



A new approach to Tax Modernization: a Strategy for Success

- John Vranna, Executive Consultant, CGI
- Ted London, Senior Executive Consultant, CGI

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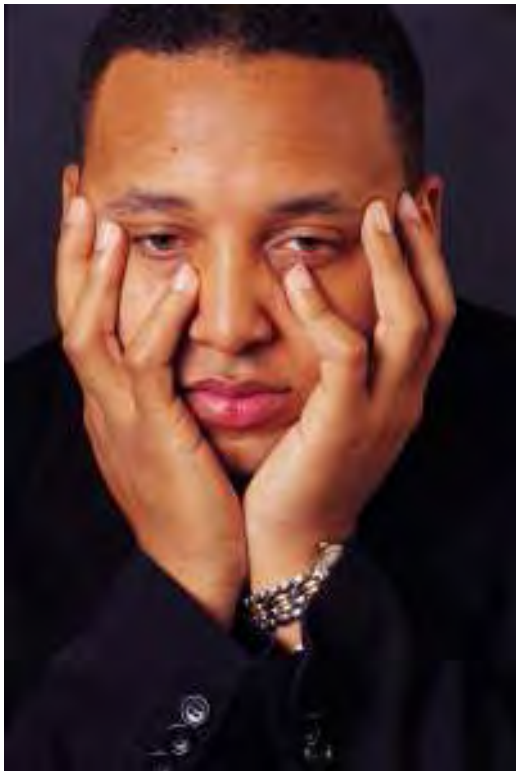
Agenda

- Planning for the future
- State Examples
- Strategic Modernization Planning Overview
- Measuring Success

Words Really Are Important



When Strategic Planning pop's up on your appointment calendar what do you think?



- Do your eyes glaze over?
- Are you thinking about trying to get back to your **real** work?
- Would you rather have a root canal?
- Or do you just ask, “Why me?”

The Advantages of *Not* Planning

- You don't have to worry about the future
- It becomes someone else's problem
- Doesn't takes you away from fighting the current fire
- Can't be held accountable for results you didn't promise
- You can't control the future anyway
- Any road you take is the right road
- You're never wrong!

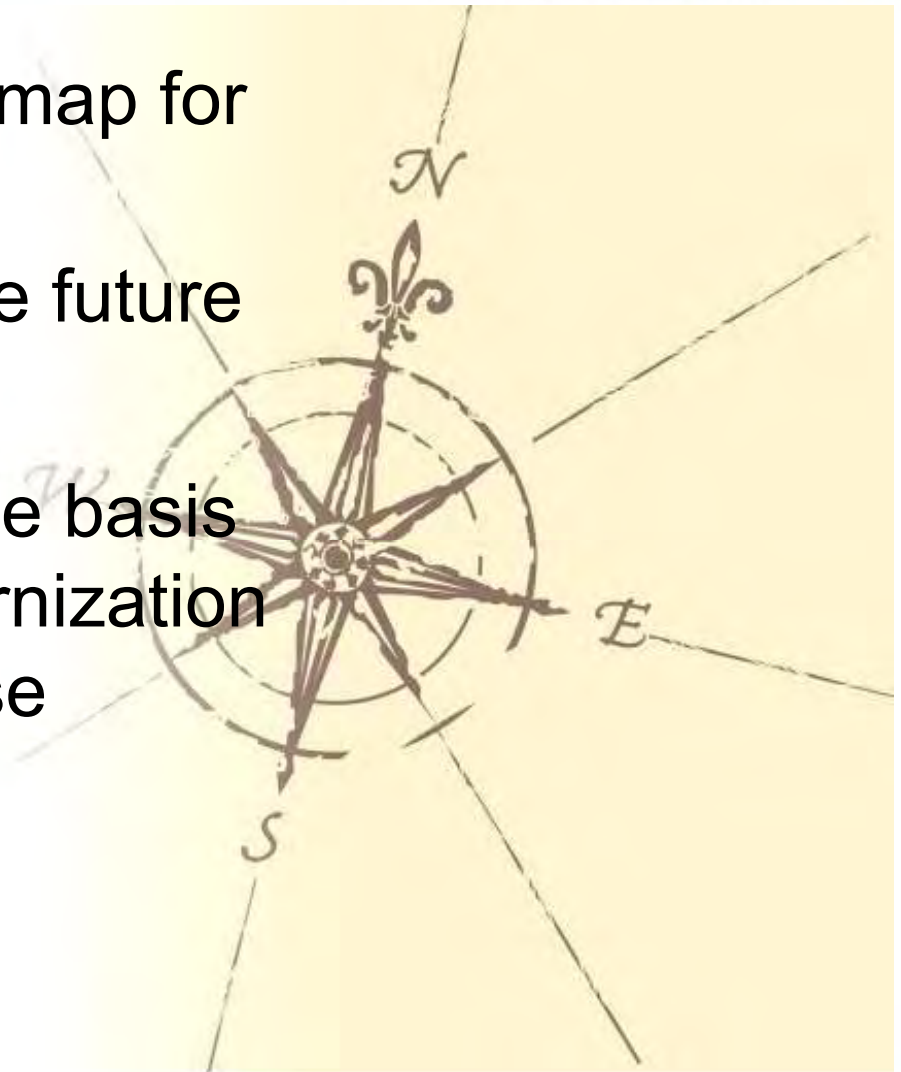


The Advantages of Planning

- Most people actually like to know where they are headed
- Most of us want a sense of purpose
- It is generally better to look before you leap
- You can help shape the future of Tax Administration in your state
- You do need a framework from which to address and solve the issues of the day

Managing Really is about Planning for the Future

- Allows you to build a roadmap for the future
- Helps you re-imagining the future
- Create a 5-7 year vision
- Achieving your vision is the basis for developing your modernization strategy and business case



The Consequence of Planning is Change



VS



What are the drivers of change?

- New Tools
 - On line Services for a 24/7 world
 - Improved Business Intelligence Tools
- A Complex Global Economy
- An imperative to close budget shortfalls through new compliance initiatives
- Stakeholders simply may not accept your doing business the same old way
 - The public is demanding an alternative approach to service delivery
 - New applications offer the opportunity to improve your operations



Success is Accomplished through Strategic Thinking

- Envision your organization holistically
 - Program-by-program independent planning tends to produce suboptimal results
 - > Too costly
 - > Redundant
 - > Leads to tactical vs. strategic thinking
- Consider Consolidation of applications within and across agencies
- Business case for investments more compelling
- Rising Stakeholder expectations more readily addressed

Strategic Modernization Planning Objectives

- Update strategic goals for the next five-seven years
- Clarify your future vision to confirm what you really want to achieve
- Obtain an understanding of:
 - What you must do and how to proceed
 - The impacts this project will have on your organization
- Develop a solid business case to support obtaining funding to proceed with your transformation effort

Who drives the future of your organization?

- What is the responsibility of the business?
- What is the role of technology?
- What is your objective: a technology refresh vs. business transformation?
- Who should lead the transformation of your organization?



Potential Pitfalls to avoid



- Don't fall in love with technology
- Don't simply pave over the cow path
- Make business drive, or don't get in the car
- Understand your strengths, as well as your weaknesses to assure you only move forward
- Don't let today's constraints limit your future solution
- Let the current organization chart stand in the way of future business
- Don't underestimate the impact on people

Strategic Planning Examples

North Carolina DOR and Pennsylvania DOR

- Saw a need to modernize to meet stakeholder expectations
 - E-services
 - Improved compliance and revenues
 - Enhanced customer service
- Wanted to take a thoughtful approach and use this opportunity to truly modernize and invest wisely

Project Similarities



- Led by the head of the agency (business driven)
- All parts of the organization participated in the project
- Enterprise (vs. programmatic) view
- Done in three phases
 - Vision and business case development
 - RFP Development
 - Project Implementation
- Anticipated significant changes to business processes



Strategic Modernization Planning Overview

Tax Modernization: a Strategy for Success

Typical Deliverables

- Updated Strategic Vision
 - Conceptual Design for your future organization
 - Business Process Reengineering and Organizational Change Plan
 - Project Impact Analysis – a business case that supports the vision
 - Implementation Roadmap
-
- Work can be completed in 3 to 5 months
 - Success requires heavy interaction with Senior Management

Updating your Strategic Vision of the Future

- Mission, Vision, Values
- Strategic Goals
- Breakthrough Concepts
- High-level initiatives
- Performance measures



Conceptual Design



- As-is or current state analysis
 - Primary business functions
 - Technology
 - Support functions
- Future State
 - Strategic Framework
 - Business Architecture
 - Technology Architecture (product neutral)
- Gap Analysis



Business Process Reengineering and Organizational Change Plan

- New Business Processes
- Change Methodology
- Planning for Change
- Cultural Challenges
- Key Outputs

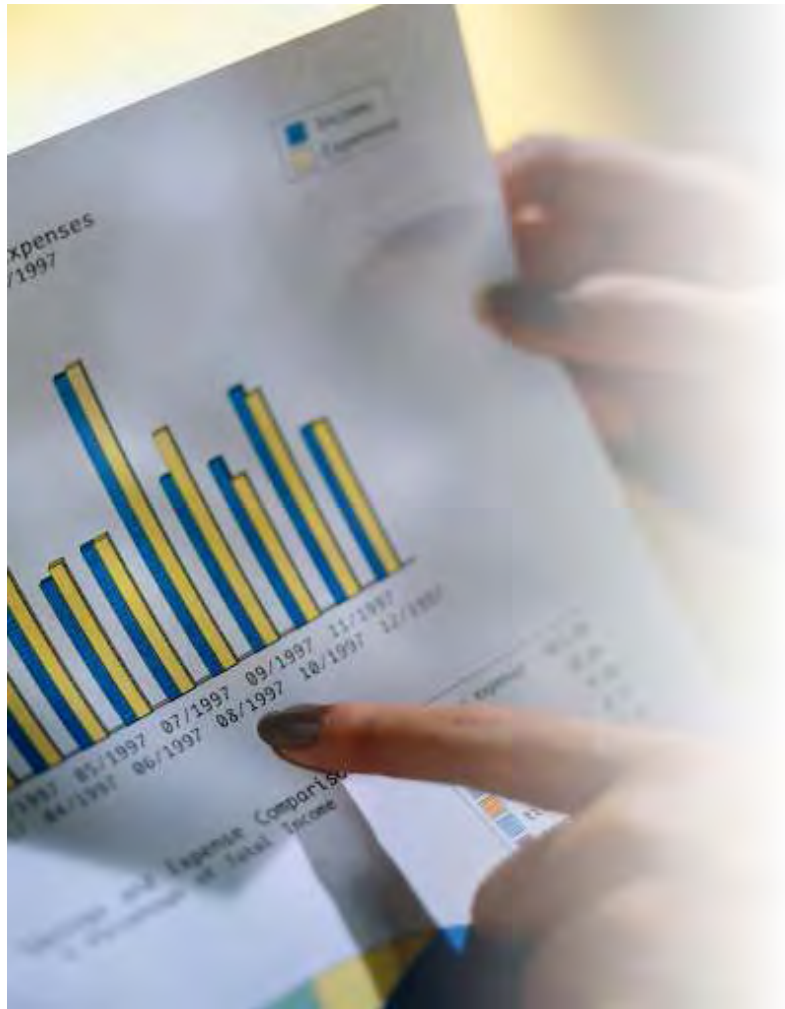


Business Case

- Estimates of increases in revenue
 - These projects can pay for themselves
- Anticipated high-level costs
 - A lot of data is available from other States
- Return on Investment calculations



Implementation Roadmap



- Project phasing
- Prioritization of project components
- Program support functions



Measuring Success

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Measuring and Defining Success

- How would your stakeholders measure success?
 - Increased Revenues
 - Customer Service
 - Compliance
 - Efficiency
 - Agility



Measuring Success

- Pick measures and stick with them over time
- Specific performance measures should be tied to strategic goals
- Are the measures:
 - Visible to stakeholders
 - Reflective of your values as an organization
 - Measurable and within your control
- Technology is a enabler, not an end

Conclusions

- Visioning critical to achieve transformation
- Business must be the driver (Executive Sponsor)
- Focus on improving your department for your stakeholders (not just modernizing)
- Success is more than just on-time, on-budget
- You will likely only get one shot at this in your career

Contact Information

ISO 9001 Certified



John Vranna
Executive Consultant
Tax and Revenue Solutions

(916) 283-2007
john.vranna@cgi.com

ISO 9001 Certified



Ted London
Senior Executive Consultant
Tax and Revenue Solutions

(916) 284-7277
ted.london@cgi.com