

Quick Facts:

Industry:

Private Utilities

Company Information:

Employees: 72

Locations: 10

General Ledger: MAS 200

2005 Revenue (mil.): \$16

(based on budget)

Head Office: Santa Rosa, CA

Operating since 1938

Scenario:

The limitations and frailty of Blue Star Gas' old system was causing time inefficiencies, loss of data integrity, and capacity issues during the budgeting process.

Solution: PROPHIX offered a functional, intuitive system that had non-financial driver capabilities and allowed the proper people to manage applicable data and use it to the fullest.

Benefits: PROPHIX has provided significant enhancements and savings. The budget time has been cut by 3 ½ months, and Blue Star Gas is 10% better than last year given the operational improvements and confidence in the realization that PROPHIX is there when help is needed.



Case Study

Blue Star Gas

www.bluestargas.com



"Overall, we have enhanced and saved; it would have cost \$100,000 in the old system to produce the same results."

Mark Gannuscio, CFO

Return on Investment

- ◆ The budget processing time has been cut from 5 months to 1 ½ months
- ◆ The entering of key performance indicators, driving the bottom line, has been reduced from 15 days to 1 day
- ◆ The bottom line is 10% better than last year due to operational efficiencies that have been improved
- ◆ Savings of \$100,000 in operational costs

Background

Blue Star Gas has enjoyed 67 successful years in the propane distribution (private utilities) industry. Covering a service area of over 45,000 square miles and currently serving nine unique markets in Northern California and Oregon, Blue Star Gas is the oldest propane utility service registered with the P.U.C. in the state of California. Managed as a private entity with 72 employees and 10 locations, Blue Star Gas' primary product offering to the marketplace is propane. Through an intricate and well-planned propane distribution system, Blue Star Gas services the residential, commercial, industrial and construction industries.

Recognizing the Problem

With an average growth rate of 10%, Blue Star Gas started to realize the limitations of using Excel for financial and data analyses. As Mark Gannuscio, CFO of Blue Star Gas, mentions, "We need the functionality of a system that allows us to grow within the system." Due to the frailty of Excel, only one person could enter in data, financial and non-financial, without breaking the model. Gannuscio explained, "Other employees needed to have access to the information, but the minute you let that information out, the system would break; they couldn't do their job effectively, and that is a huge problem."

Blue Star Gas relies heavily on Key Performance Indicators (KPIs) to project revenue and expenses. These Key Performance Indicators are statistical drivers that are used to forecast and budget for revenue and expense lines. Prior to PROPHIX, they had one Excel workbook that included all plans; it was a model that was driven by KPIs by each sales category. "We knew we had a frail system, a cumbersome system, and no fine-tuning was permitted," states Gannuscio.

Implementing a Solution

Blue Star Gas' whole intent of searching for a new data analysis solution was to find something more accessible to people, less cumbersome, and sophisticated enough to handle advanced forecasting, on top of having the ability to be maintained within a generic database.

After several months of looking for a new solution, Blue Star Gas found PROPHIX and now according to Gannuscio, "I don't think we could run the business effectively without it." Within two weeks, Blue Star Gas was up and running with PROPHIX and able to accurately forecast their financials. "More people are involved, and we are getting the right information and the right reports at the right time, which we couldn't get out of our old accounting system. The vehicle has improved substantially, now

that we don't have link breakdowns; we know that once we enter in our data it will stay there forever, until we fix or change it. That is the beauty of PROPHIX," explains Gannuscio.

Additional Benefits

Blue Star Gas can now trust and feel confident that the data they are analyzing is true and is being accurately portrayed in the budget. In addition to the benefits of an improved analysis system, Blue Star Gas has developed a long-term business relationship with PROPHIX. "Where we are with this software package and the usability—working on it on a monthly basis, doing our monthly financial statements—is proof; we would be lost without it. Knowing that PROPHIX is there if we have problems or questions is reassuring," mentions Gannuscio.

ROI Achieved

"Overall, we have enhanced and saved; it would have cost \$100,000 in the old system to produce the same results," explains Gannuscio. "It allows better administration of detail on an aggregate level. In PROPHIX, drilling down and getting an adequate budget per manager and per functionality takes a lot less time and effort." PROPHIX

"PROPHIX allows you to monitor and manage in a consistent format as opposed to memory; it centralizes everything, so you have the information at your fingertips."

Terri Kellogg
Accounting Manager
Blue Star Gas

Future Plans

Due to the overwhelming success of using PROPHIX at Blue Star Gas for financial and data analysis, the outlook is to export this value out to all the managers, where technology remoteness is a problem.

"PROPHIX allows us to input, record, quantify and check sales statistical information that is non-financial in nature. That is huge. You don't get this with other products; people have access to information, and they are making decisions off the information that we know is correct. Intuitively, for us, we are 10% better than last year."

Mark Gannuscio
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