

# Case Study

Planning

Budgeting

Forecasting

Profitability Analytics

Consolidation

Reporting

Tax



## Trustmark



## Longview Application Automates Complex Planning & Forecasting Processes and Provides Tools for Managing the Future

### Executive Summary

Trustmark Insurance implemented the full suite of modules for the Longview Performance Management application – Financial Consolidation, Planning, Budgeting & Forecasting, Statutory Tax, Reporting – to automate and streamline financial management processes across 8 business units and numerous support functions spanning 19 different legal entities. The Longview application makes it easier for financial and actuarial staff, as well as company executives, to be more proactive about understanding, monitoring and managing the thousands of drivers that influence their business.

### A History of Service & Financial Strength

Trustmark was formed in 1913 when four enterprising railway workers decided that ‘passing the hat’ no longer adequately provided for an injured co-worker or for the family of a deceased worker. It was a time when one railroad worker was injured every eight minutes and an accidental death occurred every 30 minutes.

Since then, Trustmark has grown into an organization of some 2,400 employees working out of offices in 32 states. Trustmark offers health and life insurance and benefits administration services to employer groups through eight separate operating divisions, including Trustmark Group, which delivers employee benefits to firms with 51 to 500 employees, Starmark, which focuses on firms with two to 50 employees, and CoreSource, one of the country’s largest third-party administrators (TPA), providing claims-payment services to employers that choose to fund their health insurance programs themselves. The company generates \$900 million in annual premiums, and in 2006, posted its fifth consecutive year of record earnings.

### Industry

- Insurance

### Challenges

- Consolidation
- Planning
- Reporting
- Tax

### Employees

- 2,400

### Geography

- United States

### Benefits At A Glance

- Cumbersome, manual processes and spreadsheets eliminated
- Reduced forecasting cycle time and improved financial data integrity across the organization
- New calculation and modeling capabilities not previously available
- New levels of visibility and audit increase auditor confidence
- Quick, easy drill-down to the source transaction level for all aspects of the business
- Supports transformation to a more proactive, forward-looking management paradigm

## The Challenge

The record-breaking success that Trustmark has enjoyed for the past five years is due in large part to the new management team and its philosophy that “you can’t do much about the past, but you can manage the future”. The company puts this philosophy into action by conducting Monthly Business Reviews (MBRs) in which the eight business units and three support areas all present their financial actuals, plans and forecasts. Each month, these groups must do a monthly re-forecast for the balance of the current year plus the entire following year, and it’s all done in great detail, using driver-based planning and forecasting based on several thousand different drivers that influence the business. Two versions of these plans and forecasts are created – a conservative version and a more aggressive version.

### Planning and Forecasting Labor Intensive

All this planning and forecasting means that every month, Trustmark business units need to do a lot of computation work. Previously, all this was done manually, using hundreds of Excel workbooks, which were cumbersome, labor-intensive and difficult to manage, especially when it came to ensuring the integrity of the many links between them. Many Trustmark financial and actuarial people struggled each month with these complex workbooks and links.

“With our detailed salary planning, for example, which is done by person, by month for every employee, we ended up with a 52 MB workbook with 220 linked worksheets,” says Paul Schuster, VP Corporate Finance & Treasurer at Trustmark. “It was just monstrous,” exclaims Schuster, who goes on to say that Excel was simply not designed to be an enterprise-scale accounting, planning, forecasting and reporting tool.

### Detailed Cost Allocations

Trustmark’s planning and forecasting process also involves detailed cost allocations for common services such as HR, IT and Legal. Allocations were previously based on a “reciprocal allocation” method and used a proprietary, in-house program developed by a group of Trustmark actuaries many years ago.

This program was so complicated, however, that it was pretty much incomprehensible and often required that GL data be cycled through the program as many as seven times before it was properly allocated. In addition, there was no visibility on how the allocations were being made, no audit trail and no documentation supporting the calculations. As a result, the business units had no confidence in the numbers or that they were being treated fairly.

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**Paul Schuster**

*VP Corporate Finance & Treasurer, Trustmark*

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### Accounting in Two Ways

Trustmark’s financial planning and forecasting challenges were further compounded by the need to do their accounting in two ways because they are a mutual insurance company: statutory accounting by legal entity for external reporting and filing with various state and federal agencies – Trustmark consists of 19 different entities; and internal accounting by business unit, which cuts across all legal entities.

“On top of everything else we were struggling with, reconciling the P&Ls between these two accounting processes was a real nightmare,” claims Schuster, “so we decided it was time to look for a new financial system.”

## The Solution

To help identify potential financial system products to evaluate, Trustmark engaged the services of a consulting firm experienced in business performance management, and an RFP was subsequently sent to four prospective vendors. After the products were reviewed, demos conducted, customer references contacted and several site visits made, a selection committee led by Schuster consisting of the Finance Manager and Lead Actuarial staff from each business unit and support area chose the Longview Performance Management application to automate financial planning, forecasting and reporting at Trustmark.

### Longview Provides Greatest Value

“First, we shortlisted the group to just two and then decided to negotiate contracts with both before ultimately picking a winner,” says Schuster, explaining that they wanted to know exactly what they would be getting from each before they agreed on just one. “Based on the benefits we would realize for the costs we were going to incur, we chose Longview because we felt they would provide the greatest value overall,” says Schuster about the committee’s final decision, adding that for what they were attempting to do, the Longview Platform met their specific needs most directly. “The Longview Platform had more controls and structure built into it and was much easier to configure than the others for what we wanted to do,” says Schuster.

### Implementation

Trustmark implemented the entire Longview suite, including Financial Consolidation; Planning, Budgeting & Forecasting; Statutory Tax; and Reporting; and because they have a number of people who are strong on both modelling and financials, they chose to do a lot of the implementation themselves. To create calculations at the extreme level of detail they required, Trustmark also created additional models that were configured as part of the Longview Platform, including a line-of-business expense allocation model, a detailed salary planning model and a step-down cost allocation model.

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After loading the previous year’s data from their two GL systems – one for the insurance side and one for their TPA business – into Longview Planning, Trustmark went live with this module in ‘big bang’ style in time for the start of a new fiscal year. All information required for their MBRs is now pulled directly from the Longview Platform.

### Longview Tax

For the start of the following fiscal year, Trustmark implemented the Longview Tax module with the help of the Longview team. “We had several good Longview people working with us throughout these implementations,” says Schuster. “They helped us figure out the best ways to do some fairly sophisticated things we wanted to do, and then helped us develop the right configurations for the various modules.”

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### The Results

With the Longview Platform, Trustmark’s financial planning and forecasting processes all flow much better than ever before; and reporting for both external statutory purposes as well as for the monthly business reviews flows automatically out of Longview’s single database. With Longview, Trustmark now has a level of detailed analysis they didn’t have before, and they can drill down quickly into any aspect of their business.

### Increased Analysis

In addition, they are able to do things they weren’t able to do before, such as the customer profitability analytics, for example, which they simply didn’t have the manpower or capacity to do with spreadsheets. It’s now done easily in Longview and has proven to be invaluable when Trustmark sales reps are negotiating insurance rates with customers – they can quickly identify which customers are more profitable for the company and where there could be flexibility regarding premiums.

"We also have a much better cost allocation system that people can actually see, understand and agree to, and everything is pretty much guaranteed to synch up" claims Schuster, adding that previously, if one area changed an expense item and ran it through their legacy allocation program, there was no guarantee that the other areas would pick up on the change and adjust their Excel workbooks accordingly. Now, whenever a data item is changed in the database, it automatically ripples through to all linked processes and calculations throughout the entire Longview system, and everything is always automatically kept in balance. Trustmark auditors are much more comfortable now that they can see how allocations are made and that there's an audit trail of all transactions.

### Proactive and Forward-Looking

"Previously, we were very reactive and focused mainly on the past," admits Schuster, adding that the Longview application has helped the new management team make a 180-degree change and be much more proactive and forward-looking about what's driving the business. "We simply couldn't do this before; but with Longview, we got the tools to help us completely transform the way we do business," Schuster concludes.

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## About Longview Solutions

Longview Solutions helps companies manage the business of finance with a unified, scalable application that can automate any one, or combination of, the following financial processes: Planning, Budgeting, Forecasting, Consolidation, Tax Provisioning, Management Reporting and Profitability Analytics. Since 1994, hundreds of Fortune 1000 enterprises have standardized on Longview's Corporate Performance Management (CPM) software to create a single source of financial truth, realizing significant improvements in data integrity, decision support, visibility and financial transparency. Longview is based in Toronto, Canada, with additional offices in Philadelphia, Chicago (USA) and London (UK).

For more information please visit [www.longview.com](http://www.longview.com).



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