CASE STUDY

NASCO Uses Planview Enterprise to Move from Time-Based Billing to Deliverable-Based Billing

About NASCO

NASCO provides information technology solutions to Blue Cross® and Blue Shield® Plans across the nation. Owned by and exclusively serving Blue Cross and Blue Shield Plans, NASCO is focused on helping the Blues win in an increasingly competitive market. The company's product-based, shared services platform allows their Plan customers to eliminate redundancy and share development and maintenance costs while increasing speed to market.

The Challenge: New Billing Model to Change Revenue Structure

To meet the demands of their customers and changing business environment, NASCO needed to create a new customer payment model. Rather than billing customers based on accrued time and materials, customers wanted to be billed when portions of work were complete.

To meet this commitment, the NASCO team developed the Deliverable Based Budget Methodology (DBBM) consisting of three payment gates and pre-defined success criteria that required validation prior to invoicing. The new methodology met customer requirements, but it presented new challenges for NASCO's internal business processes. How was finance to determine when key portions of work were complete and ready for invoicing? If payment for services was to come in at each payment gate, how was cash flow going to affect ongoing labor expenses?

A team of system and business process experts at NASCO were tasked to design and implement the DBBM and resolve the business process challenges. As requirements were gathered, it became clear that NASCO needed system and process support in areas of project planning, financial tracking of the work and payment gates, and reporting.

The Solution: Expand the Use of Planview Enterprise to Support New Business Methods

Leveraging their existing implementation of Planview Enterprise, NASCO expanded their use of project management, financial management, and Business Objects (BO) reporting to bring DBBM to life.

NASCO®

Overview

Customer:

NASCO

Industry:

Healthcare Information Technology

Size:

1,700 end-users

Geographies:

Atlanta, Georgia

NASCO uses Planview Enterprise for project management, financial management, and reporting to improve access to timely and accurate project and financial data.

Project Planning: Project Management

NASCO configured Planview Enterprise and created two custom structures on the work manager screen enabling three different levels of aggregation: deliverables, SOW attachments, and the complete program – all of which served as the filters for defining their work portfolios. This configuration ensured that as work was added or removed, the Work Portfolio would always contain the correct work entities, driving accurate data to the financial management and BO reporting.

"Capitalizing on Planview Enterprise's project management capabilities, we've been able to create and maintain clear views into massive amounts of work with minimal configuration." Sheri Millar, Planview system analyst, NASCO.

In addition, NASCO modified their Work Breakdown Structure (WBS) templates adding three financial pay-gate milestones that capture both forecasted and completion dates. They have embedded DBBM with payment-gate criteria into the milestones ensuring they bill customers when the agreed upon work is complete.

Financial Tracking: Financial Management

NASCO needed to separate the new methodology from their traditional time-based billing model and turned to the financial management capability in Planview Enterprise to support this effort. NASCO created a work financial planning model that defined new budget versions and captured the baseline history, including the original SOW budget, change requests as well as the overall project plan for each gate. They also leveraged security capabilities to protect budget versions from unauthorized edits.

NASCO set up the lifecycle functionality in Planview Enterprise to tie work into the financial planning design. For each new deliverable, a sequence of lifecycle steps ensured the correct baseline requirements were captured, approved by the finance department, and saved and locked against editing.

To ensure data was always accurate, NASCO set Planview Enterprise to automatically transfer data from the work manager into the current forecast – establishing data integrity while leveraging the most up-to-date information to promote accurate decision making.

Visibility and Reporting: Business Objects Reporting

NASCO needed additional reporting outside the normal on-screen views in Planview Enterprise. To meet this need, NASCO leveraged Business Objects through Planview Enterprise and created four new reports to further support the DBBM.

The reports include:

- *Financial Management Validation Report*: Provides visibility into every budget version, allowing users to view individual deliverables or all deliverables at once.

- *Payment Gate Tracking*: Displays when payment gates are scheduled for completion. Project management uses this report as the communication mechanism to inform Finance that a gate is ready for invoicing.

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>
> *– Sheri Millar, Planview systems analyst, NASCO*

- *Invoice Master Template*: Replaces an error-prone spreadsheet with multiple fields that required manual updates. Because the majority of the fields are data points in the Planview Enterprise database, the new report populates the data points automatically, creating efficiency and data accuracy.

- *Variance Report*: Provides the program manager and all stakeholders a view into the financials of the deliverables which include EAC variance, % variance at complete, and burn rate.

The Benefits: Streamlined Business Processes between Finance and Project Management

The company has realized a diverse set of benefits since initiating Planview Enterprise to support its newly developed DBBM including:

- Reduction of manual, time-consuming processes helping to streamline and grow the business

- Real-time access to relevant information that creates transparency between finance and project management to collect revenue

- Improved fiscal management of programs

Strengthened project and program management and performance for improved return on investment and customer satisfaction.

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