Cortell
Australia

Monash University
Transforms finance with improved budgeting and forecasting

Australia's universities face a challenging time. Although nobody can be sure what shape the sector will take ten years hence, it's clear that increased competitive pressure and changes to funding models are inevitable. As a result, universities are under intense pressure to develop new educational offerings, identify additional revenue opportunities and grow their market. The imperative to do better with the resources they have means universities must become more efficient and operate in ever-more effective ways.

These are all messages that Melbourne's Monash University has long anticipated. Since the 1990s the institution has been actively developing an international market, to the extent that today, around 30 per cent of its students now come from overseas. It has expanded into new academic and geographic areas through international partnerships and alliances. And it has looked inwards, introducing new processes and systems to replace inefficient activities.

One area of the University that has undergone significant transformation is Finance. For the past six years Monash has been engaged in a wide-ranging Financial Services Enhancement project (FSE) which aims to increase the efficiency and effectiveness of finance processes, achieve operational cost savings across the University, and enhance financial governance, compliance and risk management.

Laying groundwork for improvement
Between 2011 and 2012, a key component of FSE activity was the redesign of Monash's finance-related workforce. Jessica Lightfoot, Executive Director, Financial Resources Management Division at Monash University explains why: "In many ways a university is like a federation, where the faculties exist as separate

states. Back when we started, each of the faculties had its own finance staff, its own finance practices and processes and different levels of capabilities."

It was an inefficient approach that led to inconsistencies in output and duplication of effort. To solve the problems, all staff involved in the procurement-to-payment lifecycle were redeployed, moving from faculties to a central finance hub. The same occurred with staff involved in the administration of research grants.

The $1.8 billion budget problem
Next, attention turned to the University's budget process. Much of its $1.8 billion annual budget was prepared and managed using Excel spreadsheets. The documents were shared between faculties and Finance through email, leading to periodic problems due to poor version control, errors in formulae or content and time delays.

"It was a high risk approach with no transparency. We had no idea what was behind budget assumptions," Lightfoot states. It was also a process that consumed a great deal of time. From start to finish, the annual budget took between seven and eleven months to complete.

Scoping the solution
In 2012, Lightfoot's 2IC Roshana Nanayakkara, Manager Financial Services, was given the task of scoping the development and roll-out of an improved, centralised, consistent system for budgeting and reporting. The system would need to draw together information from the faculties, consolidate the data for Finance, and simplify reporting.

Nanayakkara kicked-off the process by consulting with all faculty and portfolio stakeholders, asking them what the ideal system attributes should be. "From this

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AT A GLANCE

Challenge
Monash wanted to bring more consistency and accuracy to their month end financial reporting processes and achieve significant cost savings across the University

Solution
Monash engaged Cortell to develop an automated and centralised system for budgeting and reporting

Benefits
More accurate data and more consistent logic is saving hours of manual linking of spreadsheets. Complex reports that used to take weeks to prepare now take days

we came up with the top five priorities, which enabled us to develop a scoping document to go to market and look for the right product," he says.

After considering the software offerings of five solution vendors, Monash's Financial Resources Management Division selected a proposal and design developed by business performance management specialists, Cortell, based on an IBM TM1 solution.

"The Cortell team clearly had the most sophisticated offering that met all of our criteria. In particular, they had experience with a student-related revenue model, which is a very complicated funding model.

They put time and thought into their response. They showed that they understood our needs and demonstrated their capability," Nanayakkara notes.

Extracting information
Two Cortell consultants were soon embedded within the Monash Finance team. Working on-site, full time, they learned about the roles of the different staff members, the information each required and the processes that had to be automated.

"They had to pretty much understand everything that we needed, work with the team we had assigned to the project, and come out with an acceptable result within the deadline," says Nanayakkara. "The toughest thing they had to do was extract knowledge from some people who'd never had to explain their roles or processes before. This was actually a really challenging part of the process."

Introducing Metis
In conjunction with development, the Finance Resources Management Division conducted a change management program to build user interest in, and smooth acceptance of, the new system. In addition to keeping stakeholders informed of progress, they gave the budgeting system form and personality, naming it "Metis" after the Titan goddess of good counsel, advice, planning and wisdom.

In July 2013, less than 18 months after scoping began and after just six months development time, Metis went live. Lightfoot points out, "In a short period of time, we achieved what it takes other organisations two or three years to do."

Metis automatically gathers revenue and finance information – including cash and accrual accounting data –from the University's SAP software and feeds it into a TM1 budgeting and forecasting module. Users across ten faculties and a great many departments use the system to forecast, budget and analyse revenue and expenditure information. Reports from the Metis system are distributed monthly to more than 3000 Monash staff delivering the insight they need to manage their specific department.

Accruing benefits
Financial information can now be easily sliced and diced according to user needs. Complex reports that used to take weeks to prepare now take days.

Last year, with the help of Metis, budget preparation took just four months. This year, Lightfoot believes the process could be even faster. "It's become a much more efficient, streamlined, less risky and less fraught process. And that's only because of Metis. We couldn't have done it otherwise."

Inconsistencies between faculties have been substantially reduced. With no single point of failure in the budget process, risk has been reduced. Transparency has improved, ensuring better governance.

Six years ago internal research showed that for every one thousand dollars revenue generated, Monash incurred a Finance cost of twenty dollars. Thanks to FSE and the efficiencies introduced through measures such as Metis, the cost of Finance has now reduced by 26 per cent. At the same time, customer satisfaction remains a high 86 per cent.

Nanayakkara believes extensive early planning was critical to the speed and success of Metis' development. "We were very clear what we wanted and what the system needed to deliver. Also, we had a good steering committee made up of key stakeholders. Right from the beginning we did a lot of internal consultation and developed a lot of internal goodwill."

The transformation continues
Despite the years change at Monash, Lightfoot is confident further efficiencies and increased effectiveness can be delivered within Finance.

"Our earlier initiatives saw a progressive improvement in customer service. We think within the budget and reporting space, we've increased user expectations. There's general acceptance of Metis with everyone agreeing it is a far more sophisticated tool than they've had in the past. So we are scoping additional modelling and looking at ways to improve reporting. We'd like to get to the stage where users can develop their own reports."

Cortell continues to play an important role at the University, attending periodic meetings with the Financial Resources Management Division and conducting quarterly reviews to identify opportunities for enhancements and improvements to Metis. *Cortell Care*, Cortell's support, training and mentoring framework is

further assisting the Monash team with the education, day to day support and best practice guidelines required to keep the Metis platform operating as efficiently as possible.

"It's a journey," Lightfoot said.

In August 2014, the team's hard work was formally recognised when Monash's Finance Portfolio received the Higher Ed Services Award for Excellence in Financial Management for its work in reforming the University's budget methodology. Metis was cited as one of three activities contributing to the award.

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