



# DIGITAL AGE STRATEGIES BUILDING THE ENABLING PLAYBOOK

August 10th, 2016





### Today's agenda

- 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

Customercentricity

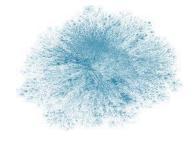
Mobile & social

Data & analytics

Cloud computing Internet of things











More empowered consumers, shift to self-service

Online access anywhere, at anytime

Insight to target customers, tailor services and improve operations

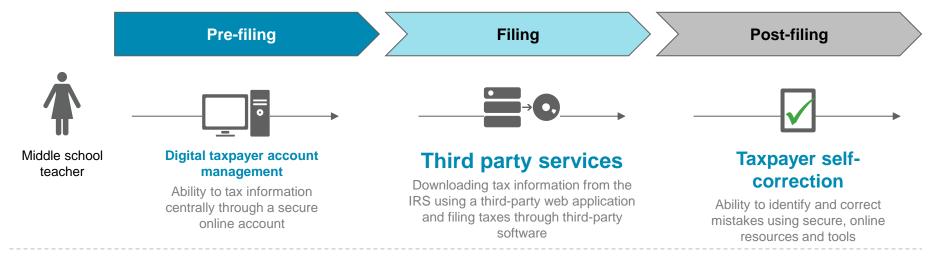
Distributed computing power over networks

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

#### **Taxation Future State - Taxpayer journey snapshots**





Small business owner



#### **Digital content management**

Receiving communications from the IRS via email, mobile application, or text message regarding employment tax payments



#### Stakeholder outreach & education

Receiving digital notifications about potential events such as having a higher likelihood of being examined due to unusually high expenses



#### Virtual examination

Ability to conduct examinations virtually. allowing users to provide and receive the necessary information electronically

#### 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?



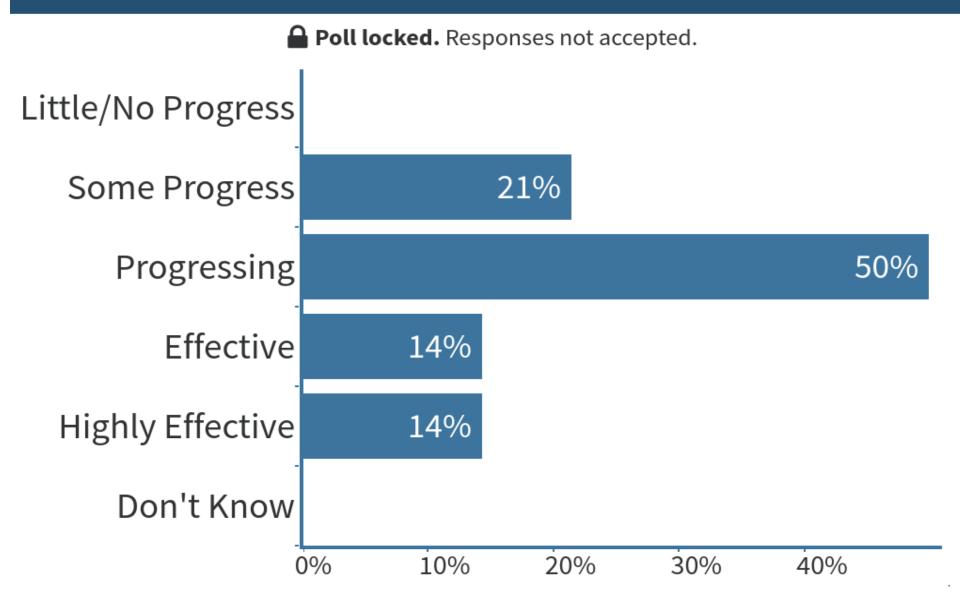
Text FTATECH16 to 22333 once to join

Choose one option (1, 2, 3, ... 6) and text your response to 22333

#### OR go to PollEv.com/ftatech16

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	

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



# 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')

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



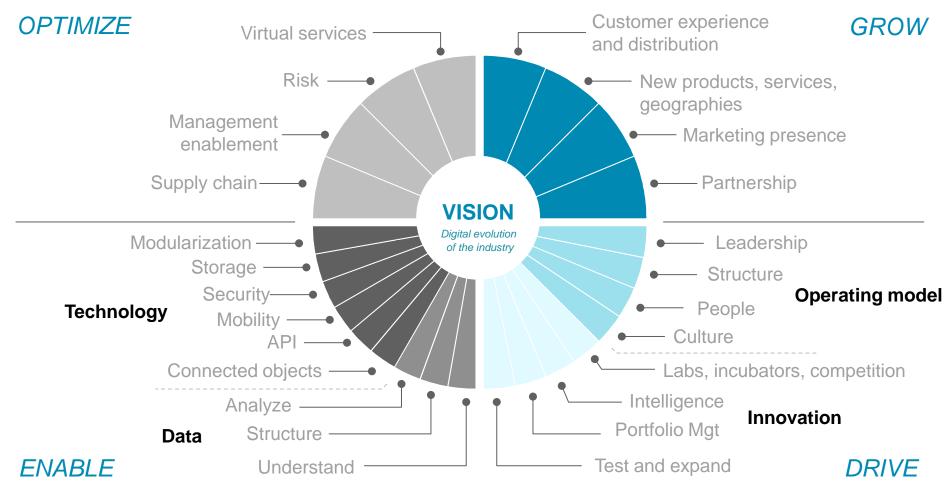
Build the digital agenda for business growth.
Identify associated requirements and business case components.

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

#### **DIGITAL CAPABILITIES**

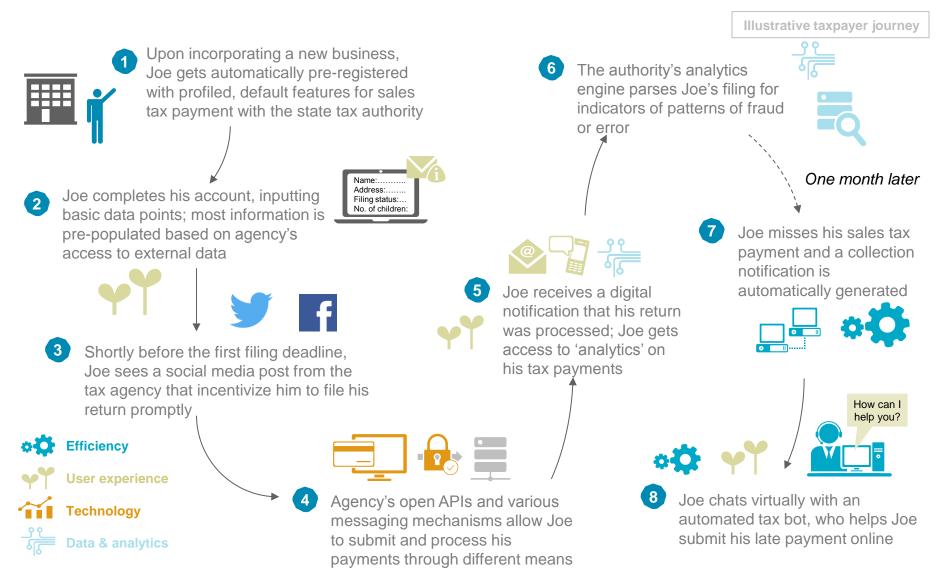
# An effective digital playbook involves prioritizing among strategic choices and their enablers

#### **DIGITAL INTENT**



#### **DIGITAL CAPABILITIES**

# 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

#### IMPROVED COMPLIANCE

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

#### **ENHANCED TAXPAYER EXPERIENCE**

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

### DIGITAL TAX ADMIN

#### 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?



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Choose one option (1, 2, 3, ... 8) and text your response to 22333 (up to 3 times)

#### OR go to PollEv.com/ftatech16

Option	Response	Option	Response
1	Budget	5	Concern over increased fraud/cyber risk
2	Organizational barriers	6	Changing policy or administration
3	Lack of skilled technical resources	7	No clear digital strategy or plan
4	Contractor procurement & oversight	8	Other

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

Poll locked. Responses not accepted.



## Digital leaders vs. laggards What is your self-assessment?

		Behind	On track today Future state ready
	Clarity of vision	Fast follower strategy – wait and see approach	Disruption anticipated action plan and measures in place
00	Digitize what you have	Focus on automation and lean reengineering	Processes upside down; once and done; instant activation
	Decouple old & new technology	Core systems complexity co >30% of project budget and market	<u> </u>
	Put analytics on the front lines	Fragmented, incomplete da simple analytics a project	ta; Behavioral & predictive analytics; >100 scientists
	Free the digital team	Digital in legacy IT and business; waterfall	Digital distinct; high talent inflow; agile
	Innovate without borders	No clear agenda; internally focused; underfunded	Innovation agenda, ecosystem and funding as BAU

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### Questions?

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## THANK YOU

