



IBM and West Virginia Department of Revenue: Teaming for Improved Taxpayer Service

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ifp Intelligent
Forms Processing



Agenda

- WV DOR Background
- WV DOR Objectives
- The Challenges
- IBM Intelligent Forms Processing (IFP) Solution
- Successful Implementation
- WV Tax System Today
- Summary
- Questions & Answers

WV DOR Background

- WV Tax Division part of the West Virginia Department of Revenue
- 2,000,000 returns per year
- 130 types of forms processed
- Remittance processing and data capture systems did not work together
- Mixture of manual and automated processes
- Used the Viking system for data entry
- Used two separate storage and retrieval systems
 - OTG system for full-sized documents
 - Separate storage system for coupon sized

WV DOR Objectives

From the RFP published in 2004

“Tax is seeking an experienced and qualified firm or entity (Vendor) to provide all the necessary hardware, software, documentation, technical expertise and all other materials and supplies to furnish, install and maintain an integrated, imaged-based remittance processing and data capture system designed to provide processing services for check and remittance data collection activity, funds deposit and reporting, automated data capture and repair of tax return data and data and image transmissions as discussed in the Request for Proposals (RFP).”

WV DOR Objectives

- Implement a system that combines remittance processing activities and data capture requirements into one, integrated hardware and software platform.
- Reduce the number and quality of decisions required to sort and prepare work for processing
- Provide high-speed imaging capabilities for all documents received, including checks and envelopes, as soon as possible after the document has been opened.
- Expand remittance processing capabilities by providing for improved deposit activity through the implementation of ARC, truncation/image presentment in accordance with Check 21, electronic cash letter capabilities, and incorporation of electronic funds transfers and credit card payments.
- Automate identification and handling of change of address transactions.
- Reduce dependency on data entry resources by adopting automated recognition technologies and 2-D barcode capabilities.
- Leverage existing investment in image archive infrastructure by integrating with the OTG archive for storage and retrieval, as well as being able to integrate with all major archive products currently on the market.

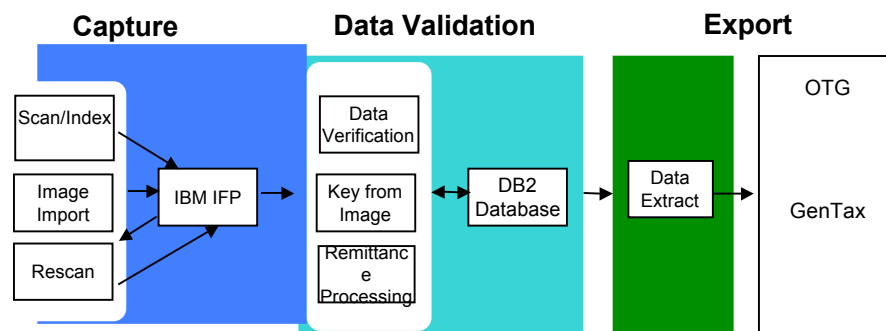
The Challenges

- Aggressive timeline
- High number of tax/form types
- Forms not optimized for scanning and OCR
- Learning how best to use the new technology
- Changes to interfaces and business processes difficult for users

IBM IFP Solution

- First developed as a joint venture between IBM and Comptroller of MD
- Flexible workflow to meet business challenges
- Capture of structured, semi-structured, and unstructured documents
- Multiple OCR/ICR engines and data repair technologies
- Integrated remittance processing capability
- Simple and complex documents of multiple pages, lengths, sizes, and shapes
- High-volume, mission-critical, secure applications
- 20+ patents from IBM research labs

IBM IFP Solution



Successful Implementation

- Integration of data capture, remittance, and archival systems
- Reduced data-entry requirements and costs
 - Single shifts, limited overtime
- Higher speed of data capture to meet tight deadlines
 - Current year processing 5 months ahead of previous years
- Decreased paper handling and storage costs
- Improved taxpayer satisfaction - faster turnaround on processing of documents

WV Tax System Today

- Windows based client/server system
- Multiple tax types are now being processed totaling 2 million returns
- 3 high speed document scanners and 3 high speed remittance scanners for scanning and encoding
- Images being stored in GenTax system
- Prior year images stored in OTG

Lessons Learned

- Build a project team that adequately represents the entire business process
- Forms design and forms definition are the heart of an Image System. Invest time training those individuals who will prepare forms.
- Understand the business process at the onset and drive business process improvements into the system implementation
- Help users understand the benefits of a new solution at the onset so that they do not expect the system to function exactly as the old system did
- Executive support (WV DOR and IBM) is key to overcoming challenges

Summary

- West Virginia Department of Revenue has worked in partnership with IBM to overcome implementation challenges and improve taxpayer service
- Integration of systems and an understanding of core business processes have been key factors to the success of the Integrated, Image-Based Remittance Processing and Data Capture System
- Continued plans to expand and enhance the system
 - 2D Barcode
 - Check 21



Scalable, Flexible, Reliable

Questions & Answers



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