

State of California Enterprise Data-to-Revenue

**Increasing revenues, transparency and taxpayer service through
benefits-funded modernization**

How CGI helped California generate \$498 million in increased revenue to date, with total revenue increases of \$2.8 billion projected by 2016-2017.

The challenge

The State of California's annual estimated tax gap – the difference between what taxpayers owe and what they voluntarily pay – is estimated to be nearly \$10 billion. To help offset this deficit, the California Franchise Tax Board (FTB) undertook a number of initiatives to increase voluntary compliance, identify taxpayers not filing correct amounts, and pursue outstanding debt. Yet, those efforts were constrained by outdated and redundant systems, disparate data, and inefficient processes. To alleviate these problems, FTB defined a clear strategy to improve tax administration and program delivery by moving to a fully integrated enterprise organization. The cornerstone of their vision is the Enterprise Data-to-Revenue (EDR) project.

The solution

The State chose CGI to deliver the EDR solution based on a number of key factors, including the company's ability to deliver complex solutions for FTB and other government tax clients, as well as CGI's strong local presence, deep California government expertise, and proven benefits-funded approach. CGI's innovative solution supports FTB's fundamental process changes by:

- Modernizing legacy systems with a service oriented architecture (SOA)
- Delivering a new returns processing system that automates manual processes, improves data capture and validation, and processes individual and business taxes through a single technology architecture
- Making all data accessible to legacy systems and FTB users through an enterprise data warehouse, and using enterprise data modeling to improve collection and audit activities and reduce noncompliance
- Providing a secure, online Taxpayer Folder that gives FTB staff, taxpayers, and other authorized users access to information (such as tax returns, payments, correspondence, etc.) for a comprehensive view of the taxpayer, increasing taxpayer awareness and promoting better self-service and self-compliance
- Capturing significantly more tax data from all channels (e.g., tax forms, correspondence) while decreasing the number of documents requiring manual intervention.

CASE STUDY

GOVERNMENT

STATE OF CALIFORNIA

Franchise Tax Board
www.ftb.ca.gov

FTB at a glance

- Contributes more than \$50 billion to the State's General Fund
- Processes over 17 million personal and business entity tax returns/year
- Responds to 3 million taxpayer calls/year
- Sends 9 million notices/year

Early wins and a 100% benefits-funded approach

The EDR project has already generated \$498 million in additional state revenue as of September 30, 2013—more than double the original projection for this point. When completed, EDR's benefits are estimated at \$1 billion annually. EDR is deliberately structured to pay for project costs from a percentage of increased collections each year. Under the performance-based, benefits-funded contract, no monies are paid to CGI until revenue is generated.

"Our partnership with CGI ... is instrumental to our success. It's great to have the commitment and competence of an organization like CGI and its partners on our team."

Kem Musgrove, Technical Director,
Enterprise Data to Revenue Project,
California Franchise Tax Board

KEY TECHNOLOGIES AND METHODS

EDR's mission-critical, highly available technology is an industry-leading platform designed to expand the use of data and significantly improve tax return processing, resulting in better service to taxpayers. Key components of the solution include:

- Service oriented architecture (SOA) allows reuse of processes and technology components across FTB business functions. SOA enforces technology standards compliance, protecting investments and allowing FTB to seamlessly “plug in” additional technologies to meet future business needs.
- Master data management (MDM) provides FTB with a single source of reliable data to leverage across all business processes. This central repository of reliable, timely data will improve almost every aspect of FTB's business.
- Business process management (BPM) allows FTB to rapidly build, test, deploy, and share business workflows, as well as document and reuse business rules across business processes, as appropriate.

FTB challenge	CGI EDR solution at a glance
Data availability	<ul style="list-style-type: none"> ▪ Makes enterprise data available 24/7 and improves data quality ▪ Increases data availability by capturing and imaging more data from tax forms
Filing processes	<ul style="list-style-type: none"> ▪ Processes and validates significantly more tax data ▪ Reduces manual intervention ▪ Scans and stores all pages from tax forms for electronic access throughout the enterprise
System redundancy	<ul style="list-style-type: none"> ▪ Leverages SOA to maximize reuse and efficiency
Filing self-services	<ul style="list-style-type: none"> ▪ Provides secure access to enterprise data ▪ Expands self-service options, reducing contact center costs
Data analysis	<ul style="list-style-type: none"> ▪ Provides state-of-the-art enterprise modeling, improves collection activities, and reduces fraud
Inflexible systems	<ul style="list-style-type: none"> ▪ Designed for ongoing change as technology evolves ▪ Eliminates dependencies on proprietary and outdated technologies ▪ Improves user experience

CGI public sector tax and revenue results

CGI has led more than 20 major tax implementations around the world. Six of our clients alone have certified more than \$2.5 billion in additional revenue from CGI projects – more than all other firms combined.

ABOUT CGI

Founded in 1976, CGI is the fifth largest independent information technology and business process services firm in the world.

CGI and its affiliated companies have approximately 68,000 professionals in 40+ countries. CGI provides end-to-end IT and business process services to clients worldwide from offices and global delivery centers in the Americas, Europe and Asia Pacific.

We deliver built-for government IT solutions that maximize revenue while minimizing costs. As a full service systems integrator and managed services provider, CGI has the industry know-how, tools and technologies to address business challenges across the public sector spectrum. CGI provides state and local governments with creative IT solutions that drive efficiencies, effectiveness and cost containment—all while achieving your short-term needs and maintaining your long-term vision.

CONTACT

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