

# Benefits-funded IT modernization

Projects funded through increases in revenues and reductions in costs reduce risk while improving citizen services

Today's financial and budgetary pressures have pushed governments to explore new ways to generate revenues, increase collections and reduce costs without raising taxes. With government agencies frequently running multiple legacy support systems on aging information technology (IT) infrastructure, the first step to modernization and related benefits frequently requires an upgrade of existing IT solutions.

Traditionally, IT modernization projects for these critical systems require significant upfront investment for infrastructure and staffing; however, government is understandably cautious to invest in new staffing or programs necessary to begin or sustain these efforts. Even for systems supporting revenue-generating activities that will pay for themselves, governments either lack the funding to initiate a project or are cautious before making new commitments. Therefore, governments continue to run revenue-generating operations on outdated systems that cost them millions of dollars in lost revenues due to inefficiencies and lack of capabilities.

To overcome these financial challenges, many public sector organizations are turning to technology partners that have the capability to deliver IT modernization efforts which are funded only when additional revenues are realized as a result of the project. This benefits-funded model, in effect, allows the IT project to pay for itself—while reducing the level of risk assumed by governments and eliminating the need to increase taxes or assume additional debt.

## INCREASE REVENUE AND TAX COLLECTIONS THROUGH BENEFITS FUNDING

Benefits-funded IT modernization projects help public sector organizations optimize business results to increase efficiencies, reduce costs, and generate additional income. CGI's benefits-funded approach is unique among IT service providers. It provides a vehicle to address the scarcity of government IT dollars as well as the necessity for IT upgrades that increase revenues collected. The approach also helps organizations reduce costs with increased efficiencies. With proven business processes, methodologies, and services developed from decades of experience in government tax, revenue, and collections, CGI assumes the upfront investment and only receives payment from a percentage of the increased revenues or cost savings that are realized. This model shifts the risk away from the public sector and eliminates internal funding limitations.

Benefits-funded IT modernization projects enable government to:

- Maximize the return on taxpayer investment over time
- Implement solutions with no negative budget impact in any fiscal year
- Minimize implementation costs and financial risk
- Minimize the cost and operational effort to implement and maintain systems over time
- Allow for the implementation of new programs without new staff

### The benefits funding bottom line:

- On average, benefits are valued at 20 to 50 times the project costs and benefits typically accrue from collections, discovery of non-filers, and audit initiatives
- Initial benefits are achieved within 3-6 months of project start
- Results on average include a 10-45 percent increase in delinquent collections, and a 10-20 percent increase in other compliance revenues
- Benefits can pay for a wide variety of technical upgrades and IT modernization projects.

## WHY CGI?

CGI's benefits funding model reflects our unmatched commitment to client success. With 35 years of experience delivering world-class IT solutions for government, CGI has an outstanding track record for helping our clients increase revenues and reduce costs. We collaborate with our clients and industry groups like the Federation of Tax Administrators, the National Association of State Budget Officers, and the Government Finance Officers Association, so our solutions continue to support current and future government needs.

CGI tax, revenue, and collections innovations include:

- First automated collections system
- First statistically driven compliance management
- First benefits-funded revenue project
- First customer-driven tax reform project
- First CRM implementation for revenue management
- First web-based integrated tax administration system

## PROVEN SUCCESS

CGI has helped its government clients achieve **more than \$2.3 billion in certified revenue** increases through benefits-funded, performance-based IT modernization projects. For example:

- **CALIFORNIA:** CGI and the California Franchise Tax Board (FTB) are working to increase revenue collections, reduce taxpayer intrusion and enhance customer service through better collections and audit processes with the Enterprise Data to Revenue (EDR) benefits-funded project. The project has generated over \$340 million in increased revenue to date, nearly double the \$175 million initially projected. It is expected to generate total revenue increases of \$2.8 billion by 2016-2017.
- **MISSOURI:** CGI and the Missouri Department of Revenue dramatically increased revenues collected and achieved benefit goals within three months of project start. More than \$63 million was realized in just two years through new systems that implemented multiple risk-based collection strategies; enhanced collections case management; provided support for liens, levies, and garnishments; implemented online self-service payment agreements; and supported motor vehicle collections.
- **NORTH CAROLINA:** The North Carolina Department of Revenue is partnering with CGI to implement a modernized, integrated tax management system to increase operational efficiency and effectiveness while improving taxpayer services. This solution also reduces ongoing maintenance and integration costs and enables greater agility to respond to changes in tax law and policy. The new Tax Information Management System (TIMS) program has generated over \$292 million in additional revenue for the State as of August 2013.
- **VIRGINIA:** CGI and the Commonwealth of Virginia undertook a six-year program to implement technology solutions to re-engineer business processes, including significant collections enhancements to collect multiple debt types. As a result, more than \$230 million in additional revenue was collected with no additional cost to taxpayers.

## About CGI

Founded in 1976, CGI is the fifth largest independent information technology and business process services firms in the world. CGI has 69,000 professionals to help see projects through completion.

CGI provides end-to-end IT and business process services to clients worldwide from offices in Canada, the United States, Europe, and Asia Pacific as well as from centers of excellence in North America, Europe, and India.

As a leading provider of built-for-government tax, revenue, and collections solutions, CGI has provided IT and business support for clients including the U.S. Internal Revenue Service, 20 state tax and revenue agencies, and the City of New York. CGI's benefits-funded tax projects have recovered more than \$2.3 billion in revenues for public sector clients.

## CONTACT

For more information on our tax, revenue and collection services and solutions, visit us at **[cgi.com/tax](http://cgi.com/tax)** or email us at **[tax.solutions@cgi.com](mailto:tax.solutions@cgi.com)**