

NUCLEUS
RESEARCH

ROI: 110%
Payback: 1.5 Years

PROPHIX CLOUD

MISSION HEALTH COMMUNITIES

ANALYST

Isaac Gould

THE BOTTOM LINE

Mission Health Communities (MHC) implemented Prophix Cloud to standardize and streamline operations across its finance and accounting departments. By migrating off manual and Excel-based processes onto Prophix, MHC streamlined its financial planning and analysis (FP&A) and financial close reporting activities. The implementation of Prophix standardized data and workflows, increased user productivity, and improved business agility. Besides cutting time spent on the annual budgeting process by over 40 percent, MHC leveraged Prophix to create a PPE inventory tracking program within three days to save over \$200,000 in potential labor costs during COVID-19 last year.

THE ORGANIZATION

Mission Health Communities is a provider of senior living and skilled nursing communities in the US. Primary services provided in the communities include elderly care, hospice, and rehabilitation. Based in Florida, MHC manages over 50 facilities in Georgia, Tennessee, Wisconsin, Minnesota, Kansas, and Missouri. The company is amid an expansion initiative, opening nearly 20 facilities within the last three years.

THE CHALLENGE

MHC primarily used Excel for its financial management processes, such as accounting and budgeting. This antiquated system lacked sophistication in its analytical capabilities and could only create basic financial statements. Budgeting for the year was cumbersome because the company had to coordinate with over 30 locations, a process that was riddled with human error, duplicate spreadsheets, and excessive back and forth between corporate and facility management. In addition, the lack of standardization across the organization caused each facility to have its own master budget templates, creating discrepancies that further propagated through the company. To perform any analytics would require an extensive process of searching and requesting information from individual facilities and departments. Therefore, calculating real-time KPIs was near impossible, contributing to an organization-wide visibility issue.

**Cost : Benefit
Ratio**

1 : 1.8

THE STRATEGY

MHC realized it needed a corporate performance management (CPM) solution to streamline its period close, financial reporting, and FP&A tasks. Due to its growth, MHC prioritized the centralization and standardization of its operational and financial data. Mission Health needed to establish a single source of truth (SSoT) and reporting capabilities that could be easily customized to fit its unique healthcare business model. Undergoing an RFP process in early 2019, MHC considered Workday Adaptive Planning and Prophix Cloud. Ultimately, the company selected Prophix in May 2019 for the following reasons:

- **Intuitive user interface.** MHC's Prophix administrator did not require a high level of technical expertise to manage the system and implement changes. The intuitive user interface empowered accountants and business analysts to create detailed reports and generate forecast models quickly. Since end-users could pull up facility and account reports, the accounting team was able to identify variances and missing or

outstanding invoices; business analysts could determine primary cost and value drivers on a month-to-month basis.

- **Out-of-the-box-functionality.** Prophix came out of the box with ad-hoc analysis capabilities, real-time KPIs, and report templates suited for MHC. This simplified the implementation process, leading to a quick time-to-value which enabled employees to conduct granular data searches and report customizations. The reports leverage Prophix's proprietary Online Analytical Processing (OLAP) technology, which consists of individual databases, called cubes, that transform unorganized data into actionable knowledge.

TYPES OF BENEFITS



KEY BENEFIT AREAS

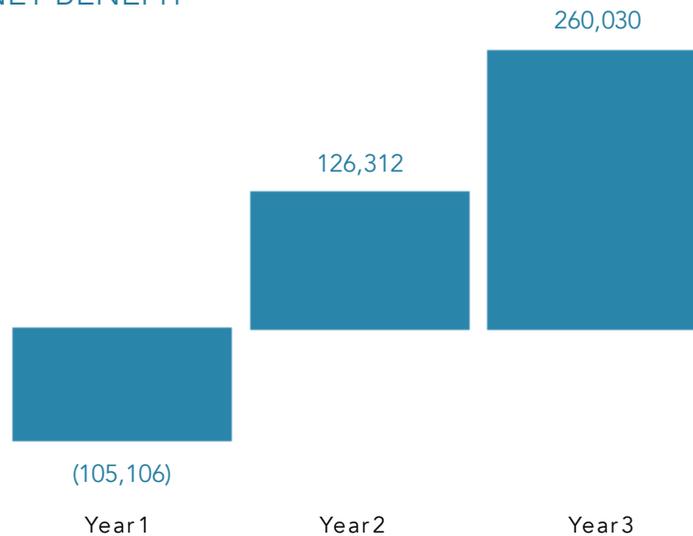
Mission Health Communities underwent a two-month implementation process, going live in August 2019 with core financial management and reporting capabilities and a planning module for budgeting employee compensation. With its cloud deployment of Prophix, MHC realized benefits in increased user productivity, improved business agility, and improved organizational visibility.

- **Increased user productivity.** Since facility administrators and regional vice presidents can view, comment, and grant approvals directly within Prophix, internal email correspondence has been virtually eliminated; manual interventions, human error, and rework have also been reduced significantly. As a result, the accounting department performs the monthly close nearly 15 percent faster. Prophix streamlined the budget input process, cutting it down from four to three weeks because facilities could submit their own budgets into Prophix, eliminating the need for corporate to compile individual files into a master spreadsheet. Now, with direct access to a shared master budget, users have reduced the review process by 66 percent.
- **Improved business agility.** MHC leveraged Prophix to support the launch of its PPE tracking project during the worst months of the COVID-19 pandemic last year. As a healthcare service provider, MHC had a large inventory of PPE gear that needed to be actively tracked to offset usage costs with federal stimulus funding and ensure that each facility was adequately stocked. MHC implemented a PPE inventory tracking model within three days, complete with the underlying logic, templates, and reporting capabilities. Under its legacy excel processes, this project would have required at least

two full-time financial analysts. By designing, implementing, and launching the project within Prophix, MHC saved over \$200,000 in avoided personnel costs. With Prophix, the company has the business agility to quickly launch new business lines and facilities as back-office friction is reduced.

- **Improved organizational visibility.** Previously, accountants had to parse out income statements or balance sheets from the legacy report management system then send the reports via email. Since deploying Prophix, employees access information directly from Prophix as needed, without involving the accountants. With an SSoT, the accuracy of reported numbers was increased, and MHC can track real-time KPIs to assess performance. In addition, Prophix provided MHC with analytics, including variance analysis, risk assessment, and utilization optimization tools, to inform decision-making and drive operational efficiency.

CUMULATIVE NET BENEFIT



KEY COST AREAS

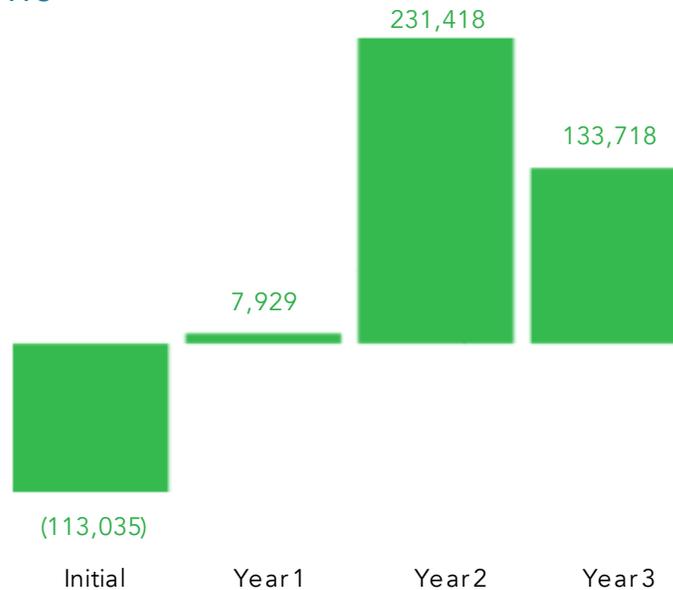
The largest cost area for MHC was the annual subscription costs paid to Prophix, followed by Prophix's implementation consulting costs. Additional cost areas included the employee time spent implementing Prophix and employee time spent training accountants, facility administrators, and operations teams on the new system.

LESSONS LEARNED

MHC's Prophix implementation was primarily driven by the system administrator and daily users. By being proactive during the deployment, MHC built out the system the way it saw fit as opposed to relying on the consultants to lead the project. Consequently, this reduced

bugs and issues post-deployment. In addition, having employees well versed with the system from the start improves user adoption, reduces upfront training, and accelerates time to value. Since every business is unique and most SaaS deployments are highly specialized, vendor guidebooks are not always suitable to train users efficiently. As a result, MHC developed a proprietary user guide for its onboarding process to fit its specific business needs instead of relying on general documentation.

NET CASH FLOWS



CALCULATING THE ROI

Nucleus Research analyzed the costs of software, personnel, professional services, and user training over a three-year period to quantify Mission Health Communities' total investment in Prohix technology.

Direct benefits quantified include avoided personnel costs surrounding the PPE inventory tracking project.

Indirect benefits quantified include the time savings that MHC's employees have driven by streamlining reporting, budgeting, and period close processes. The indirect benefit is multiplied by a correction factor to account for the inefficient transfer of time between time saved and additional time spent working.

Unquantified benefits include the improved business agility that MHC has in launching new projects and improved organizational visibility with real-time KPIs and analytics to support decision-making.

FINANCIAL ANALYSIS

Annual ROI: 110%

Payback period: 1.5 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	0	202,500	0
Indirect	0	118,130	133,718	133,718
Total per period	0	118,130	336,218	133,718

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	65,000	104,800	104,800	0
Hardware	0	0	0	0
Consulting	26,435	0	0	0
Personnel	21,600	0	0	0
Training	0	5,400	0	0
Other	0	0	0	0
Total per period	113,035	110,200	104,800	0

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(113,035)	7,929	231,418	133,718
Net cash flow after taxes	(62,169)	4,361	127,280	73,545
Annual ROI - direct and indirect benefits				110%
Annual ROI - direct benefits only				-4%
Net Present Value (NPV)				113,112
Payback period				1.5 years
Average Annual Cost of Ownership				109,345
3-Year IRR				69%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.