A story *of* resilience:

How the University of Virginia transformed budgeting and planning in the face of a global pandemic

When Thomas Jefferson founded the University of Virginia (UVA) in 1818 – nearly 10 years after serving two terms as President of the United States – he said that its creation was "the hobby of my old age." Jefferson's involvement was absolute; he led the legislative campaign to secure its charter, chose its location, designed its buildings, and planned its curriculum.

Today, his bold experiment has evolved into one of the leading public university systems in the United States. Nearly 24,000 students attend 12 schools in Charlottesville, Virginia, while an additional 1,900 study at the College at Wise in the southwestern portion of the Commonwealth.

In 2020, UVA was ranked as the country's fourth best public university by U.S. News & World Report. It's been recognized as a top research university, and its academic medical center is known for delivering outstanding patient care, education, and research.

Entering its third century, the institution is a vital contributor to Virginia's economy. Directly or indirectly, it supports one in every 76 jobs in the Commonwealth and generates nearly $6 billion in annual economic impact. It employs some 30,000 people, including 16,000 faculty and staff, and about 12,000 health system employees. Operating revenues in fiscal year 2020 were nearly $3 billion, and the university's net position at the end of the year was over $9 billion.

Building a financial platform for tomorrow

UVA's leadership is committed to driving initiatives that grow and strengthen the institution for the future. But achieving this important goal can be difficult when a critical business function like finance relies on outdated legacy systems. That's why, in recent years, the university has embarked on a long-range mission to transform its finance capabilities in order to create a strong foundation of financial systems, processes and human expertise dedicated to advancing the university's academic mission through its strategic plan.

Having already implemented Workday Human Capital Management (HCM) to support human resources processes, UVA recognized the power of a fully integrated, cloud-based solution. That experience helped influence the selection of Workday Financials

(WD FINS) as the technology platform that would propel the university's finance strategic transformation journey. And UVA turned to Deloitte to help make its vision a reality.

The university's Vice President for Finance, Melody Bianchetto, worked with stakeholders across the university to define clear goals and guiding principles for the transformation program led by the UVAFinance team:

- Promote a culture that values strategic thinking, transparency, entrepreneurism, and continuous improvement.

- Broadly strengthen its financial acumen and promote a proactive, forward-looking, multi-year approach to financial planning and management.

- Align decision-making authority with responsibilities across schools, departments, and central units.

- Provide meaningful and easy ways to navigate dashboards and reporting tools to meet the needs of leaders, faculty, and staff.

- Improve its data architecture to make it easier to extract information and generate reports needed for planning, decision-making, and supporting day-to-day operations.

- Establish a governance model for defining data, designing, and maintaining the Chart of Accounts to maintain its integrity, and for maintaining alignment of the platform with business needs.

A turn in the road: Budgeting and planning

As planning got underway, a new development presented UVA with an opportunity to modify its course and address some immediate pain points.

In June 2018, Workday announced that it had acquired Adaptive Insights, a leading provider of cloud-based business planning and budgeting. The solution was then rebranded as Workday Adaptive Planning. The enhanced capabilities this acquisition provided to the WD FINS platform were appealing to UVA, which had some especially acute challenges associated with its planning and budgeting processes.

The university comprises thirteen colleges and dozens of other operational units. Like most higher education institutions, the academic year budgeting process begins nearly a full year in advance. Each school considers enrollment projections, then prepares a budget that itemizes corresponding revenues and expenses.

While UVAFinance supported a budgeting tool for the full university, each school usually reverted to its own set of spreadsheets and "shadow" systems. As a result, college- and unit-level budgets were presented to UVAFinance with inconsistent assumptions and varying levels of granularity. Consolidating them to create a university-wide budget was a cumbersome, time-consuming process.

Recognizing an opportunity to tackle this challenge, the team decided to launch a pilot of the Workday Adaptive Planning solution that included the School of Education and Human Development (formerly called the Curry School of Education), the College of Arts and Sciences, and the Frank Batten School of Leadership and Public Policy. The pilot would see Workday Adaptive Planning working alongside UVA's legacy ERP system during a concurrent implementation of WD FINS.
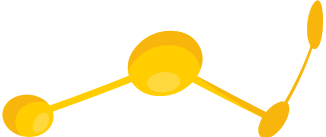
The aim was to address the budgeting and planning challenges the three schools faced sooner rather than later. The lessons learned from the pilot would also enable UVA to evaluate the best path forward for an enterprise-level planning and budgeting solution.

And finally, it would uncover valuable insights into how the legacy Chart of Accounts impacted planning, budget development, and financial reporting at the individual school level – which would in turn help the team optimize an enterprise-level redesign of UVA's Chart of Accounts, or new Foundation Data Model (FDM), during the concurrent implementation of WD FINS.

"Deloitte brought deep understanding of higher education culture and finance functions, critical knowledge of the Workday Adaptive Planning technology, and an expansive pool of talent to help develop a strategy and implement the solution for the university."

JIM KEMP, *Managing Director, Higher Education, Deloitte Consulting LLP*

Responding to a new challenge

The pilot was a success. And then, COVID-19 appeared on the scene.

The impacts of the pandemic on higher education have been well-documented. Canceled classes and decreased enrollment. Closed campuses. Empty dorms and dining halls. Disruption to travel plans of international students. UVA wasn't immune to any of these challenges.

In March 2020, when the effects of the pandemic were starting to be realized, the university had just concluded planning and budgeting for the 2020-21 academic year. Suddenly, uncertainty about future enrollment and expenses had to be addressed, and budgets needed to be recast. Time was a luxury the university couldn't afford. The urgent need for a modern budget planning and analysis capability was set in sharp relief.

With the support of UVA's Chief Operating Officer, J.J. Davis, and Provost Liz Magill—executive sponsors of the finance transformation effort—UVAFinance quickly moved to prioritize the rollout of Workday Adaptive Planning across UVA's remaining schools and units, except for the School of Medicine.

Deloitte helped UVA roll out Workday Adaptive Planning as the university needed to consider multiple budget scenarios and make more informed decisions for the 2020-21 academic year and beyond. Data was extracted from Workday HCM to facilitate bottom-up compensation budgeting by position, enabling unprecedented accuracy in planning staff and faculty expenditures—which accounted for about 55 percent of total university expenses in fiscal year 2020.

"COVID-19 accelerated opportunities to use other Workday data to estimate budgets and build scenarios. UVA gave us an aggressive timeline, and we were able to put the right people in place to make it happen."

CHRIS WAWNER, *Senior Manager, Deloitte Consulting LLP*
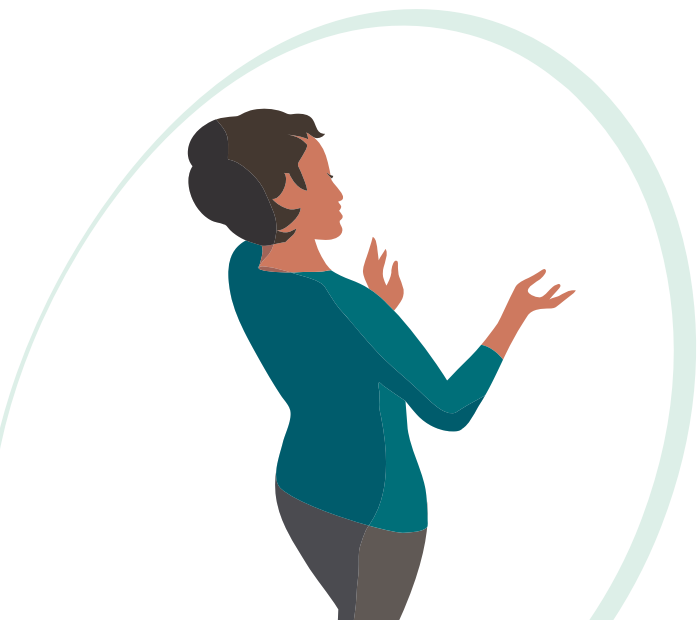
Working together, the UVA-Deloitte team built financial models, processes, dashboards, and reports that helped the university respond to the impacts of COVID-19 and present a range of "what if" scenarios.

"We collaborated with budget officers and finance leadership to define the problem: the need to simplify and streamline budgeting and reporting," says Chris Wawner, a Senior Manager with Deloitte Consulting LLP. "Then, we held vision and goal alignment sessions to help stakeholders converge around a common plan. Our functional consultants and technical team members worked directly with finance staff to manage the implementation. As the project rolled out successfully, university leadership gained the insights needed to make decisions more rapidly."

With Workday Adaptive Planning powering the process, the university was able to re-cast its original budget to navigate the impact of the pandemic—in half the time of a typical annual budget cycle.

"As an exercise in change management, the crisis helped to build enthusiasm for the capabilities of the Workday solution and the possibilities offered by digital transformation in finance."

EVELYN GALLETTI,
Senior Manager, Higher Education, Deloitte Consulting LLP

The finance team's rapid response helped the University of Virginia understand both the short- and long-term value of Workday Adaptive Planning, building momentum and enthusiasm for continuing the remainder of the finance transformation journey. In addition, it helped create insights for a new, optimized data structure.

"UVA moved rapidly up the maturity curve for planning and budgeting, and we all learned a lot along the way. The approach taken will enable UVA to realize the art of the possible," according to Evelyn C. Galletti, a Senior Manager in Deloitte's Higher Education practice.
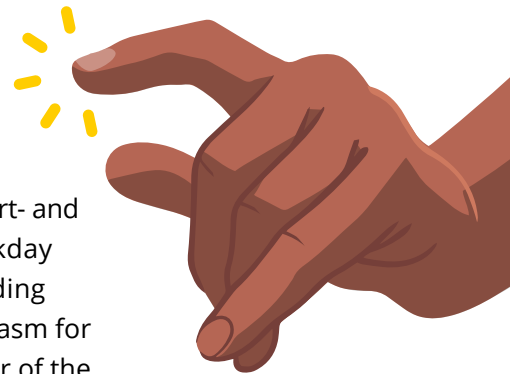
Gaining confidence

While the finance transformation story at the University of Virginia is still unfolding, UVAFinance is now approaching the budgeting and planning process with a new level of sophistication and confidence. Deloitte helped tailor the implementation of Workday Adaptive Planning to suit UVA's unique circumstances. As a result, the CFO and her team see the potential to shorten the budgeting cycle and provide greater predictability for units in the process. The planning solution also offers added insight that can help optimize liquidity and capital management.

The implementation also reinforced a valuable lesson to keep in mind when undertaking any transformation: start by evaluating key processes and reimagining them. Often, it's the process that causes the most pain—not the technology. By re-assessing the full operating model (people, process, technology) in tandem, organizations can achieve real transformation.

In addition, it highlighted how quick wins build momentum and commitment to change.

"The fast sprint to respond to the crisis forced the University of Virginia to look at its budgeting and planning processes more critically. They recognized the need to develop a strategy that would deliver results quickly and pave the way for future expansion," says Jim Kemp, Managing Director, Higher Education, Deloitte Consulting LLP. "Relying on a knowledgeable partner helped UVA adapt to its unique circumstances confidently. We look forward to ongoing collaboration with UVA as the university undertakes to transform during a journey of continuous improvement."

For more information, visit www.deloitte.com/workday or contact us:

James Kemp
Managing Director, Higher Education
Deloitte Consulting LLP
jamkemp@deloitte.com

Chris Wawner
Senior Manager
Finance and Enterprise Performance
Deloitte Consulting LLP
cwawner@deloitte.com

Evelyn C. Galletti
Senior Manager, Higher Education
Deloitte Consulting LLP
egalletti@deloitte.com

Andrew Malley
Consultant, Emerging ERP
Deloitte Consulting LLP
anmalley@deloitte.com

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