

Blood Bank breaks even with TM1 and ValuMax

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The TM1 business intelligence solution implemented by Cortell is helping the New Zealand Blood Service meet its targets.

The New Zealand Blood Service was established in July 1998 with the aim of guaranteeing the supply of safe blood products nationwide. The Service is responsible for an integrated national blood transfusion process which begins with the collection of blood from volunteer donors and ends with the transfusion of blood products in hospitals - a "vein to vein" transfusion service.



As a non profit-making organisation the Service's finance department aims for a bottom line of zero. It's not as easy to achieve that target as it may appear, and until recently the task was made even harder because the activity-based costing application the organisation was using was poorly supported, and was leading to excessive maintenance and configuration costs.

"Thanks to internal staff turnover we had no institutional knowledge of the program and what support we received for the package was Australia based," says chief financial officer Bruce Collis.

"That wasn't convenient, and the package itself seemed overly complex, it wasn't intuitive at all."

Collis started looking for a costing solution that would provide a transparent view of the organisation's cost structures. The package also had to be cost-effective to maintain and change.

"We had a bit of a look around, but at first there didn't seem to be anything on the market that suited our needs," he says.

Then Collis came across ValuMax, an activity-based costing solution which had been developed by business intelligence software specialist Cortell.

"We were attracted to ValuMax because it was powerful enough to manage the complexity of our business but it was priced at a reasonable cost level," says Collis.

ValuMax solved NZ Blood's costing requirements and the package could be configured and maintained much more easily than its predecessor and for a fraction of a cost. The costing package really proved its worth when Cortell implemented the TM1 business intelligence solution.

Collis was looking for a package that would combine information from the costing package with the Service's ERP system to produce budgets and reports. TM1 appeared to be the ideal tool at a reasonable price.

"Once again, cost wasn't too much of a barrier," says Collis.

The benefits from interlinking all of the organisation's applications have been enormous in terms of staff resource time savings and in maintenance and processing.

"It's a very intuitive tool, you can send it out to non-accountants or people with limited computer experience," Collis says.

"People can work their way through the menus and produce reports with a click of a button. We are able to produce boardroom reports straight away without having to do too much work on them."

The Service now uses TM1 to connect directly to its Epicor general ledger package to create all reports for the board, resource centres and regional reporting units.

In conjunction with ValuMax, TM1 allows users to pivot around different product costings, compare different activity rates per region and analyse product, period and regional attributes.

TM1 is used to analyse blood product pricing to ensure product prices are set a level where NZBS breaks even. ValuMax feeds the product costing into the model to confirm sales prices with actual costs to calculate profitability.

The Service is also using TM1 to prepare the organisation's overall budget and allows it to perform detailed 'what if' analysis of multiple scenarios.

TM1 supplies ValuMax with expense accounts and amounts to be used in the costing process to calculate a cost per product per region. ValuMax runs a costing on all the different products per region and then populates TM1 cubes to allow slicing and dicing of the different costs, attributes and fixed-variable analysis.

Collis says the savings in staff time since TM1 was implemented will soon allow the finance department to increase the frequency of its reporting and costing calculations.

"We are going to step up from annual to quarterly forecasting and we'll soon be updating our costing every month instead of every six months." TM1 has already given the NZBS a transparent view of its financial position but it looks as if the picture is about to become clearer still.

At a Glance...

Business Objective

The New Zealand Blood Service needed a tool that would integrate information from all of its financial applications to provide clear reports, budgets and forecasts.

Solution

Applix TM1 Business Intelligence Software and Valumax activity based costing.

Business Benefits

NZBS is benefiting from an effective and easy to use reporting and analysis tool that is helping the organisation achieve its financial targets. Labour savings have allowed the finance department to increase the frequency of its costing and forecasts.



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