

How Treasury's Data Transformation at HCSC Reduced Working Capital from \$4B to \$25M



HCSC is the 5th largest healthcare insurer in the U.S., operating as Blue Cross Blue Shield in Illinois, Texas, Montana, Oklahoma, and New Mexico in addition to 30+ operating subsidiaries, with 16 million health plan members and 24,000 employees.

Industry: Healthcare Insurance

Revenue: \$64B

Employees: 24,000

Size of Treasury Team: 60 Employees

Cash Transaction Throughput: \$124B annually

Kyriba Client Since: 2016

At KyribaLive 2022, David Deranek presented the following business case review that resulted in HCSC's Technology Transformation and being awarded the 2021 AFP Pinnacle Award Grand Prize.

The Mission: Use Data to Become an Agent of Change

In 2018, HCSC's treasury team embarked on a multi-year project and began operating under a new organizational mandate to provide an elevated level of strategic guidance to the CFO, Treasurer and Board of Directors. Treasury was given the opportunity to become an agent of change and an integral part in running the company's operations by leading an enterprise-wide transformation project: Deliver real-time BI analysis and unlock idle liquidity to better prepare the company to take action when a crisis hits.

In order to do this, treasury initiated a digital transformation project to unlock efficiencies and drive the business to profitability.

The objectives were:

- ✓ Increase productivity
- ✓ Become more data-driven
- ✓ Increase business value

"By elevating all these data proficiencies, treasury would be better able to make strategic decisions, using data to analyze the effectiveness of financial decision making. This would give treasury a bigger influence in the business enterprise, therefore making our treasury organization a true and dynamic strategic partner to the business."

— David Deranek, Director of Treasury, HCSC

Become More Data-Driven by Upgrading Skills, Process Efficiencies, and Automation Technology

In 2016, Kyriba’s TMS was implemented to centralize treasury functions. This first phase resulted in a more effective and productive treasury, but multiple independent financial platforms outside the TMS still existed, and data was siloed. HCSC knew they needed to unify these platforms to harness all the data and drive more informed decisions.

“We realized every single aspect of the business was swimming in data, so as an organization we began asking ‘how can we think better with this data and how can we make better decisions as treasury professionals with this data.’”

The Three Year Plan

With Treasury’s mission in mind—to deliver strategic financial guidance, improve decision making, and increase agility to respond to new crises— HCSC set into motion a three year plan for data transformation.

YEAR 1	• Engage leadership with their teams and make recommendation for opportunities • Maximize use of an in-house developed Treasury Enterprise Analytics and Reporting (TEAR) System • Reallocate and repurpose staff resources for new strategic treasury functions
YEAR 2	• Develop a maturity and capability scorecard • Find production, process, and automation efficiencies • Turn HCSC’s Treasury function into a true strategic consultancy
YEAR 3	• Platform Optimization of TMS and interconnectivity to satellite treasury systems strategic consultancy

Bringing It All Together: Data Unification

The Project to drive business intelligence and data-driven decision making was all connected into a home-grown tool called TEAR (Treasury Enterprise & Analytics Reporting)

1. A data warehouse, consolidating data from disparate treasury system platforms
2. API-enabled framework to integrate and unify external data sources
3. Business intelligence and visualization solution, taking existing reporting framework from a system of record to a system of insight
4. A treasury network (internal and external) to support treasury, forecasting, investment, accounting, actuarial, and corporate strategy teams



The \$320M Result

Driving increased work satisfaction and career improvement for treasury personnel, Treasury directly added over \$320 Million of value to HCSC’s bottom line.



Positive Business Outcomes

- Visibility:** 100% of enterprise cash, liquidity, financial exposures
- Investments:** Unlocked \$9B in investable capital for \$40M/\$155M in returns (doubling investment income)
- Forecasting:** Reduced Tier 1 idle cash from \$4.0B to \$25M (90%)

- Responsiveness:** Provided the ability to quickly pivot as Covid pressures required
- Productivity:** Repurposed positions to assignments supporting new strategic functions. Technology did not eliminate jobs but gave people better ones!