

DIGITAL AGE STRATEGIES BUILDING THE ENABLING PLAYBOOK

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FTA Technology Breakout
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Today's agenda

1 Digital mega-trends and implications





2 Building the digital playbook

3 Digital leaders vs. laggards

‘Digital playbook’ defined

A business strategy inspired by the capabilities of powerful, readily accessible technologies to deliver integrated business capabilities that are responsive to constantly changing market conditions

The world has changed dramatically in just the last five years

	THE U.S. IN 2011	THE U.S. IN 2015
 INTERNET PENETRATION (% of U.S. adults)	79%	84%
 SMARTPHONE USERS (% of mobile subscriptions)	40%	80%
 SOCIAL NETWORK USERS (% of U.S. adults)	50%	65%
 TABLET USERS (% of U.S. adults)	10%	45%

Five disruptive digital mega-trends are revolutionizing organizations

Customer-centricity



More empowered consumers, shift to self-service

Mobile & social



Online access anywhere, at anytime

Data & analytics



Insight to target customers, tailor services and improve operations

Cloud computing



Distributed computing power over networks

Internet of things

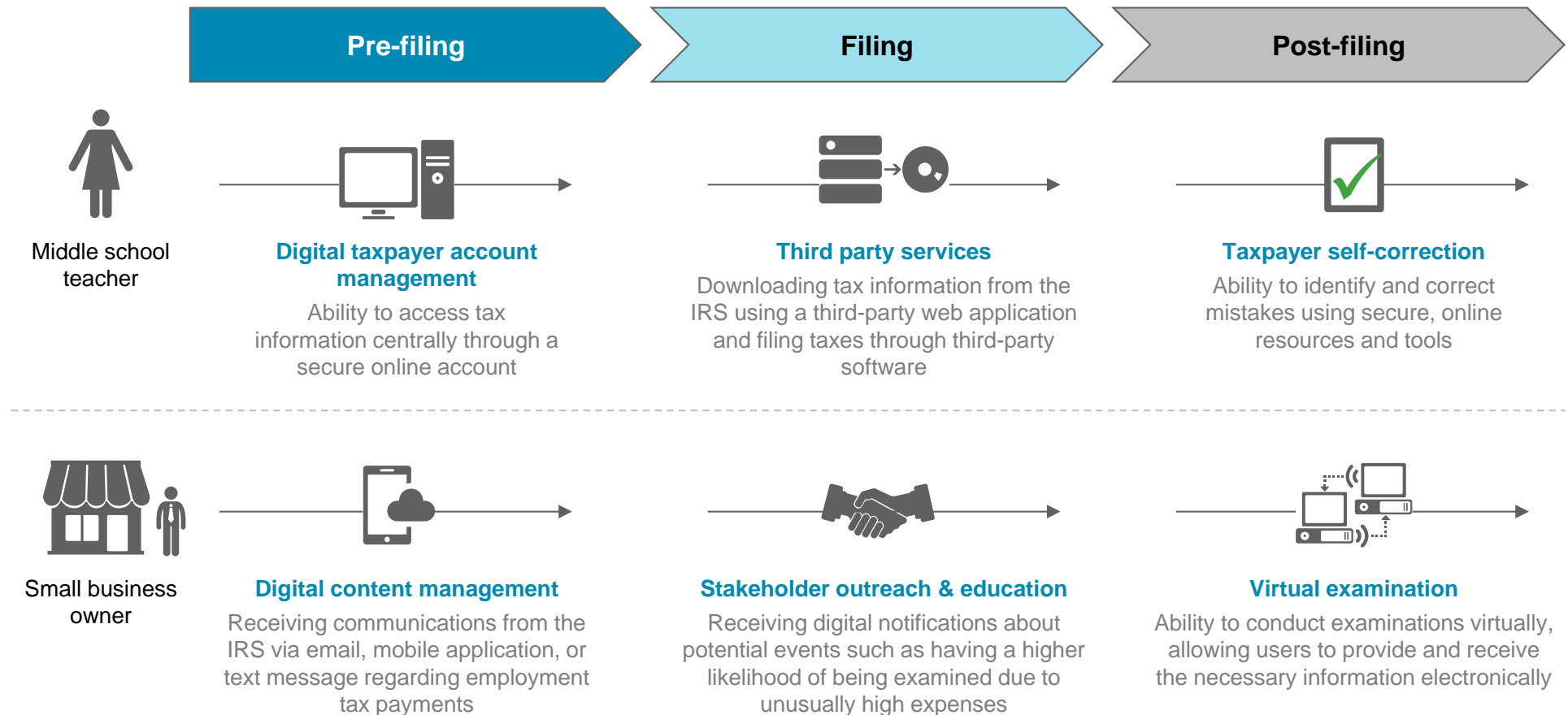


Virtual representation of real-world objects in internet-like network structure

Expectations for the quality of public services have increased - the potential for improvements in operational efficiency is substantial

The needs of tax payers and the overall tax community continue to evolve - digital is certainly not a foreign concept

IRS Future State - Taxpayer journey snapshots



All in all, faster, better and cheaper

Audience poll



Which of the following best characterizes where your organization is today in the shift to digital?



Instructions

- Text **FTA16 to 22333** once to join
- Choose one option (**1, 2, 3, ... 6**) and text your response to **22333**

Option	Examples
1. Little/no progress	Multitude of manual and disjointed paper-based processes; legacy tech is pervasive
2. Some progress	Focus is on digitizing back-end legacy processes
3. Progressing	Emerging set of capabilities, yet don't touch all aspects of the organization
4. Effective	Small portfolio of digital initiatives touching on all trends
5. Highly effective	Digital considerations are core to every decision and investment; data driven org.
6. Don't know	Unclear where digital fits into the organizational picture



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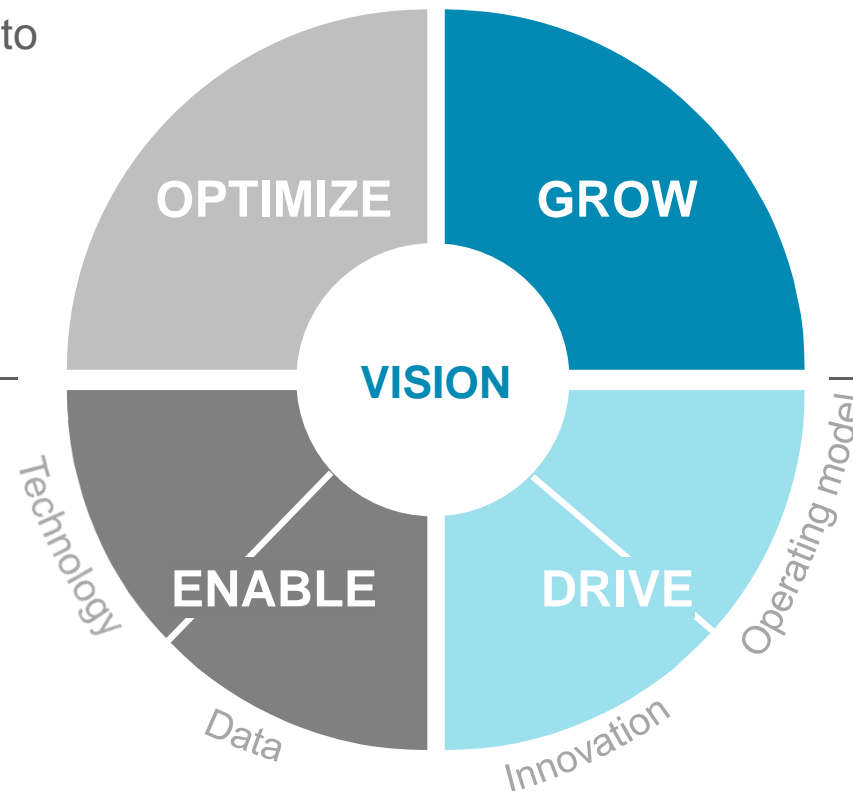
Digital intent vs. digital capabilities

A framework for building the digital playbook

DIGITAL INTENT

Use Digital as a key driver to **optimize operations** and propose an end-to-end **process transformation approach** (e.g. 'lean by Digital')

Build the digital agenda for **business growth**. Identify associated requirements and business case components.

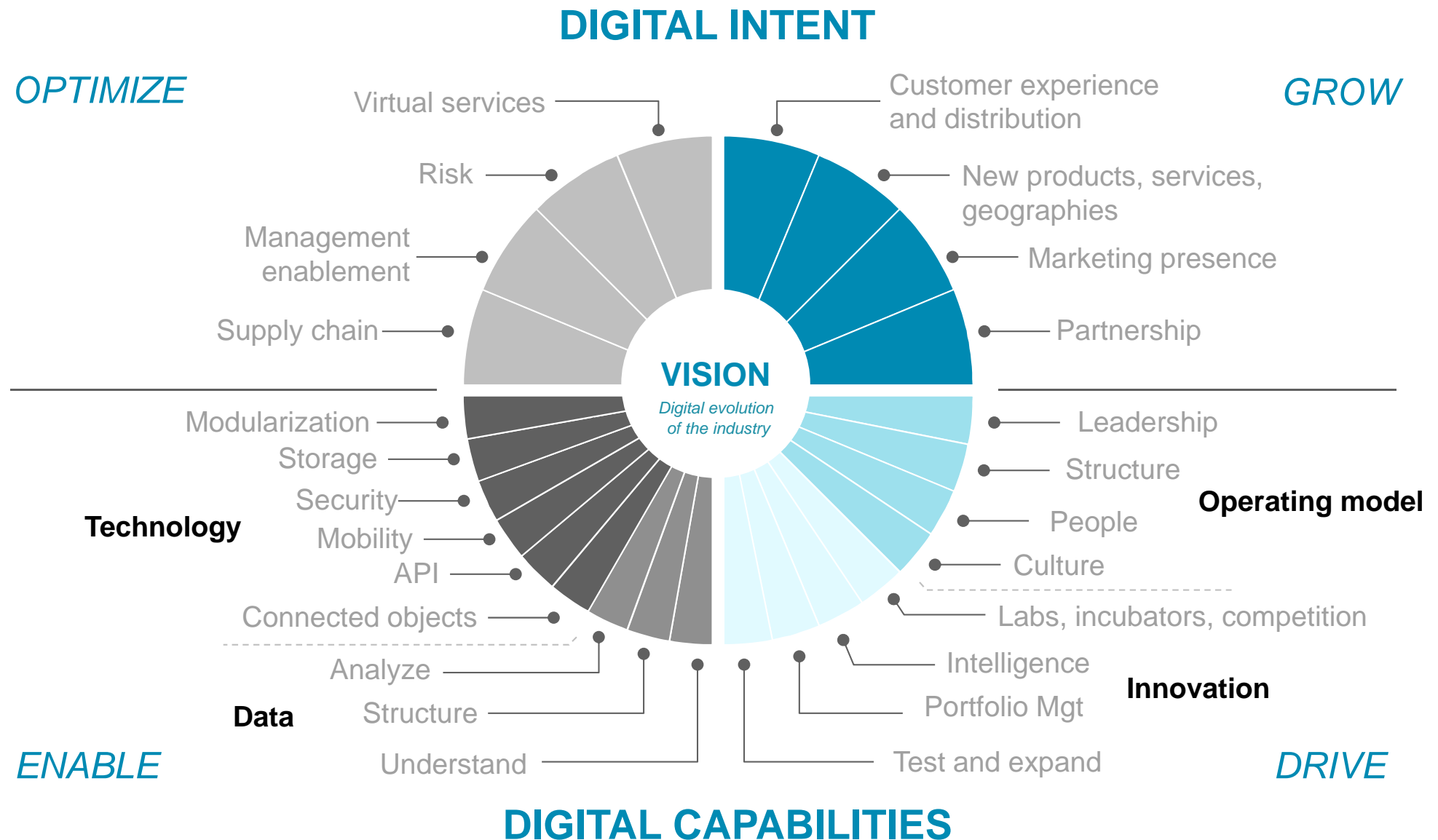


Define the required capability and the evolution of the **Technology and Data** operating model

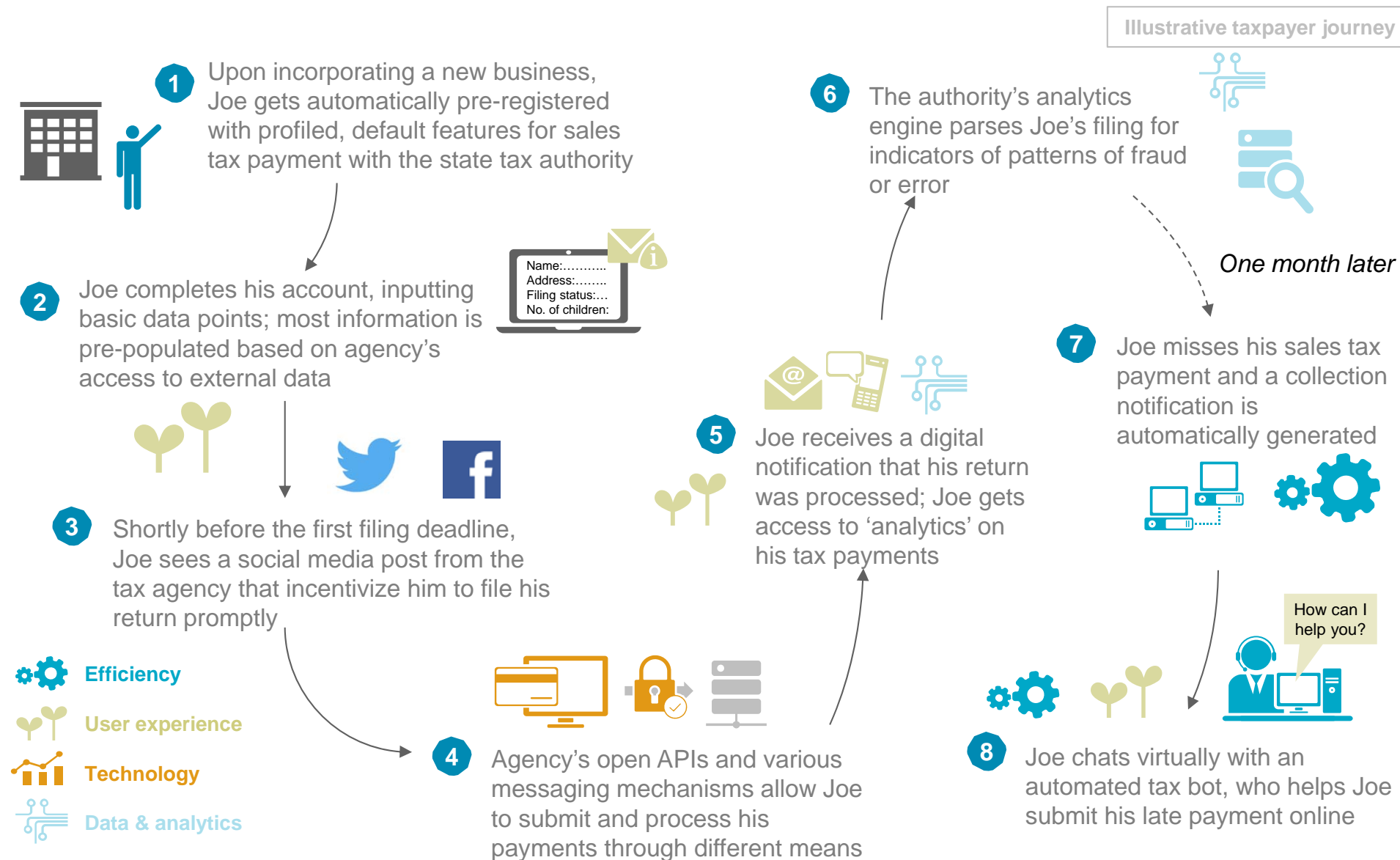
Design the required vision, governance, **operating and innovation model** to leverage Digital potential

DIGITAL CAPABILITIES

An effective digital playbook involves prioritizing among strategic choices and their enablers



Digital capabilities come together to create streamlined taxpayer experiences, while improving compliance and efficiency



Where digital efforts can make a real difference for state tax agencies

LEAN OPERATIONS

- Empowering front-line operators to make decisions & solve problems
- Real-time data collection, analysis
- Reduced administrative costs

ENHANCED TAXPAYER EXPERIENCE

- Intuitive and automated data collection platforms
- Predictive trouble-shooting
- Minimizing time-consuming human interactions

DIGITAL TAX ADMIN

IMPROVED COMPLIANCE

- Automated fraud analytics
- ID theft prevention
- Tailored compliance resolution

GREATER TRANSPARENCY

- Enhanced traceability
- Increased public understanding of taxation

DATA SHARING

- Collaboration across departments and agencies
- Deeper understanding of customer profiles & behavior

Audience poll



Which potential challenges pose, or will pose, the biggest barriers to executing your digital strategy?



Instructions

- Choose **up to 3** of the options below **(1–8)**
- Text each of your responses separately to **22333**

Option	Response
1	Budget
2	Organizational barriers
3	Lack of skilled technical resources
4	Contractor procurement & oversight

Option	Response
5	Concern over increased fraud/cyber risk
6	Changing policy or administration
7	No clear digital strategy or plan
8	Other



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Digital leaders vs. laggards

What is your self-assessment?



Clarity of vision

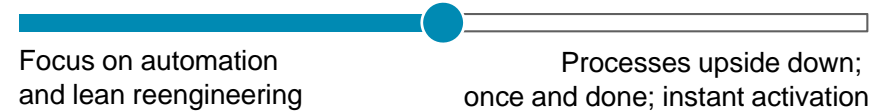
Behind

On track today

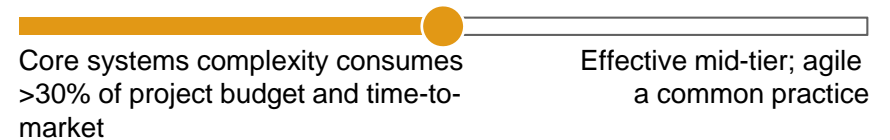
Future state ready



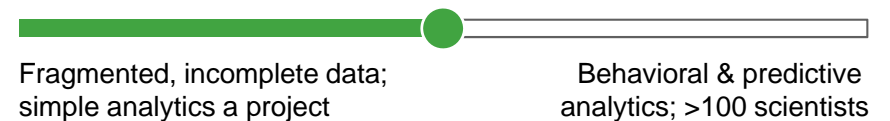
Digitize what you have



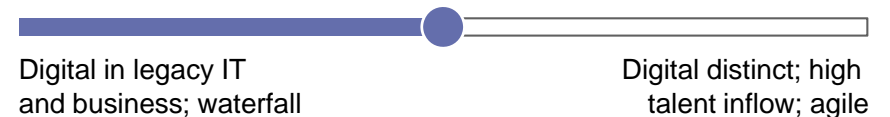
Decouple old & new technology



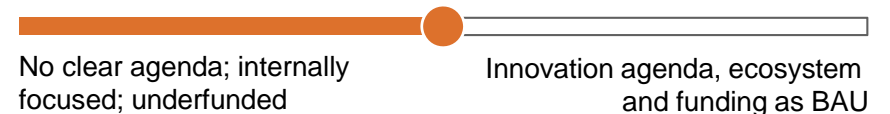
Put analytics on the front lines



Free the digital team



Innovate without borders



Questions?

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