

The Journey towards the Tax Office of the Future

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Preface

Like other organizations, Tax Offices are being confronted with changing customer expectations and new technologies at a time of political and economic strain.

An almost explosive growth in the use of the internet and social media means that the tax payer's requirements on the exchange of information, accessibility of the Tax Office and the tax processes, reuse of data and so forth are already fundamentally different than a decade ago. They will continue to change at pace.

The traditional Tax Office therefore needs to reconsider not only its structure and its processes, but also its service principles and information technology to meet this challenge. Adding to the trend towards customer centricity is a pressing need to improve compliance: collecting the right amount of tax is more important than ever. Understandably the economic situation and the worldwide trend towards cost reduction in the public sector are causing a mounting pressure to cut costs.

The way in which Tax Offices supply their services is thus in need of a significant upgrade. The challenge is to improve the quality of the services, both from a customer and an internal perspective, to increase compliance and to cut costs at the same time. There must also be a focus on reducing the complexity and cost of ICT and often the number of staff needed for the core functions of the Tax Office. Doing more with less: to become better and more efficient.

An impossible challenge? Capgemini does not believe so. In this paper, we present our future vision of the improved and more cost-effective Tax Office and the Journey towards it. ●●●



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A woman with short grey hair and black-rimmed glasses is shown in a professional setting. She is wearing a dark blue button-down shirt under a light-colored blazer. She is holding a black mobile phone to her ear with her left hand and has her right hand on a computer keyboard. The background is a bright, out-of-focus office environment.

Why is change necessary?

Trends that influence the Tax Office

The outside world in which the Tax Office operates is changing rapidly. The most important external trends that today's Tax Office is exposed to can be grouped in the following five main areas:

- Social
- Political
- Economic
- Environmental
- Technological

Social trends

The rapidly expanding possibilities of the internet have given tax payers more and more ways in which to handle their affairs online. The online exchange of information and services in the private life of the tax payer has become a commodity; ranging from simple online email and social networking to online purchasing of goods and registering for and using complex services, such as banking and accounting. This changing use of social media is a trend that is here to stay. The need for person-to-person interaction is decreasing as a result of this. Where a visit to an office or a phone call used to be the only option for getting business done, these days a smartphone, tablet or laptop is the first entry to services. We see Tax Offices experimenting with new technologies and applications; Inland Revenue in New Zealand, for example, used Facebook to inform people hit by the February 2011 earthquake about tax relief, the impact of a potential loss of tax records, changes in tax status, and donation opportunities. Nevertheless, overall strategic visions on the use of social media are rarely present – and yet, in the future, they will change current business models.

The possibilities of social media also lead to a stronger demand for customer centricity. Customer centricity implies that organizations become more responsive to the needs and behaviors of their customers, adapting their processes and services – rather than focusing on internal drivers. Those needs and behaviors are changing and expanding. Customers no longer believe it is normal to deliver information via all sorts of forms and call centre contacts; modern customers expect the authorities and enterprises they deal with to reuse the available information they already have

about them. In addition, they expect authorities and enterprises to actively inform their customers when they need to take action or when a certain service or product is made available to them. This also implies that as long as standard, routine and recurring tasks are involved, the customer expects only to be consulted or informed about the outcome. Involvement in the process is much less expected than before.

In short, the customer expects authorities and enterprises to shift from a pull strategy (in which necessary information is repeatedly collected from the customer) to a push strategy, in which all available information is reused where possible and the customer is only consulted when decisions need to be made or outcomes of a process need to be confirmed (such as the outcome of the yearly calculation of income tax). Contact about routine tasks and information shall be kept to a minimum – reuse of data should be optimized.

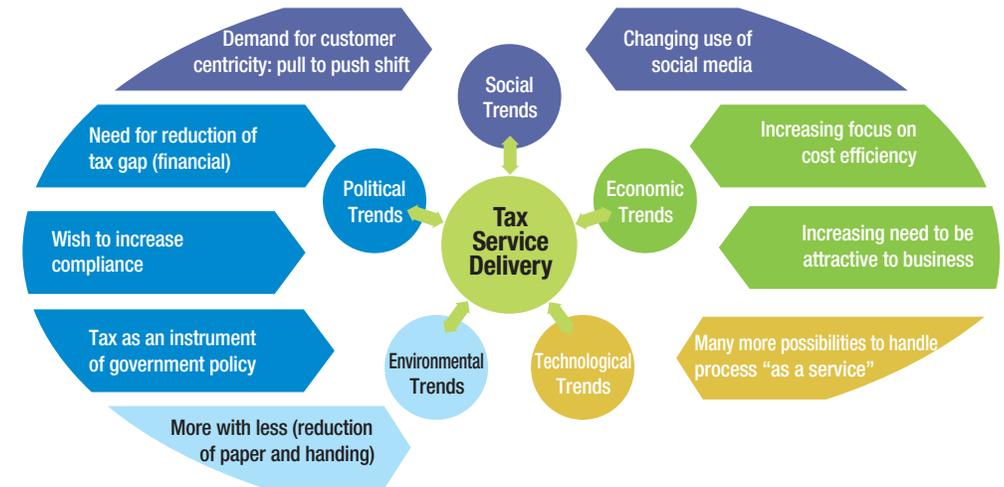
Political trends

Political influences will also have an impact on the Tax Office. Many governments have an urgent need to reduce the national budget deficit. In emerging economies, the need is similar, yet not aimed at cost cutting. Instead it is about increasing income so that the development of public services can be properly funded. Needs of a different nature, yet with a similar objective.

One of the key solutions for this is to reduce the tax gap. This will be achieved by ensuring that the correct tax is paid by those who pay taxes, and that those who don't pay, but should do so, are forced to comply, and thus tax income increases. For many countries the potential of a tax gap reduction is very significant. In line with this, there is a political need to improve tax compliance, both by reducing fraud and by increasing voluntary compliance and error reduction; all of which currently requires a large number of public servants to carry out inspection and fraud reduction measures. Emerging economies in many cases face a challenge to make paying taxes easy and error proof for new tax payers. Improving compliance in every case saves employee capacity and thus money. In addition, many countries will share a desire to influence the attitude towards paying tax. We recognize very substantial differences from country to country. If processes and services are improved to such an extent that the public believes the Tax Office is efficient, treating tax payers fairly but firmly, the public will be more likely to comply. Some tax payers make conscious decisions as to what debt they pay and what debt they do not. The increasing use of social media puts an extra pressure on this, as sharing tax avoidance tips becomes easier.

While it is possible to reward tax payer behaviors, offering credits for paying in full and early as an example, provisions for penalizing those who remain non-compliant may also need to be made. This, however, requires solid business intelligence and, perhaps even more important, accessible and understandable processes for paying tax to ensure that tax payers can easily fulfill their obligations.

Furthermore, most governments require a more flexible Tax Office so that they can quickly translate new policy requirements into processes and services; thus making their policies effective much faster than has been possible up until now. In this respect taxation can become a more efficient instrument of government policy. With today's frequent changes in the tax landscape, flexibility is key.



Economic trends

The current economic climate means that the budgets of many government agencies are now under considerable scrutiny. Tax Offices must adapt to this situation, both in terms of organization and services, especially in light of the potential for agency budgets to be cut in order to make up for deficits. This cutting of budgets means that government agencies including Tax Offices will have to focus on internal cost efficiency so the same level of services can be delivered at lower cost.

In addition, when the economy is weakened business profits are reduced. As a result, businesses will be more tempted to relocate to other countries to reduce their administrative and tax burden. This then causes a drop in collected taxes and an increase in the pressure on the Tax Office's operational budget. The arising pressure stemming from economic policies on Tax Offices to become more attractive to businesses by being more flexible, accessible, transparent and service oriented, adds an accelerator to the needed organizational changes.

In emerging economies, we see the same trends yet with a different background. Tax Offices in emerging economies often face the challenge of how to handle the consequences of a relatively fast economic growth, forcing them to act in order to be ready to accommodate the tax service needs of their businesses and citizens. Cost efficiency as such may not be the primary goal for these Tax Offices. Instead it may be more important to start with processes that are efficient, standardized and well-organized to avoid complexity and burden for tax payers. Ultimately, well developed processes and services will also reduce the cost of maintenance and change. Thus, whilst efficiency is a secondary goal, it is still an important one to meet. A clear and helpful tax service is essential to creating a business-friendly environment, and ensuring that businesses do not relocate to other emerging economies.

Technological trends

Last but not least, the rapidly increasing availability of new technology, much of which involves 'as a Service' concepts, creates a demand for the business benefits that can accrue. The adaptation of the 'as a Service' concept by virtually all major software providers and system integrators ensures that required changes in business processes and organizations are much easier to realize than before. How? They provide time and place-independent online processes and services, computing power and storage capabilities that previously needed to be implemented 'on site'. The potential for improvement thus encourages the desire to improve. These new services also enable tax agencies to pay only for what they use and to adjust to varying demands for service during busy times of the year. They are therefore highly desirable given reduced budgets.



The core challenges for Tax Offices

Based on the trends we have described, we can distill four main modernization challenges that Tax Offices must address. These are:

How to increase compliance and reduce the tax gap?

There is an urgent need for virtually every Tax Office to increase the level of compliance with the tax laws and thus increase revenue; this applies not only in economies that have been hit by the recent economic crisis but also in rapidly growing nations.

How to increase organizational effectiveness and efficiency?

A modern Tax Office needs to renew its vast and traditional (paper-based) processes, information management and service delivery structure in order to transform into a more effective and cost efficient operation. Additionally, if the public believes that the Tax Office is effective it is more likely to comply.

How to transform into a customer centric organization with increased service levels?

Customer service is not only about making it as easy as possible for citizens to comply with their obligations, it is also about delivering high levels of service to companies in order to attract their business and deliver fast economic growth. A modern Tax Office with laws, policies and procedures that help businesses grow is vital to economic development.

How to make the best use of the ever-expanding technological possibilities?

New ICT possibilities are emerging. First and foremost the 'as a Service' Cloud computing concepts offer a great basis to meet the three challenges above. The task will be to make the most effective and efficient use of these possibilities. What principles need to be used? What options should be chosen? Which requirements need to be met in order to become the best-in-class IT supported organization?

How to increase compliance

Tax is a crucial revenue stream and agencies must ensure that they are equipped to bring in the right amount of tax at the right time so that all tax payers fully comply with their obligations. As we all know, some parts of the taxpaying community are less compliant than others and this leads to the so-called 'tax gap' between the taxes that are owed, and the revenue that is collected. Globalization increases the difficulties of tackling non-compliance and impacts on the income a country receives through taxation. Essentially as more economic activity globalizes, the easier it becomes to move money around and to therefore avoid taxes. And in rapidly expanding economies there is the added challenge of an entrepreneurial high income section of society which, when combined with a still largely cash-based economy, means tax avoidance is much more likely.

How to increase organizational effectiveness

The cost efficiency challenge is all about transforming traditional processes into faster, better, less laborious and cheaper ways of operating. Tax agencies handle large amounts of data on a daily basis, but most agencies are still reliant on large, bulk manual process operations. By automating these manual processes tax agencies can free up their staff to concentrate on more important activities focused on curbing tax avoidance. But automation, along with a move toward more internet-based approaches to data capture, also allows for better risk profiling and better risk detection and thus further enables compliance activities.

To deliver real improvement in organizational effectiveness, however, tax agencies need to look closely at how they are structured, what services they need to continue to provide and what they can stop providing. They must also consider the state of their IT architecture and the extent to which it is capable of delivering the changes that improve customer service and tax payer compliance.

How to improve customer service

While aiming to reduce costs, tax agencies must also ensure that those tax payers who wish to comply with their tax liabilities can do so easily. Experience shows that the vast majority of citizens in many countries want to comply with their tax obligations and improving customer service can help them do so. So the challenge for the Tax Office is not

so much about increasing compliance amongst these people, but is much more about making it as easy as possible for them to comply.

On the one hand this is a matter of technology and process. Easy, swift and user-friendly interfaces to file a tax return (for instance via the internet) will improve customer service. On the other hand, customer service also requires a change of attitude within Tax Offices. Detecting and mitigating non-compliant behavior is the core business of tax agencies, but becoming more customer orientated and delivering higher levels of service is also a way of raising revenue.

By making intelligent use of data from other government agencies, employers, banks etc., tax agencies are able to make tailored tax 'propositions' to each individual citizen, thus saving all the traditional administrative burden of filing tax returns. The challenge to increase customer service is also about attracting and keeping businesses (and their revenue) in the country. A service oriented and customer friendly Tax Office helps to persuade companies to set up operations in the country and thus fosters economic growth.

How to harness technology to reduce the tax gap

In all of the three core challenges above, technology plays a key role. Tax agencies need to think about how they harness (new) technologies in order to meet their core challenges of increasing compliance, improving organizational effectiveness and improving customer service. The scale of the technology requirements, particularly in rapidly developing countries, will move tax regimes to an entirely different level from where they are today with greatly expanded requirements, complexity, capacity and flexibility. Technological developments can be both the driver and the enabler of modernization.

Tax agencies within these developing countries, therefore, must determine the strategic path of their technology needs to ensure they have the right technology to meet this ever-complex environment. They will have to look at this from the perspectives of enterprise architecture, approaches to sourcing of technology services, and a need to have highly flexible IT services in order to face their core challenges while keeping control of technology costs.

In pursuit of modernization, tax agencies worldwide need to answer the four main challenges of compliance, organizational effectiveness, customer centricity, and enabling technology. These four challenges are intertwined and therefore need to be addressed as a whole.

A journey into the Tax Office of the future

Design principles of the Tax Office of the future

Supported by new technology, we believe that the Tax Office of the Future will be one that is organized around two main concepts: routine tasks and specialist tasks. These will, to a very large extent, be based on the principle that routine business processes will be sourced and handled from the Cloud ('as a Service'). The possibilities presented by this concept may drive the desired modernization.

What does 'as a Service' imply?

The 'as a Service' concept of Cloud computing means that services, platforms and storage/infrastructure solutions are ordered, accessed and used over the internet, thus eliminating the need for local implementations, software management and infrastructure. Both the tax payer and the Tax Office employee can access the software and services they need over the internet. This is the concept of 'Software as a Service.'

Managing the software and (re)building or expanding it can also be done over the internet by the Tax Office employee. This we call 'Platform as a Service.' Any calculation and storage capacity needed can also be used via internet; this is referred to as 'Infrastructure as a Service.'

The cloud stack



Benefits and application to the Tax Office

The 'as a Service' concept is both the key enabler and, because it also creates demand simply from the potential benefits it offers, a driver. Significant business benefits include reduced costs as a result of the virtualization of services

and a reduction in license costs for software because most Cloud software and platform solutions are sourced on a pay-per-use basis. The concept also reduces the amount of infrastructure required because this too can be sourced from the Cloud, thus also saving on IT maintenance capacity. With fewer data centers and thus overcapacity, 'as a Service' also serves the corporate goals of durability and Green IT, improving the agency's reputation. Cloud solutions also ensure flexibility towards changes in legislation, product portfolio and political wishes. The improved reuse of data, harmonization of processes through standardization and the easier sharing of existing data ensure that fewer mistakes are made and massive cost reductions can be foreseen on data entry, whilst improving quality.

Enabling Modernization

When chosen wisely, the 'as a Service' concepts can facilitate the division between routine tasks and specialist tasks. This will mean that for any task with a routine character, in which process steps are standardized, the Tax Office can make use of reusable data and no human interaction is strictly necessary. It may be procured 'as a Service', which enables the Tax Office to benefit from the advantages discussed above. As such, all one-off processes (such as registration) and recurring standard processes (such as tax collection) may be transformed to a 'Service' and sourced from Cloud providers. This frees up capacity with less manual work needing to be performed. While part of that freed-up capacity may yield a reduction in the cost of personnel, to a certain extent it will actually allow the Tax Office to focus more on activities that ensure quality of processes and assessments, as well as reduction of the tax gap. This also allows the Tax Office to start segmenting its tax payers into groups. Firstly, there are 'obedient' taxpayers who may be certified and require less inspection. Secondly, there are groups of tax payers known or suspected of posing a risk of fraud or security breaches. Access to authentic Tax Office data and that of other entities will help to check compliance across regimes when investigating suspicious cases. This, however, requires national policy and cannot be arranged by the Tax Office itself.

As described above, routine work that can be largely based on either a standard one-off process or a recurring process with reuse of data is automated in Cloud-type solutions. The freed-up personnel can then be diverted to work that demands human interaction, such as the 'policing and assessment' functions. These then are cheaper to execute, of a better quality and will generate relatively more turnover. There will also be more room for professionalizing the 'bespoke' contact with large enterprises that prefer to deal 1-on-1 with the tax inspectors for the delivery of higher-quality services. This will increase the attractiveness of the country in which the Tax Office is located; an increasingly important point in light of current economic trends.

The question then arises of how the services will be sourced; will the Tax Office run certain services itself or ask a trusted advisor to run it for them – as a managed service? This is all about the choices made concerning information management. Quality of services, operating costs and flexibility must always be key; optimizing the Tax Office is firstly a business issue that needs to follow a business strategy – IT will follow to serve the business requirements.

Increasing flexibility and change readiness

Using 'as a Service' concepts will reduce the dependence on legacy systems. Changes can be made faster so the services the Tax Office delivers will be more flexible. This is especially relevant given the fact that many governments experiment with taxes and tax rates to control the economy and to enforce certain policy effects. Examples are changes in the VAT rates, alcohol and petrol duties, and (bandwidths in) income tax; and the introduction of new indirect taxes aimed at new policy effects such as green taxes. This can easily create a problem because old and often inflexible legacy systems have to be adapted to accommodate the changes. In turn, this creates greater IT complexity and thus increases the possibility of failure. Today's political climate sees fast-paced changes in policy, which are often introduced before the actual impact of the changes is thought through. Increased flexibility is needed to make impossible requests, possible.

Rebuilding the house: the modern focus

The following diagram depicts the shift discussed above. It shows how the focus of the Tax Office is shifting towards better assessment, fraud management and bespoke solutions activities. Standard one-off processes, such as registry, and regular standard recurring processes, such as collection, will require fewer personnel and deliver higher quality at lower cost.

This may be achieved by turning a process either into an 'as a Service' solution or into a managed service when it still needs human interaction. In the latter, a dedicated strategic partner can often execute transactional tasks more efficiently.

Costly bulk operations will be managed, enabling the Tax Office to focus on areas where civil servants bring the highest

value. The tax payer, asking for quicker services with improved access, is served well by this model: the primary services they use are available anytime and anyplace through the ‘as a Service’ availability over the internet. The processes they need to – and do not want to – wait for, such as routine calculation and collection processes, will be handled more quickly so the tax payer gets his answers and his results faster.

In an ideal situation, a tax payer should not have to interact with the Tax Office at all – in the far future we expect to see connections to employers’ HRM systems that allow the Tax Office to handle all taxes based on real-time, first hand information.

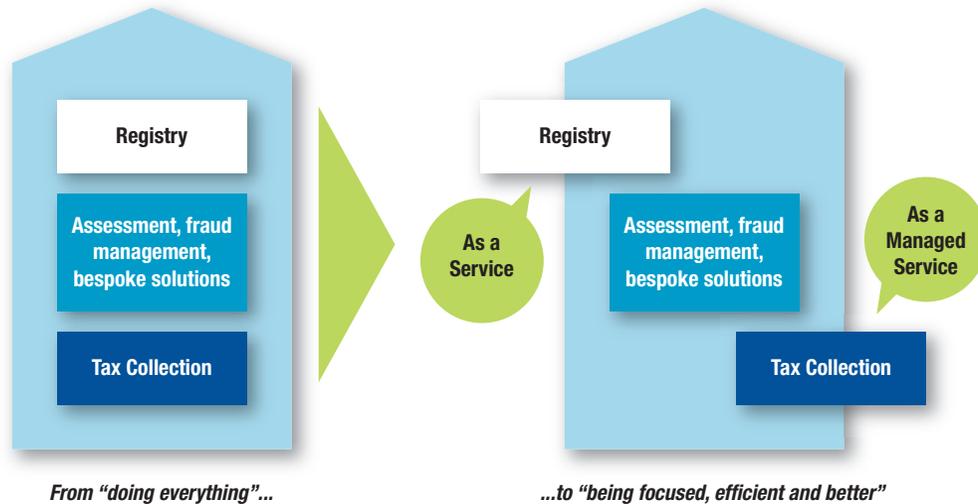
The yearly tax returns will become obsolete – the Tax Office will only notify the tax payer, through use of social media, that his tax over the year has been collected. This serves the pull to push strategy shift we described in paragraph above.

Worldwide, discussions are escalating about limiting the involvement of governments to their “core competency” of government. We believe that the model described above is a good way of realizing this objective. Whichever route is chosen, we believe that the core competency discussion will be another influence alongside the previously described business benefits – forcing tax agencies to better understand and handle their core competencies (audit, collection, fraud detection) while dismissing/sourcing other non-core competency tasks ‘as a Service’ (e.g. paper processing, IT hosting, call centers, etc).

Security and Privacy

Naturally all this raises the question of how privacy and data security needs are met. With the increasing occurrence of identity theft and other forms of criminal attacks, security is becoming an ever more important subject. Access to services and data therefore needs to be secured. For sensitive data and processes, a Tax Office may choose not to place these in a so-called ‘public’ Cloud (which may also be used by other parties) but to make use of more secure solutions – a Cloud environment that is less accessible and referred to as a ‘private’ Cloud. Legislation and strategy will have to reflect on these choices – what exactly are the key needs in terms of privacy and data protection and how are these to be guaranteed? Many countries are responding to this question by exploring the possibilities for a government-owned Cloud environment (G-Cloud). We expect that such nationwide efforts will be a great help for the Tax Office on its journey to the future.

Successful modernization towards the Tax Office of the Future will lead to more tax revenue, higher organizational effectiveness and efficiency, and improved service levels (customer centric) to both citizens and businesses. It is clear that answering these modernization challenges is vital for economic growth and stability.



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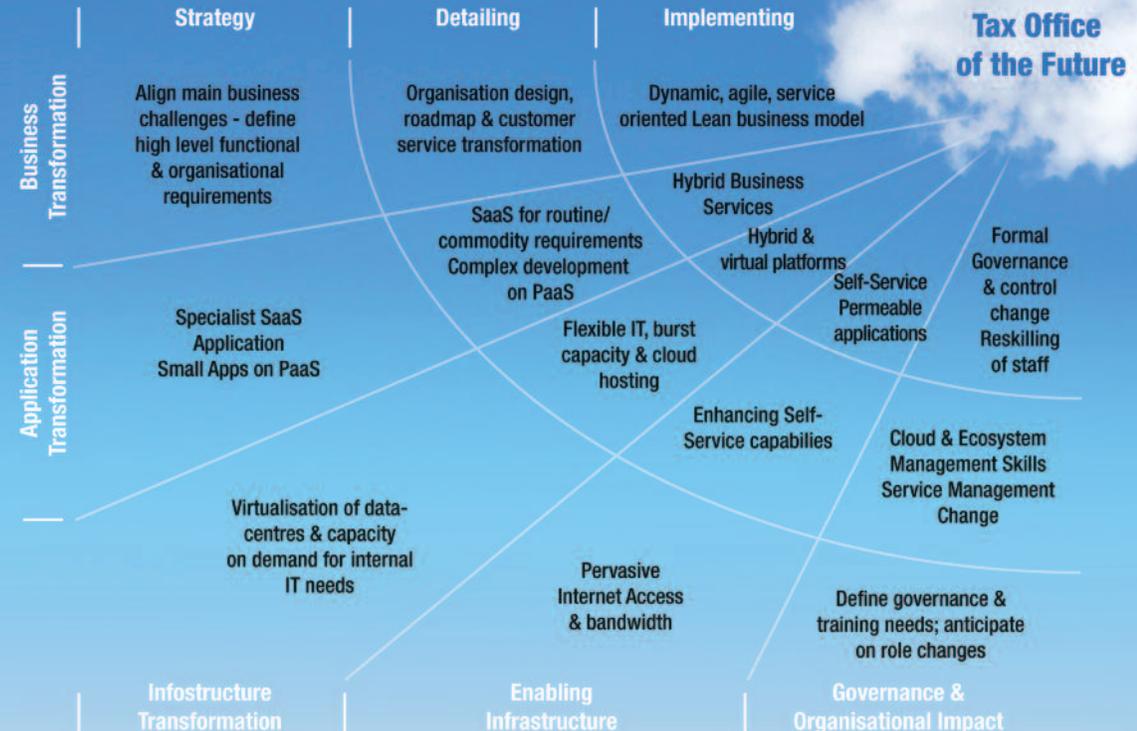
How to make the journey?

Rebuilding the house: Overview of the transformation journey

We believe that an organizational change of this magnitude needs a well-organized plan in order to succeed. In our opinion, five key dimensions of change should be explored:

1. What will my future organization look like?
2. What applications will my people and customers use, and how?
3. How do I ensure I can enjoy optimal access to data whilst having sufficient capacity to cover storage and processing needs?
4. How do I organize the necessary infrastructure?
5. How do I guide my organization to the future in terms of governance and organizational change?

These five questions all begin with the forming of a strategy. In the following diagram, the five key dimensions of change are depicted in the journey to the modern Tax Office. Time progresses from left to right. For each dimension, the strategy step is followed by further detailing and, ultimately, the implementation of the designs and changes stemming from the earlier two phases.



While for each Tax Office the emphasis and necessary change per stage of the journey may vary, these phases will still be the key ones that need to be addressed. For the modern Tax Office, the design principles and core changes identified in the Strategy step must reflect the extent to which the trends indicated in chapter 1 are applicable to the Tax Office. Most Tax Offices will strongly need to cut costs and refocus on their use of capacity whilst reducing the tax gap. We therefore expect the emphasis on the assessing and policing functions of the Tax Office to become a central part of both the business transformation design and the application transformation related to it. This also applies to emerging markets, but the reason to shift this focus is governance. A fast growing Tax Office with too many tasks, procedures and services quickly becomes hard to manage, leading to business risks in terms of governance, quality and stability. Thus, Tax Offices in emerging markets will also experience this need to focus on their key competences and to reduce the extent to which routine tasks are performed manually and/or in-house.

Following the focus on specialist tasks, available infrastructure and software will be tailored to meet requirements of self-service applications (where the tax payer himself executes the routine tasks he needs to provide information for) and behind the scenes computing where the routine tasks that can make use of already available information are performed automatically, informing the tax payer and the Tax Office employees only when confirmation or an obligatory check is necessary.

Storage and processing power will be organized as flexibly as possible; thus making use of the possibilities of Cloud computing and the concept of managed services.

What solutions are available?

As indicated above, the journey towards the Tax Office of the Future consists of several stages and is realized by concrete steps in five domains leading to the future Tax Office. Challenges to be addressed within the transformation journey are similar for every Tax Office; however it is the starting point that varies. Therefore each agency has to develop its own mix of building blocks that lead to the future. A comprehensive Strategy and Transformation Roadmap is the glue that connects the as-is with the to-be.

- What does the future look like for my organization considering my starting point and the challenges I face?
- What can I do to make sure all my future actions are in line with the overall goal?
- How does it affect my current investments?

These are examples of questions that are usually addressed in the [Strategy and Transformation Roadmap](#) that Capgemini develops using a proven methodology Phase1. In 8-10 weeks, we jointly produce the major conceptual and design elements needed to prepare the organization for change. One element of the journey that cannot be overlooked is acceptance and strong commitment from stakeholders from the very beginning. 80% of transformation programs in government fail largely because of poor stakeholder buy-in and it is the stakeholders and employees within the organization that have to accept the change to come.

So how can you ensure that key partners are involved in strategic planning? Capgemini uses its [Accelerated Solutions Environment \(ASE\)](#) in Phase1 projects. This Capgemini corporate method is based on moderated workshops supported

by state-of-the-art infrastructure enabling rapid insight into problems (without being “topic dependent”). The methodology keeps participants focused and drives decision making. Kicking-off your journey towards the Tax Office of the Future is much easier with ASE.

So what building blocks would appear on YOUR Transformation Roadmap? As indicated in the transformation map above, we believe business, technology (applications, infrastructure, infostructure) and governance will be the key strategic elements that should shape your thinking. Since the transformation is driven by business benefits (cost-reduction, compliance and client centricity) and enabled by technology, the Tax Office needs to think about how to model its business operations into a shape that can be run effectively on an ‘as a Service’ basis and how it can support that model with the available technology. Investing in technology before having the business processes and organization right is a counter-productive approach. Capgemini emphasizes the importance of Business Process Re-engineering and offers a tailor-made solution – [BeLean™](#).

[BeLean™](#) takes streamlining and optimization to the next level, leading to efficient and customer-centric processes, organization and culture. The compliance challenge must be addressed by a similar approach enterprise wide. Thinking about Fraud management means performing the segmentation correctly (knowing your customers); applying respective campaigns based on identified segments that don’t comply; introducing guidance mechanism for segments that comply, resulting in policy; and mandating a model that binds all these elements together. Capgemini has the offerings and experience to help our clients design their Fraud management strategies – our business experts have deep knowledge of tax processes and compliance approaches; our technology experts master available solutions and develop new state-of-the-art systems in partnerships with [Oracle](#) and [Palantir](#).

The Strategy and Transformation Roadmap will highlight the context and building blocks of the journey, while enabling technology will play a major role in this roadmap. As such agencies need to think about how to shape their systems/infrastructure around new business concepts.

A good response to this challenge is to develop an [Overall IT Concept and Enterprise Architecture](#). Capgemini has been developing its own architecture approach that covers business, information and technology since 1993. The [Integrated Architecture Framework \(IAF\)](#) is the result of these efforts, and is recognized as market leading by both analysts (Forrester, Gartner, IDC) and major market players (Microsoft, HP, Cisco, SAP, etc.). As a result of applying the IAF, clients gain a clear overview of what the future looks like in terms of applications landscape and supporting infrastructure. Moreover, in light of our belief in the future of ‘as a Service’ concepts, architecture development will be carried out with a view to what the future business model looks like in that particular agency. We will ask what the future

information flows will be and what applications/infrastructure are potential candidates for [Cloud computing solutions](#). Capgemini believes that enterprise systems should not move wholly and rapidly into the Cloud, a view that is based on more than five years of Cloud computing experience. Instead, we favor the adoption of hybrid models where organizations initially retain centralized IT systems but target services towards Cloud platforms. All considerations around the future IT landscape have major impact on our clients’ capability of delivering business outcomes highlighted in the roadmap; therefore this step must be carefully analyzed and supported by proven models and solutions.

Once the architecture challenge has been solved it’s time to start thinking about what Solutions are available on the market to fill in the building blocks of a future IT portfolio: [Applications and Supporting infrastructure](#).

In the area of Applications, we are witnessing a trend whereby several tax agencies are taking advantage of “[Commercial Off-The-Shelf](#)” (COTS) solutions for revenue management. Capgemini is proud to be a strategic partner to key vendors in this arena. Our global alliances and shared capabilities with Oracle and [SAP](#) ensure that clients receive solutions fitting their needs. Combined with our [Application Service Portfolio](#) method, we provide a complete range of development, testing and maintenance services. What makes our approach unique? It is the cost savings that we are able to deliver. With costs being one of the business drivers leading to the Tax Office of the Future, it is important to think about the costs of system development and maintenance. We have solved these challenges with an approach based on our [RightShore®](#) model that ensures the right resources from one of our delivery centers globally (on-shore, nearshore, off-shore) are at your disposal, taking significant costs out of your operation.

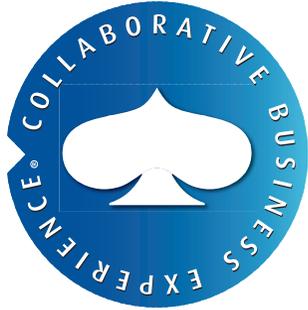
The second element of the IT solutions portfolio is Infrastructure. There are several solutions emerging in this arena right now that have been developed in light of the incredible potential technology brings. [Infrastructure as a Service \(IaaS\)](#) is one of them. Bringing significant cost-reduction in areas where standardization is much easier than on the level of either platform or applications, IaaS is the right starting point for ‘as a Service’ delivery. Capgemini has developed its own IaaS solutions that address the need for security, responsiveness and commercial models on different levels. IaaS is a sound basis for the next levels of ‘as a Service’ delivery, [PaaS](#) and [SaaS](#) that require business process re-engineering (see above). It takes more thought, time and often effort to change platforms and applications because they are more closely related to the every-day business processes. The infrastructure savings derived from adopting IaaS are typically big, as well as quick and easier to realize.

Last but not least, the [governance](#) of both the journey and the future operating model has to be addressed. Many public sector transformations fail simply because change is not managed properly. In the end it is always stakeholders and employees within the organization who have to accept the change to come – in the public sector especially, this



remains a challenge. Capgemini is well known for its ability to manage large programs and deliver outcomes that last. **Change management** is the unique spice that differentiates pure (and often very standardized) program management from successful change implementation within an organization. Change management as we understand it combines internal and external communication and, using proven methods, it delivers acceptance and commitment that is very often lacking.

Successful governance of the transformation journey is one side of the coin; appropriate governance and the operating model of a new delivery approach is the other. In environments where services are delivered both internally and through an external vendor, the role of traditional CIOs and IT departments is changing. They will no longer be perceived purely as a “maintenance” department that ensures high responsiveness of technology. We believe the future is built around Service and Ecosystem management. We believe that the success of IT governance and service management depends on how efficiently and effectively the processes and tools are managed in an environment where several functions are outsourced. **Service management integration** is the glue that binds IT operations, ensuring consistent, high-quality service in today’s global outsourcing model. This is exactly what Capgemini is delivering through Capgemini Immediate – ecosystem management of Cloud vendors that deliver ‘as a Service’ for Royal Mail Group in the UK. We ensure that our client receives the best compilation of Cloud services that match business as well as technology targets in a model that is cost efficient and linked to consumption through a unique commercial model.



Examples of our successful delivery

Capgemini has evolved into one of the top innovation partners for tax agencies worldwide. We are proud to be called a trusted advisor, transformation and change partner, a major provider of Application Lifecycle Services and an independent assessor. This legacy is our promise to the future: Capgemini will continue to serve its clients successfully in a responsible, collaborative and innovative way.

Our most successful delivery achievements in the public sector that are in line with the building blocks of the journey towards the Tax Office of the Future include:

Organization	Business Transformation	Application & Infostructure Transformation	Infrastructure Transformation	Governance & Ecosystem management	Find out more
UK Tax Agency (HMRC)	●	●	●	●	<ul style="list-style-type: none"> > Read "World class IT systems underpin UK tax collection" > Read "HMRC Data Centre Transformation" > Read "Waking up to Greener IT at HM Revenue & Customs" > Read "HMRC's IT Platform Enables Expansion of Online Services" > Read "HMRC Makes IT Systems Accessible for All Staff" > Read "Online Tax Returns Surpass Targets" > Read "HMRC's Innovative Approach to IT Partner Management" > Read "Transformation Programme Enables Next Step in HMRC's IT Strategy" > Read "Standard desktop platform for all HMRC staff"
Swedish Tax Agency		●			

Organization	Business Transformation	Application & Infostructure Transformation	Infrastructure Transformation	Governance & Ecosystem management	Find out more
Norwegian Tax Agency	●	●	●	●	> Read "Improved Settlements for Norway's Tax Payers"
Australian Taxation Office	●				> Read "Australian Taxation Office Undertakes Enterprise-wide Change Program to Improve Services to Citizens"
French Tax Agency	●	●	●	●	> Read "French Ministry of Economy and Finance needed to rebuild old, costly and rigid IT systems"
UK Social Security Agency (DWP)	●			●	> Read "Ground-Breaking Lean Transformation Drives Major Change at the Department for Work and Pensions" > Read "Department for Work & Pensions: Radical Changes to Performance Management at DWP in the UK"
Royal Mail (UK)		●		●	> Read about Capgemini Immediate, a Capgemini Cloud technology based solution > Immediate is Capgemini Cloud technology based solution
Ministry of Finance of Slovak Republic	●				> Read "Slovak Republic's Public Sector Standardizes Project Management Procedures" > Read "Slovak Republic Establishes eGovernment Framework For Municipalities"
Metropolitan Police	●				> Read "Capgemini Helps Metropolitan Police Transform Budget Control"



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About Capgemini

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™.

The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in 40 countries, Capgemini reported 2010 global revenues of EUR 8.7 billion and employs around 110,000 people worldwide.

More information is available at www.capgemini.com and
at www.capgemini.com/tax-welfare

People matter, results count.

