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### The Customer

Western Governors University is an accredited online university headquartered in Salt Lake City, UT, offering both bachelor's and master's degree programs to students in all 50 states. At WGU degrees are earned based on a competency model, or in other words, what a student has learned – not how long they sit in a classroom. WGU specializes in industries where there is a high demand for jobs, with colleges in teaching, business, information technology and nursing.

Founded in 1997, the University became accredited in 2005 – making WGU one of the newest and fastest growing higher education institutions. At WGU, the faculty are called 'mentors' and most of the mentors are remote. Each mentor is responsible for 80 to 100 students, serving as a coach and source of motivation. Mentors stay with students throughout their program – sometimes meeting the student face-to-face for the very first time at graduation.

Instead of semesters, WGU has six-month terms starting every month, enabling new students to get started at any time of the year. Tuition is a flat fee and there are no limitations to the number of credits that can be earned each term. The average age of a student is 36 years old. Because of this, students have a wealth of life and occupational experiences. If they can demonstrate competency, students can move ahead quickly in the WGU curriculum.

WGU offers a tremendous financial value for students. The on-line delivery model has allowed WGU to keep tuition costs very reasonable and to eliminate many of the ad-hoc student fees associated with a traditional university. Impressively, WGU has gone 5 years without a tuition increase!

Overall, WGU's unique model has proven exceptionally successful – growing at over 30% a year to reach today's roster of 35,000 students and 2,000 employees spread across every state.

Curt DeFriez is the controller of the organization and has been there for nearly two years. Curt has over 20 years of finance and accounting experience including public accounting at PWC and stops in several other industries including high tech, publishing and manufacturing.

### The Problem

When Curt arrived at WGU, there were so many things to work on that the budgeting piece always seemed to be “next” on a never-ending list. In his first year, there was one financial analyst who pulled together some linked budget spreadsheets and WGU muddled through that budget process. “It was cumbersome and inaccurate,” says Curt. “But, at least it was a valiant first attempt at bottom-up budgeting. Prior to this, university executives worked from high-level, top-down budgets and the department managers had only been lightly engaged in the budget and financial reporting processes. In the past, it was really a top-down effort.”

Curt never had a great deal of confidence in the Excel-based budget numbers. When he made changes, he was worried that the changes would throw something off – and he lacked the key assumptions and rationale behind the numbers. “Excel is not good at catching or preventing errors or dealing with last minute changes,” notes Curt.

But budgeting at WGU is critically important even though it was not done in a very comprehensive or distributed manner in the past. Curt says that his goal was to build a culture of budget accountability with his department heads. He wanted these people to really understand and “own” the budget numbers. The Excel process did not allow for that and he had to change it. He wanted to accelerate the maturity of this aspect of the organization.

WGU uses the Banner General Ledger system and uses ADP for Human Resource Management.

### The Evaluation

The CFO at WGU came across XLERant through an email for a webinar and passed it on to Curt. Curt was impressed when he first saw the BudgetPak product demo. “There was a lot more there than I was expecting,” says Curt. “It was simple to use and appeared to be simple to implement and simple to train – yet very powerful for both us, and our managers. And the price was such that this did not require a lengthy board approval.”

With only two months before budgeting kick-off, Curt moved quickly through the evaluation process. Of the reference checks he made with other higher education institutions, Curt says: “The references were great....very helpful and very supportive of the product. They validated what we were proposing to do and they were in our industry segment.”

# Western Governors University Case Study

When asked about why he invested in a specific application for budgeting, Curt responded, “General Ledger vendors do not understand budgeting. They are transaction oriented and this is not a transaction system. In Excel, if you make a change you spend a whole day checking for errors and issues. So, Excel was not a viable option either.”

It was obvious to Curt in talking to XLERANT that the company understood the budgeting process, the importance of good templates, and requirements. XLERANT’s specialization in higher education was especially appealing to him. “This product was built with heavy understanding of both financial and operational end user needs. The functionality and user interface was right for the needs of the people who have to prepare the budgets. It showed right from the start that XLERANT knows budgeting and they know higher ed. This is Excel budgeting 2.0 – but without Excel. We have all the functionality that we need without any of the inherent Excel risks.” And he believed that the price was fair, saying: “We more than got the value that we needed for the price.”

## The Implementation

“For me, one of the most amazing parts is that we found XLERANT, did a product evaluation, built the business case, and went live in a two-month time period” says Curt. “I have a great deal of experience with financial software selection and implementation. This was easy.”

Curt used Hyperion Planning in another job. He said “We could never afford Hyperion here or implement it in time for this budget cycle. BudgetPak is well constructed and affordable and a great value. We just did our due diligence and got started.”

Curt assigned one person to do the implementation and training. XLERANT handled the heavy lifting of configuring the application specifics and performing the training. User training sessions were done online and took an hour. Curt says “Some departments had their budgets done less than an hour after training. This provided them the knowledge to do their budgets. Of course, the larger departments took more effort.”

He adds “Some users were wary because we were throwing something new at them at the last minute. They all came back and said this made the budget process better and was very easy.” WGU was able to change the culture to one of budget engagement and accountability. This was the most important benefit derived. “Yes, we got more flexibility and yes, we got more financial controls and formality to the process. But the culture change was the real goal. Managers are now much more attuned to their numbers. In the past budgets were so sparse and limited that BA analysis was not very meaningful” Curt says.

## The Solution

The primary benefits derived by WGU are ownership by managers, better flexibility in how managers prepare their budgets, improved documentation of assumptions, better quality of information and more confidence in the final numbers.

Additional benefits were derived from key BudgetPak features that were especially relevant to WGU. For example, with the lion’s share of expenses spent on personnel, the salary planning

capability in BudgetPak has been invaluable to WGU. And the budget map “navigation” has proved helpful for all users (regardless of their financial expertise). Says Curt: “It walks you through your budget without having to understand spreadsheets. It is a nice logical progression that is visual and nice for users.” The reporting and querying features have also been a hit, with Curt adding: “The fit and finish of reports is something that looks professional and you can have confidence in.”

WGU plans to do mid-year and perhaps even quarterly forecasting going forward. “We are now providing high quality budgeting information – that we have confidence in – to all levels of management to facilitate good discussion,” says Curt. “Now people can better understand the financial performance of their organization and help in the variance analysis process. Managers have greater attention in the process. This helps us better manage the business and quickly adjust to the demands of high growth.”

When asked why the higher ed market segment for budget tools is so hot, Curt responds that he did not grow up in this industry – but feels that finances in higher education are so tight that this is driving more scrutiny in the budget process and financial management overall. “Higher ed must squeeze the most out of every dollar,” he says. “Staffs are smaller (thinner) and financial people have more responsibilities. People are asking questions of people who are over-burdened and now we need to tie financial plans to strategy and this is driving pressure on higher ed to upgrade their budget process.”

But he also adds that BudgetPak would work for any industry: “I could have easily used this product in any of the businesses I have been involved with. The concepts, work-flow, templates, and reports are universal.”

During a reference call, Curt said he would tell potential buyers that the ease of implementation and ease of adoption – specifically as it relates to the cultural shift from top down to a culture of budget accountability with managers – is the most important benefit.

He adds that in Excel, a single financial analyst spends too much time building and maintaining budget spreadsheets: “I now expect much greater efficiency from our resources since there is no template building and constant error checking required. There are lots of hidden costs and hidden hours involved with Excel budgeting and lots of risks. BudgetPak provides more peace of mind. I don’t want to lose my job over a bad spreadsheet or formula.”

Finally, Curt says “Change is hard for many people. But this change is easy since within an hour even people inexperienced with budgeting will be comfortable using BudgetPak. This doesn’t turn the budget world upside down, it just makes it faster and easier. This has less to do with change, and more to do with getting managers to where they wanted to be without knowing it. At WGU, managers who didn’t even go through training built a much better budget. They said ‘I get this.’”