

A Healthy Dose of Budgeting and Forecasting

Budget Maestro[®] at work

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Fast Facts:

Industry:
Healthcare

Location:
Helena, MT

Revenue:
\$520M

Employees:
755

G/L System:
Lawson



Blue Cross and Blue Shield serves health care providers, both physicians and hospitals, individual subscribers and group leaders administering group health plans.

Business Challenge: **Supplementing the G/L With a Comprehensive, Cost-Effective Budgeting Solution**

Blue Cross and Blue Shield of Montana upgraded its financial system to the Lawson enterprise suite from a legacy mainframe system in January 2003. Prior to installing Lawson, the company used a combination of batch data entry and spreadsheets built on old technology for budgeting — a process that took 4 months and required 4 full-time employees.

Many general ledger accounting systems lack a comprehensive, cost-effective budgeting and forecasting component so Blue Cross and Blue Shield of Montana knew they needed to supplement their system. It was critical that the company have the right budgeting solution in place prior to the start of the process in August.

“What drew us to Budget Maestro was the completeness of the package for the price, it gave us the most bang for the buck,” said Financial Analyst Ken Knoll. “We got a solid tool that allowed us to forecast 5 years of data and a system that could also handle the budget entry, consolidation and reporting that we couldn’t do with our G/L package.”



**BlueCross BlueShield
of Montana**

www.bcbsmt.com

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Decentralized Budgeting and Forecasting Means Better Management

Blue Cross and Blue Shield of Montana initially chose the Small Business Edition of Budget Maestro, which is being used by internal finance staff. They have recently expanded to the Enterprise Edition and rolled out additional licenses to others in the finance department as well as to the Chief Financial Officer for the company's Medicare Operations. She and her staff will use the software to develop the Medicare budget for 2005. The company intends to also roll out the software to its two largest departments, Information Technology and Members Services and Support, in Fall 2004 to allow direct entry of their budget data into the system.

Based on the success of these roll-outs, they plan to expand Budget Maestro to the entire corporation for both budget preparation and budget to actual reporting. “Our goal is to give the people responsible for budgeting and forecasting direct access and the ability to input

information directly into the system, so that we can better manage the overall process,” said Knoll.

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User-Friendly Reporting to Avoid the Spreadsheet Nightmare

Consolidating large amounts of data into formats the senior management could easily review and quickly act on is a task that spreadsheets cannot handle. For Blue Cross and Blue Shield of Montana, the turnaround time to get spreadsheet data into proper reporting formats was a 12-15 hour proposition.

Using the prior system, the company had to manually enter budget estimates on the mainframe, schedule the job with production staff, then complete reports in the morning. With Budget Maestro working in an enterprise environment, Blue Cross

and Blue Shield of Montana could quickly upload the information from spreadsheets and produce reports that were ready in the format for management to review.

Budget Maestro's reporting capabilities allowed the company to do an analysis by major account category and by department comparing budget to budget and budget to projected actual. They could also produce income statements based on these projections.

Said Knoll, “As our initial 2004 budget came in over targets, we could drill down into accounts or departments to quickly find the source of the variances, and then follow up with the departments for resolution.” The company's budgeting process was reduced by 2 weeks and although Budget Maestro was not the sole factor in this reduction, Knoll credits the product's ability to produce reports in a timely manner so that senior management had the information to make better decisions.

After investing in a new accounting system, the company's CFO was not interested in purchasing a high-end budget and forecasting solution. For a company the size of Blue Cross and Blue Shield of Montana, they were able to make an economical choice in Budget Maestro that provided the features and functionality they needed to create a painless budgeting and forecasting process throughout the organization.