



Management
& Technology
Consultants

BearingPoint

Enterprise-Level Package Solutions for Tax and Revenue Management: Lessons Learned

FTA Technology Conference
Kansas City, MO
Monday, August 6, 2007
1:30 PM - 2:30 PM

What we will cover today



1. Introduction to BearingPoint
2. Emerging Trends in Tax and Revenue Management
3. Enterprise Business Platform to Enable Your Future Business Model
4. Important considerations for a Tax and Revenue solution
5. Lessons Learned from both solution design and deployment
6. Leading practices to accelerate the implementation of Tax and Revenue solutions
7. Summary



Global Consulting Leader

- Global workforce of 17,000+ professionals
- Publicly traded \$3B+ company

Clients

- We have 2100+ clients
- Serving all 15 US Federal Cabinet level departments
- 23 U.S. State clients, with 9 of the 10 most populous municipalities
- 5 Canadian provincial clients

Tax and Revenue Practice

- Delivering bottom-line results
- Revenue accelerators
- System accelerators

Alliances

- More than 45+ leading alliances

Our People

- 93% Rating: "Trustworthy"
- Relationships – 98% Rating: "Easy to Work With."
- One of the "Most Admired Companies in America"

BearingPoint – A multi-billion dollar management and technology consulting firm focused on the public sector with a long history in tax and revenue management.

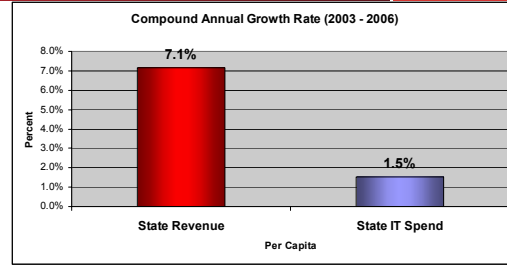
Emerging Trends in Tax and Revenue Management



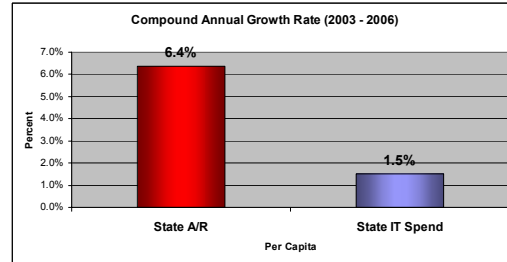
- Citizen demands for automated services continue to rise
- The "greening" of government requires new service delivery models
- Knowledge workers are retiring
- Inflexible operating structures are impeding delivery of new services
- 90% of current IT budgets are being consumed by supporting legacy and point solutions
- Large legacy or niche infrastructures with little or no integrated business solutions
- Privacy, Security and Compliance

State Investment in IT has Not Kept Pace with State Revenue and A/R Growth

State Revenues have grown at 469% the rate of the state IT spend



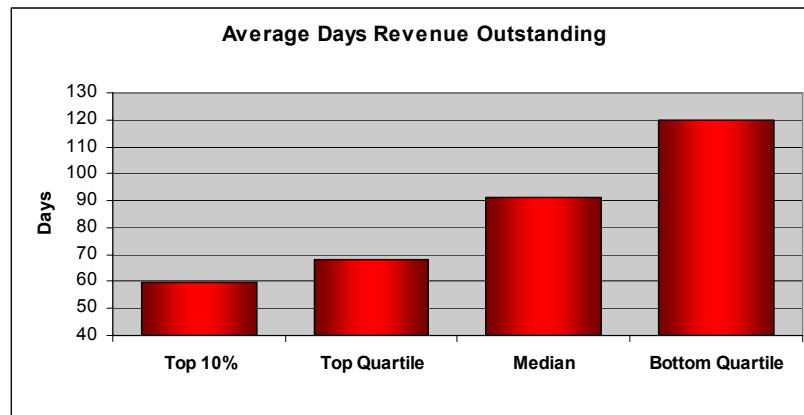
State Accounts Receivables have growth at 418% the rate of the state IT spend



Tax Administrators and CIOs across North America are finding that there is simply more revenue to collect and more work to do and relatively less IT investment to support the work getting done.

State Accounts receivable is averaging 105 days for 2006 with almost \$400 billion tied up in AR

- A one day reduction in A/R is worth \$3.67 billion in one time cash flow improvement
- There is an annual carrying cost of \$193 million for every day of revenue tied up in Accounts Receivable



Looking at A/R performance across the 50 states there is significant opportunity for many states to improve

The Modern Tax and Revenue Business Model is Multi-Enterprise and Cross-Jurisdictional

- Requires:
 - Cross-jurisdictional business process integration to extend the tax and revenue business model
 - Integrated solutions built upon flexible architectures
 - Technology platform that will evolve as the trillion dollar tax business evolves
- Integrated Business Process Platform Solutions that:
 - Enable Cross-Enterprise Collaboration
 - SOA Compliant
 - Provide funded upgrade paths and roadmaps



Enterprise Business Platform

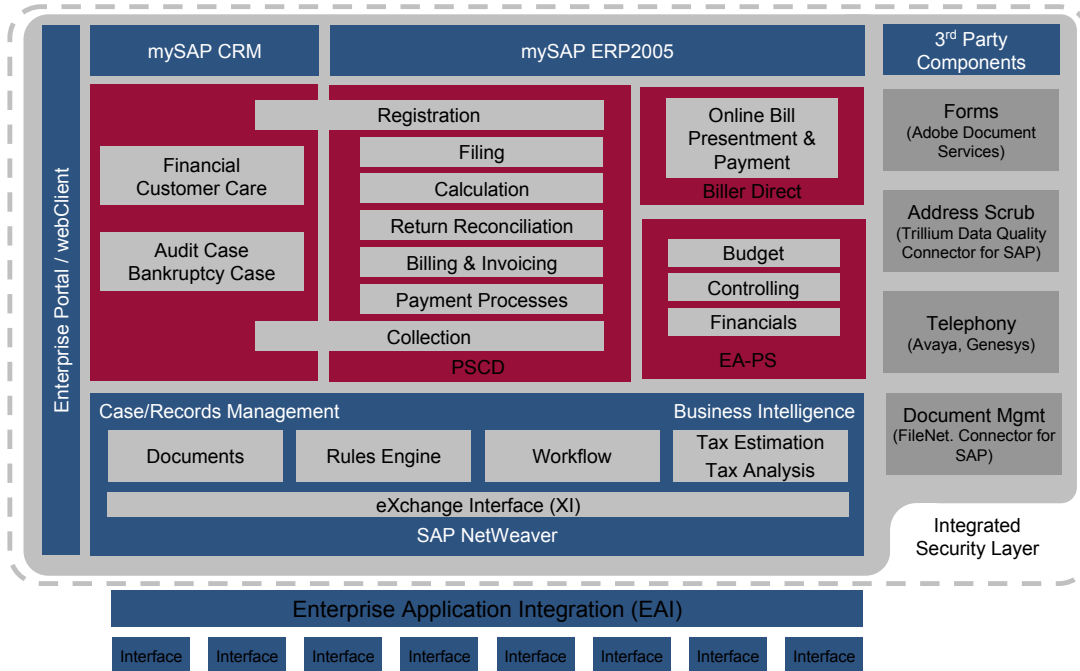
An enterprise business platform is a COTS technical platform with:

- Availability of pre-configured business content
- Availability of third-party content and connectors
- Adaptability to specific program requirements (e.g. sales vs. property taxes)
- Integration ability and reduced integration costs through:
 - Web services and open standards and APIs
 - Enterprise Application Integration (EAI) hub technology

If you haven't ready considered one why you should:

- Move away from siloed applications
- Connectors reduce custom integration
- Improved security and compliance using Identity and Access Management (IAM), Segregation of Duties (SOD) and other tools

Enterprise Business Platform Diagram



Enterprise Business Platform Benefits



Improve citizen services	<ul style="list-style-type: none"> Use of third party connectors means a richer set of functions can be employed to deliver services. Interfaces and enhanced processes improve information integrity and reduce errors.
Increase revenue	<ul style="list-style-type: none"> Improved compliance means increased revenue Improved information on where to stop revenue leaks
Reduce accounts receivable	<ul style="list-style-type: none"> Dunning occurs swiftly and effectively Improved information means ability to act in a timely and proactive manner
Reduce cost	<ul style="list-style-type: none"> Consolidating many systems into one platform means reduced service delivery cost
Reduce TCO	<ul style="list-style-type: none"> Process automation and availability of enhanced productivity tools Reduced deployment, development and maintenance costs

Key considerations for the introduction or modernization of a Tax and Revenue solution



- Has a core financial software already been adopted?
- If yes –
 - Does it offer an enterprise business platform path?
 - Does it offer some TRM functionality?
- If no – consider whether the applications you review in the market:
 - Offer an enterprise business platform strategy with rigorous financials
 - Are compatible with, and operating in, SOA environments?
 - Are supported on multiple platforms and by multiple System Integrators so that you are not tied to a single vendor or environment?
 - Offer easy integration with other areas across your government such non-tax revenues, environmental credits, benefits etc.?

Lessons Learned

Adopt the solution's leading practices or customize



- Leverage the implementation to drive new processes or integration or standardization, streamlined processes?
 - How complex are your business processes?
 - What organization style influences business requirements?
 - How much control can be exerted over the business processes?
 - How much flexibility exists to change business processes?
 - Are SMEs available to advise the deployment team?
- Educate your management team about the opportunities and risks in customization
- Obtain a product roadmap and examine set of current and planned functionality

Transformation and Change is Key

- Strong sponsorship and project management are key
- Integrated and co-located project team
- Robust change management program – engage stakeholders early and often
- Enhance capacity from Day 1 – operational fires can derail the most strategic of intentions
- Focus on staff and their personal transition – they are key to the long term success
- Integrate the functional teams and the technical teams



Integrating Your Solution to Enable Transformed Business Processes

- Focus design workshops on core business and avoid fixating on exceptions
- Ensure that the components of your solution worked together before and at the volumes or workload you anticipate
- It is hard to coordinate and influence change on both sides of any interface
 - Consider building an emulator to adapt non-compliant programs to your interface standards
- Beware of making the assumption that what was acceptable in the old system will be acceptable in the new system
 - Many systems have functionality attached by accretion over the time and may have been notionally 'grandfathered'
 - Some factions will 'raise the bar' on you (because you are replacing a legacy system)
- Beware of submerged policy issues that may derail your design
 - Can you consolidate accounts across programs?
 - To what extent must you segregate duties?
- Track and manage expectations for late-breaking ideas and scope creep
- Identify, engage and manage the design signoff processes proactively and carefully

Today's Tax and Revenue Agencies are demanding **Better, Faster, and Less Expensive** Tax and Revenue Implementations that leverage the capabilities of proven business process platform software.



Accelerated **B**usiness **I**ntegration (ABI) Solution Set is a set of **leading practices, methodologies, tools** and **accelerators** to rapidly deploy SAP in Tax and Revenue Management agencies.

ABI for Tax and Revenue is built upon the framework of SAP's most current Tax and Revenue Management solution components.

- The **cornerstone** for the solution is SAP's Public Sector Collections and Disbursement (**PSCD**) component. This component provides the backbone for high volume, mass processing, citizen account management.
- The integration of **Interactive Adobe Forms** to enable tax return design, with SAP's **Business Rules Framework** (BRF) a highly configurable rules engine, significantly accelerates the process of integrating new tax forms and tax types into the revenue stream.
- ABI Solution approach complements these core SAP solution components with additional configured functionality such as Treasury Offsets, Standard Interfaces, and Individual Income Tax accounting.

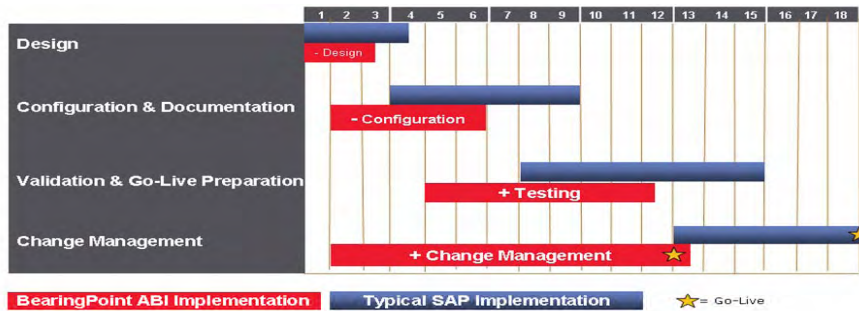
The ABI (**Accelerated Business Integration**) Solution Set is designed to reduce total cost of ownership, increase return on investment, and *prepare government agencies for change* through the delivery of select integrated processes and solutions that will reduce a Public Sector SAP implementation timeline.

- **Prototype** available within the first few weeks of your Project start date.
- Recommended **configuration** based upon industry expertise for SAP Public Services “Best Practices” for US state and local government and Revenue Agencies
- Unique **ABI Tools to address** Data Migration and accelerate Configuration.
- Readily available **artifacts** for the Tax and Revenue solution; such as business process scenarios, configuration scripts, and test scripts.

Designed to provide a baseline of well integrated operational and financial best practices , but still allow client-specific tailoring our ABI Solution will jump start your new Business and Individual Tax and Revenue Management system

- **Data migration tools** to support Registration, Open Receivables, Open Delinquencies, Collections history
- Standard **interface programs** for payments and open items
- BC Sets for **baseline configuration** and business rules that can quickly and easily be aligned to your specific requirements
- Taxpayer **account management functionality** that can be up and running in the first few weeks to allow your project team to Blueprint current processes within SAP’s Tax and Revenue Management solution
- **Return processing functionality** with baseline examination and exception handling rules that are typical to most tax return processes to allow your project team to Blueprint current processes within SAP’s Tax and Revenue Management solution

Accelerating Implementation Reducing Implementation Time and Improving Outcomes



Design and Realization are completed concurrently, producing early Executive Management "Buy In"

Leading practice solution is up quickly to enable organizational change and transformation activities and outcomes

Lower TCO by reducing Implementation time and shortening benefit realization time

Benefits of using the ABI Solution Set:

Better: Delivery of select End-to-End integrated processes based on the SAP® Public Sector Industry Solution.

Faster: Early adoption of SAP solution and increase awareness for the need of organizational change management.

Less Expensive: Reduced timeline with delivered baseline solution to help achieve lower TCO.

Implement an enterprise solution that meets your needs now and into the future



1. Implement an integrated Business Process Platform to achieve:
 1. Multi-Enterprise and cross-jurisdictional integration
 2. End-to-end process enablement
 3. SOA compliance
2. Clear, funded upgrade path
3. Use a methodology geared to public sector change and transformation – learn from others
4. Leverage accelerators that with proven leading practices to enable a faster, better and less expensive implementation
5. Stay focused on business fundamentals
6. Measure results and adjust initiatives accordingly

Results – Measurable & Sustainable

Approach – Collaborative & Flexible

People – Passionate & Experienced



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Who to Contact

Jamie Sawchuk
Managing Director

Tax and Revenue Management

☎ 250.727.1412

Victoria, BC Canada

Jamie.sawchuk@bearingpoint.com



Ryan McRonald
Senior Manager

Tax and Revenue Management

☎ 250.661.7852

Victoria, BC Canada

Ryan.mcronald@bearingpoint.com



