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MSU Business Process Review Business Case: Accounts Receivable Team

Accounts Receivable – Recommendations: E-Billing

The Accounts Receivable Team recommends the continuation and completion of implementing E-Billing with the Nelnet four campus-wide solution. Students and authorized payers would receive their bill by email and view it online.

The University should continue to monitor customer satisfaction with regard to E-Billing and the format of the bill. As required information changes over time, it may be necessary in the future to modify the bill the payer can view on-line. Through the benchmarking process, we learned that E-Billing is a widely utilized option on many major campuses.

The Accounts Receivable Team feels strongly that E-Billing will increase efficiency and decrease the cost of the Student Fee Billing Process.

The Accounts Receivable Team also feels that customer service and the University’s Student billing process will be greatly enhanced if there is a change made to the Student Insurance Assessment and Waiver procedures.

A. Introduction

1. MSU Business Process Review

The four campuses of MSU were invited to participate in a business process review of all administrative and financial business processes.

There were several strategic objectives:

- develop a single process to be used by the four campuses,

- have a consistent set of definitions for all data elements, and
- improve institutional and system efficiencies and effectiveness.

Each of the processes will be:

- Redesigned,
- Modified, or
- Remain unchanged.

Each process will have a business case and cost benefit analysis to support the final recommendations.

The investigation and development phases (Phases I and II) occurred during 2006. Implementation of approved recommendations will occur during 2006 and 2007 in alignment with business cycles and resource availability.

E-Billing Process Review

E-Billing is the process of sending bills to students online, via email. E-Billing has already been implemented at the Bozeman campus prior to obtaining the Nelnet solution, but Bozeman will be implementing the Nelnet system during Spring 2007 as will the other three campuses.

a. Summary of Accounts Receivable Processes to be Redesigned or Modified.

Process Title	June 28th 2006 Recommendations
Cashiering (Web Payment)	Redesign
Student Fee Billing	Redesign
Refunding	Modify
Non-Student Rec.	Modify

b. Business Process Review Objectives

President Geoff Gamble’s letter to the MSU campuses focused on six major desired outcomes of the BPR project:

1. A strategic effort to enhance all of the University’s business processes that fall under the general umbrella of Administration and Finance operations.

2. Establish a University wide information system based upon a set of common, standardized data elements and business processes used by all campuses and agencies.
3. The BPR teams will review all processes and develop a standardized design for all data elements and business processes which will be selected for President Gamble's final approval.
4. The BPR outcomes will be a visible example of a more operationally consistent Montana State University.
5. MSU will enjoy a higher level of efficiency and effectiveness throughout our administrative operations and information systems.
6. MSU's commitment to the Board of Regents in support of their Strategic Goal III – Improving institutional and system efficiency and effectiveness.

These six major strategies can be translated into six subordinate strategies or tactics that can be identified and measured for many of the individual processes to demonstrate achievement and accountability:

- Improved institutional and systems efficiencies and effectiveness:
 - Single process across four campuses,
 - Data consistency,
 - Quality process,
 - High level of customer service, and
 - Timeliness of product or service delivery.
- Reduction of paper based transactions.
- Improved records management.
- Improved technical functionality.
- Development of Business Continuity Plan.
- Implementation of Front Office/Back Office concept.

E-Billing Process Objectives

- Improve customer service
- Reduce complaints
- Improve efficiency of student billing
- Expedite delivery of student bills
- Reduce cost of student billing
- Develop common bills between campuses

c. Scope of This Case

As proposed by President Gamble, the BPR project will review all administrative and financial processes across all four MSU campuses. During 2006, BPR Teams collected and analyzed data as part of the assessment and recommendation periods, being Phase I and II respectively. Implementation will occur during 2007.

It was assumed that since the BPR project could only make recommendations pertaining to administration and finance policies and procedures, any investigation would be contained to within central administration and finance departments. Cost benefit analysis will include estimates for the whole organization based on detailed analysis in central administration and finance, and extrapolated analysis of other departments.

Recommendations pertaining to other Divisions, for example, Student Administration, or Office of Sponsored Programs, could be made based on the Administration and Finance Division data collection and analysis. The implementation of such recommendations would be determined by the Executive of these other Divisions.

E-Billing Scope

E-Billing will improve the proficiency of the Student Fee Billing Process and provide a more convenient, cost effective and secure method of providing bills to students and authorized payers.

While conducting interviews with other Universities during our Benchmarking process, we discovered that there appears to be a much better way to handle Insurance Assessment and Waivers. Most other schools have that process occur at the time of registration and not at the time of fee assessment. This possible change to the procedures will impact the Student Health Office which is outside the Administration and Finance Division. The Accounts Receivable Team has sent a letter to the Vice President of Student Services in order that we might get his feedback on our proposal.

2. Business Process Review Business Case Purpose

This business case is to provide an overall project perspective and high level recommendations to the Oversight Committee, and in turn, President Gamble, to seek approval for Phase II recommendations, and development and approval of Phase II implementation plans and timeframes.

E-Billing Purpose

E-Billing is the utilization of technology to provide the ability for students or other payers to view student bills online. This process will primarily reduce staff time and the cost of providing bills to students.

3. Background

At a very high level, the background to the MSU Business Process review is based on:

- a commitment by President Gamble to the Board of Regents to improve the institutional and system efficiency and effectiveness of MSU, and
- addressing issues that were identified by the Pappas Consultants being:
 - decision-making lacks a system wide perspective,
 - inefficient business processes,
 - suboptimal use of technology, and
 - operational information, expertise and best practices are not systematically identified and shared across MSU Administration and finance organizations.

E-Billing Background

Traditionally, student bills were sent via the postal service and at a great cost to the University. The implementation of E-Billing on all four campuses will greatly reduce these costs. E-Billing will reduce the amount of staff time utilized in the traditional billing method of printing, folding, stuffing and mailing. E-Billing will offer the students, parents, or other authorized payers a more timely method of reviewing charges. This may encourage earlier payment of accounts.

a. Problems and/or Opportunities Addressed by Business Process Review

- Opportunities presented by BPR to address problems identified through the Pappas Review process include:
 - Single process across four campuses to promote efficiency, succession planning, training, and improved ability to meet peak demands.
 - Data consistency to improve the reliability of management reports both from an individual campus

perspective and a comparative cross campus perspective.

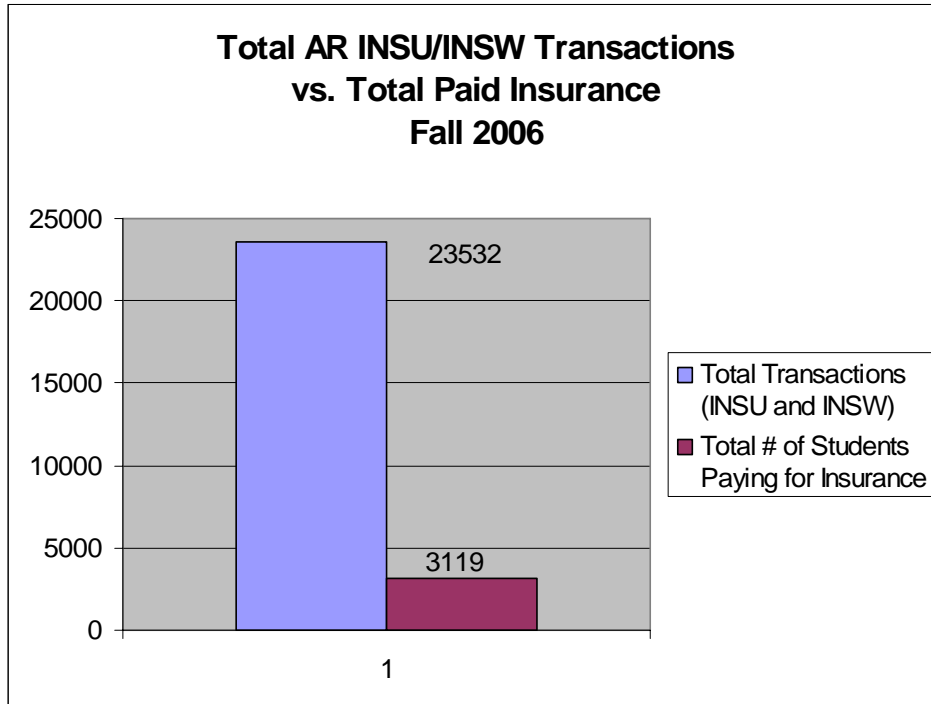
- Quality process to improve quality, reduce error rates and improve the targeting of training and reference materials,
- Improved timeliness of product or service delivery thus improving ongoing process efficiency.

E-Billing Opportunities

Changes to the current insurance waiver process became apparent during our benchmarking. Most universities interviewed during our benchmarking have students waive insurance at the time they register for classes. Therefore, only those who want health insurance are assessed the insurance fee.

The current MSU insurance waiver policy requires all students to be assessed the health insurance if they are registered for over six credits. Students that do not require insurance because they are covered by another policy must login to MyInfo every term and waive the insurance after it has been assessed. This policy dramatically increases the number of insurance transactions the A/R office must monitor during a given term.

During the Fall 2006 term on the MSU Bozeman campus there were a total of 23,532 insurance fee and insurance waiver transactions posted to student accounts. Only 3,119 students actually paid for the insurance. The A/R Team recommends that insurance only be assessed for students who want the student health insurance, therefore eliminating an extra 20,000 unnecessary A/R transactions per term. This could be easily accomplished by having students waive the insurance at the time of registration.



b. Connections to other Projects/Products or Programs

The BPR project has ongoing links with:

- Business Continuity Planning
- Disaster Recovery Planning
- Pre-Disaster Mitigation Planning
- National Industry Benchmarking
- BPR Student Administration (future)
- Potentially, The Baldrige Award (future)

c. Current Problems or Limitations

Current problems or limitations include:

- Financial constraints on:
 - Implementation projects
 - Human resource availability
- Different cultures across the four campuses
- Change management issues – resistance to change

d. Other Important Historical or Situational Information

The volume of bills sent by the four campuses in FY06, as illustrated below, constitutes the need for a more cost efficient billing system:

FY06	(Fall '05, 1st Billing)	Spr'06, Monthly Billing	Sum '06, Past Due/Non-Student Billing	3rd Party Billing	TOTAL	Postage Cost @ .39	Printing Cost @ .05
BZ	28,000	14,000	5,000	2,000	49,000	\$19,110	\$2,450
BL	12,000	15,000	4,200	500	31,700	\$12,363	\$1,585
HV	4,000	1,000	400	100	5,500	\$2,145	\$275
GF	5,000	4,400	3,500	100	13,000	\$5,070	\$650
Totals	49,000	34,400	13,100	2,700	99,200	\$38,688	\$4,960

B. Methods and Assumptions

Data compilation for the Student Fee Billing Process began in Phase I with a high-level review of data using surveys, focus groups and work distribution charts. Tangible documentation was processed through flowcharts, using Process Model software. Upon completion of this data analysis, a recommendation to redesign the Student Fee Billing process was made to the Oversight Committee. The committee granted the Accounts Receivable Team approval to move forward and begin a comprehensive review of this process.

During Phase II, a Cost Benefit Analysis was created to exhibit specific data collected regarding Student Fee Billing. All data was reviewed and verified by the Accounts Receivable Team.

1. Financial Metrics

The BPR business case used the Cost Benefit Analysis showing incremental cash flow beginning in July 2007 through the next five years.

To analyze the cost/benefits, a summarized report showing the total number student billing, monthly billing, past-due billing and 3rd party billing was created. These counts were compiled from the A/R offices from each campus during FY06.

Many of the BPR initiatives are targeting improved efficiencies and effectiveness which are quite complex to calculate. In addition, these benefits are not directly cost driven. Improved client service is an important objective and recommendations that improve client service are likely to be implemented even if the improvement comes at an apparent cost to the organization.

2. Business Case Scope and Boundaries

The Accounts Receivable Team collected salary and processing costs from each of the four campuses. The Billing data collection focuses on the steps taken for staff to process the bill through Banner and the Appworx procedure. With E-Billing, these steps will essentially be eliminated since the nightly process in Appworx will generate the e-bill and ftp the file to Nelnet system for distribution through their server using the MSU official email address. When a student sets up an authorized payer in the Nelnet system, this authorized payer will also receive the automatic email notice that a bill has been generated.

a. The Analysis Period

The Accounts Receivable analysis period included a review of the FY06 costs with the current process of handling Student Fee Billing as well as projected costs for the next five years. Costs are based on three terms of the academic year. Billing for non-student, past-due and 3rd party billing will continue to be through the postal service since these email addresses are not stored in Banner.

b. Geography or Location

The Accounts Receivable Team recommends implementation of E-Billing on all four campuses in order to streamline and reduce the cost of the Student Fee Billing process. Currently, Bozeman is the only campus utilizing an E-Billing procedure developed by that campus.

c. Organizations

The organizations covered by this business case include the administrative and finance processes across the following:

Montana State University

- Billings campus
- Bozeman campus
- Great Falls campus
- Northern campus

The Accounts Receivable Team recommends the implementation of identical e-billing procedures using Appworx across all four campuses. This will enhance customer service issues when students are transferring between campuses.

d. Functions and Positions

The analysis covered the cost of producing and sending a paper bill on each campus with the Administration and Finance processes only. The review focused specifically on the student fee portion of billing.

e. Technology

E-Billing will be implemented through a contract with Nelnet. Training and testing of the new E-Billing system has already begun for all four campuses.

3. Scenario Design

An analysis of a more consistent, cost efficient form of Student Fee Billing was done for each campus. The recommendation towards E-Billing for all four campuses provides a more streamlined and inexpensive approach to this Student Fee Billing process.

As Accounts Receivable representatives from all four campuses are already involved in the testing and training of the new web bill, there should be no need for a phased-in approach to E-Billing for A/R staff. The Bozeman campus developed their own E-Bill process beginning in Summer 2006 and spent approximately six months marketing the idea of E-Billing. Therefore, further communication with that campus community will be limited. The other three campuses will need to develop a comprehensive communication strategy to disseminate the information about E-Billing out to their campus communities.

4. The Cost Model

The current paper billing process requires several actions – selection of the appropriate students, running the Banner and Appworx bill processes, printing, folding, stuffing, and mailing of the bills.

The Accounts Receivable Team collected salary costs for all actions mentioned above specific to paper billing for students. These costs were evaluated using the present case (paper bills) scenario and the new case (E-Billing) to determine whether there would be a cost savings by implementing E-Billing.

5. The Benefits Rationale

- Increased efficiency
- Improved customer service

- Improved student/parent satisfaction
- Single process on all four campuses

6. Data Structure

Costs of student fee billing methods for FY 2006, including processing and postage, were compiled from all four campuses to determine current processing costs.

7. Data Sources and Methods

All data was collected using work distribution charts, surveys, focus groups, data collection templates, cost of quality, performance metrics and Process Model data.

8. Assumptions

The Cost Benefit Analysis uses the assumption that the first mass mailing and continuous monthly billing for current students will utilize the new Nelnet e-billing process. Paper billing will continue for the non-student, past-due and 3rd party billing.

C. Business Impacts

The Accounts Receivable Team recognizes these business impacts:

- Reduction in staffing costs
- Reduction in the cost of office supplies and postage
- Increased customer satisfaction

1. Analysis of Results

The Bozeman campus is already utilizing an E-Billing process which has significantly reduced their postage costs. Great Falls, Billings and Havre will benefit greatly from this resource and savings. All campuses will benefit from the new Nelnet e-billing which enables the student to setup an authorized payer to receive and pay the bill on-line.

2. Non-financial and Non-quantified results

- Improvement of customer service
- Reduction of complaints
- Improve efficiency of student billing
- Expedite delivery of student bills

D. Conclusions and Recommendations

1. Conclusions

Implementing E-Billing on all four campuses would significantly reduce the costs associated with producing and sending student bills without compromising the accuracy or timeliness of the bill. E-Billing will drastically reduce the amount of time staff spend on printing, folding, stuffing and mailing bills. The Accounts Receivable Team is confident that the benefits of implementing E-Billing will improve efficiencies and decrease the cost of operations and more importantly provide a service to meet the increasing demands of our students.

2. Recommendations

The Accounts Receivable Team recommends that all four campuses implement E-Billing, which is an emerging trend which provides students the convenience of viewing their bill online. The Team also encourages an immediate change in the procedures for the Student Insurance Assessment and Waiver process in time to be effective for Fall 2007.