to Momentum on a non-exclusive basis. We host them on our learning platform, sell them to organisations, deliver them to learners and support them. You receive a share of net revenue on every sale, for as long as the agreement runs.

YOUR SHARE

30%+

of net revenue on every sale of your course. 30% is the floor, not the target.

THE KEY TERMS

Non-exclusive. Keep selling elsewhere.

You set minimum prices per volume tier.

Monthly sales reports by the 10th.

Stripe payouts after a 30-day holding period.

Learners keep access if the agreement ends — and you keep earning on it.

HOW IT WORKS

1 Apply

Tell us about your courses: topics, length, audience and format.

2 Review & agree

We check technical fit and market demand, then sign the content licence with your minimum prices.

3 We list and sell

Momentum hosts the course, markets it to organisations and handles billing, tax and support.

4 Learners take it

Usage and sales data flow into your monthly report, so you can see what's working.

5 You get paid

Your share is transferred to your Stripe account after each holding period. No invoicing.

GOOD FIT IF

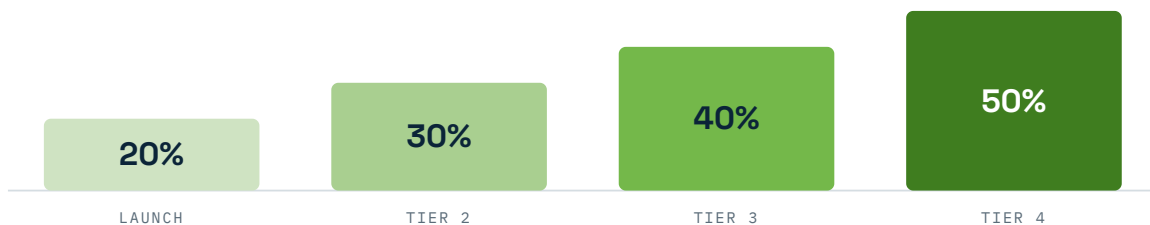
You own finished or nearly finished courses on topics many organisations need, and you'd rather design the next one than run a store.

07 PATH B • MOMENTUM LEARNING PARTNER PROGRAM

Introduce a client. Share in the platform revenue.

When an organisation you work with needs a learning platform, introduce them to Momentum. We contract with and bill the client directly, implement the platform and support it. You earn a share of the recurring LMS revenue that client generates. You never handle payments or carry the technology.

FIG. 03 • YOUR SHARE OF CLIENT LMS REVENUE RISES BY TIER



Tier is set by the recurring revenue you've introduced and reviewed quarterly. Thresholds are set out in the program agreement.

RECURRING

Paid for the life of the client

Not a one-time referral fee. Your share continues as the client renews, with a 10% Lifetime Revenue Rate as set out in the agreement.

PROTECTED

Register opportunities

Register a prospect and it's protected for 90 days, with a 90-day extension while it's active.

SIMPLE

Monthly statements

Paid in CAD within 30 days of month end, \$100 minimum payout.

GOOD FIT IF

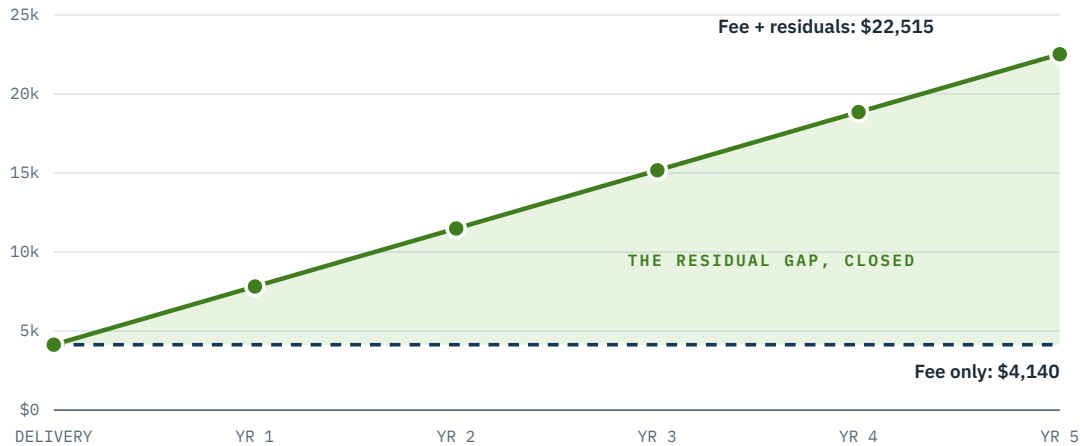
You advise organisations on their learning — associations, non-profits, sport bodies, training providers — and they keep asking where to host the courses you build for them.

08 THE MATH, ILLUSTRATED

Same course. Two ways to be paid.

A hypothetical designer builds one 45-minute interactive course they own, and introduces one client organisation to the platform. The numbers below are illustrative, not a forecast.

FIG. 04 • CUMULATIVE INCOME FROM ONE COURSE AND ONE CLIENT (ILLUSTRATIVE)



SOURCE	ASSUMPTION	PER YEAR	5 YEARS
Project fee	138 hrs × \$30 median (from p.3)	—	\$4,140
Path A — content	150 learners/yr × \$39 net × 30% floor	\$1,755	\$8,775
Path B — client	\$9,600/yr LMS subscription × 20% Launch rate	\$1,920	\$9,600
Total		\$3,675	\$22,515

Hypothetical example for illustration only. Prices, volumes, tiers and client spend vary; this is not a projection or guarantee of earnings. Actual terms are set by the program agreements.

09 KEEP YOUR RIGHTS • A CHECKLIST FOR YOUR NEXT CONTRACT

You can't earn residuals on a course you don't own.

Path A depends on holding the rights to reusable content. These are common points to discuss with clients — and with your own lawyer — before you sign.

- ☐ **Separate bespoke from reusable.** Scope client-specific material (their policies, branding, scenarios) apart from generic modules you could license elsewhere.
- ☐ **Keep your background IP.** Templates, frameworks, interactions and content you bring to the project stay yours; the client gets a licence to use them.
- ☐ **License rather than assign** where it fits: the client receives a perpetual, non-exclusive right to use the course internally.
- ☐ **Avoid blanket exclusivity.** If a client needs exclusivity, limit it by sector, region or time — and price it.
- ☐ **Offer a fee-for-rights trade.** A lower project fee in exchange for the right to license a de-branded version is a fair deal for many non-profits and associations.
- ☐ **Keep clean source files.** Archive editable sources and a de-branded build so a licensable version exists on day one.
- ☐ **Mind third-party assets.** Stock media, fonts and music need licences that allow resale or redistribution.
- ☐ **Write down the relationship.** If you might introduce the client to a platform partner, register the opportunity early (Path B) so it's protected.

General information only, not legal advice. Contract terms and IP law vary by jurisdiction; have a lawyer review agreements before you rely on them.

10 WHICH PATH FITS YOU?

Start with what you already have.

You don't need a catalogue or a client list to begin. Pick the path that matches today, and add the other when it fits.

IF YOU HAVE COURSES

Start with Path A

You own one or more finished SCORM courses

Topics apply across many organisations

You want income that isn't tied to hours

IF YOU HAVE CLIENTS

Start with Path B

You advise organisations on learning

They need a platform to deliver and track it

Clients own the content you build

IF YOU HAVE BOTH

Combine them

Content share on course sales

Partner share on LMS subscriptions

Two income streams from one practice

WHAT MOMENTUM IS ACCOUNTABLE FOR

We only earn when your work does.

In Volume 1 we said the right partner sells a result and stays on the hook for it. That's how these programs are built: we run the technology, find and serve the buyers, and report back to you every month. Our revenue and yours come from the same place — learners who use what you built.

WE RUN IT

Hosting, SCORM delivery, updates, integrations and learner support.

WE SELL AND BILL

Contracts, invoicing, payments and tax, as merchant of record.

WE REPORT

Monthly statements showing sales, usage and what you've earned.

WE PAY ON TIME

Scheduled payouts set out in your agreement. No chasing invoices.

Your best work shouldn't stop paying you the day you hand it over.

Build it once.

Keep your rights.

Let it reach more learners.

Get paid for as long as it keeps working.

The course keeps earning.
Now you can too.

NEXT STEP

Apply to the Content Creator or Learning Partner Program

Apply online and we'll follow up to talk through fit, terms and next steps.

momentumitgroup.com/instructional-designers

SOURCES & NOTES

Sources

1. Upwork, “How much does it cost to hire an instructional designer?” Typical range \$20–45/hr, median \$30, based on historical contracts. [upwork.com/hire/instructional-designers/cost/](https://www.upwork.com/hire/instructional-designers/cost/) (accessed October 2026).
2. Chapman Alliance, *How Long Does It Take to Create Learning?* Research data collected September 2010. Level 1: avg 79 hrs (49–125); Level 2: avg 184 hrs (127–267); Level 3: avg 490 hrs (217–716) per finished hour. Published via SlideShare.
3. Udemy, Inc., letter to instructors, Exhibit 99.1 to Form 8-K filed with the U.S. SEC (2023). Marketplace revenue share of 37% unchanged; subscription revenue share changing from 25% to 20% (Jan 2024), 17.5% (Jan 2025) and 15% (Jan 2026). [sec.gov](https://www.sec.gov).

Notes on the program descriptions

Program descriptions summarise the Momentum SCORM Content License & Revenue Share Agreement and the Momentum Learning Partner Program Agreement. Where this guide and an agreement differ, the agreement governs. Revenue shares, tiers, payment timing and protection periods are subject to the signed agreement and may change with notice as provided in it.

About the illustration on page 10

The worked example uses hypothetical prices, volumes and client spend to show how fee-based and recurring income compare over time. It is not a forecast, projection or guarantee of earnings.

Not legal advice

The contract checklist on page 11 is general information. Laws on intellectual property and contracts vary by jurisdiction; consult a qualified lawyer.

Also in this series

MOMENTUM INSIGHTS • VOL. 01

Beyond the Feature ChecklistDOWNLOAD AT [MOMENTUMITGROUP.COM](https://momentumitgroup.com)

Why the learning platforms worth recommending sell a result, not a tool.