FileNet®

VA Tax Overhaul Realizes Quick, Accurate, and Comprehensive Customer Services

Without Pains in the Budget

Another FileNet Success

Industry: Government

"Customer service is now much faster and more efficient, thanks to quicker and easier retrieval of returns and other information."

Lee Mikelson,
Channel Service Manager, Virginia Department of Taxation

The Commonwealth of Virginia, Department of Taxation (VA Tax) located in Richmond, Virginia, is a significant part of Virginia's state government organization. The Department of Taxation supports a statewide population of 7.1 million, and annual tax revenues of approximately $9 billion, through their headquarters, and 134 local offices. For many years, Virginia has been nationally recognized for providing an exceptionally high level of customer service to its constituents and business community. As customer service demands increased, handling the tremendous magnitude of paper associated with taxes hindered productivity throughout VA Tax. The end result was that paper documents requested from the central storage facility took some time to appear; many times documents might not show up for days or weeks. It was clear to all concerned that barriers to improving productivity and customer service responsiveness were firmly entrenched in their paper-driven processes.

The Challenge

In keeping with their customer –centric charter, VA Tax sought to revamp their operation to meet new demands for customer service amid increasing tax complexity. At the onset of the project, Danny M. Payne, Former Commissioner of the Virginia Department Taxation declared, " The reengineering effort will help us to realize our goal of becoming the leading revenue agency in the nation and delivering best in practice customer-focused services to the citizens of Virginia." Payne elaborated on the project by adding, "One key objective is to create a dynamic environment that makes it easier for all taxpayers to understand tax requirements and to file and pay in a timely, efficient manner."

Innovation at the Department did not stop at launching a reengineering effort and introducing new Web based technologies and services. VA Tax also sought to forge a public-private partnership surrounding the proven methods under "pay for performance" contracting. VA Tax looked to AMS to partner with the state under an innovative funding model whereby AMS would fund the project, be paid as results were achieved and incremental tax revenues realized. Headquartered in Fairfax, Virginia, AMS is one of the largest business and information consulting firms, and an esteemed FileNet ValueNet business partner for well over a decade. Designated "The Partnership Project" the initiative was developed, implemented, and launched to their constituency, without relying on the Commonwealth's biennial budget to fund the project.

With their vision and objectives solidified, the challenge became a process of reconciling their vision of a digital future, with the reality of their manual processes and paper-based returns.

The FileNet Solution

VA Tax and AMS sought a solution to increase taxpayer document availability, allow for automated capture of all types of documents, including coupon-sized returns, and minimize movement of paper throughout the agency. Under the auspices of the Partnership Project, VA Tax and AMS looked towards forming another partnership; one between AMS and FileNet. Their vision was to create an integrated, image-based,

automated data capture, and document management system; later dubbed "Total Automated Capture System." (TACS)

TACS is comprised of 3 main functional elements to create their integrated tax processing solution. TACS is essentially made up of an automated imaged-based data capture system using advanced recognition technologies, a comprehensive scanning platform and interface with VA Tax's Remittance system. The FileNet ECM family of solutions includes FileNet Image Services, FileNet Web Services, and FileNet IDM Desktop, together these components form the foundation of TACS' Enterprise Content Management.

On the remittance side, TACS interfaces with VA Tax's financial management software to scan incoming checks, coupon-sized returns and vouchers, and commit the images to TACS. Remittance payment records are then uploaded to the host financial system, and checks and coupons are committed to the TACS repository.

Together, AMS and VA Tax began the rollout of the pilot system in 2001, and imaged more than a million individual tax returns. Lee Mikleson, Channel Service Manager for VA TAX provided early comments on the effectiveness of TACS "Customer service is now much faster and more efficient, thanks to quicker and easier retrieval of returns and other information. By 2002 the majority of individual returns will be imaged." Mikelson added, "Employees will then be able to click a button and bring up everything related to a return."

With a tie-in to remittance processing, CRM, and the VA Tax's financial system, the integration approach makes TACS a truly Enterprise Content and Business Process Management system.

The Bottom Line

The benefits and productivity VA Tax enjoys as a result of the Partnership Project are numerous and compelling. Every area of their business process has been improved from the onset of the pilot program in 2001. VA Tax's TACS has been rolled out to 650 users at headquarters and selected localities statewide. In the areas of remittance, and taxpayer correspondence, TACS data capture and throughput capabilities allowed for significant increases in productivity:

• During the peak filing period, deposited $88M more in April 2003, than the previous year

• Automated data capture allows for 75+ returns to be processed per hour, as opposed to 34 returns with manual data capture

• For 2003, VA TAX issued 91.7% of the refunds due taxpayers in less than 12 days, opposed to less than 85% in 2000

• Warehouse space decreased from 48K to 25K square feet

• During the 2003 filing season, VA TAX received 37,306 fewer phone calls, (down 18%) and 11,125 less letters, (down 20%) compared to the same period in 2002

The sweeping changes at VA Tax have not gone unnoticed. In 2001, VA Tax won the Federal Tax Administrator's Management and Organizational Initiative Award for the transformation of their business practices. The National Association of State Chief Information Officers, (NASCIO) also honored the VA Tax in 2001, with a Recognition Award for Outstanding Achievement in the field of Information Technology, in the category of Public/Private Partnership.

On another front, Governor Mark R. Warner, recognized VA Tax's extensive reengineering efforts and innovative Partnership Project at the National Electronic Commerce Coordinating Council Conference. VA TAX received the 2003 Cost Effectiveness Through Government Award, for their impressive track record of collecting of more than $159M in additional tax revenues to date.

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2