FACING TODAY’S DIGITAL REALITIES:
How should a Revenue Agency engage with its customers?
Today’s dynamic world continues to put increasing pressure on revenue agencies. Frequent budget reductions and resulting staffing issues have made doing more with less the new “norm”. The rapid pace of technology innovation, tidal wave of customer data, expanding partner ecosystems and continuously evolving security threats all compound revenue agency pressures. Concurrently, customer expectations continue to rise, calling for service levels that are comparable to commercial brands. **Customers want more personalized services and new channels such as chatbots and virtual assistants that are powered by a variety of artificial intelligence technologies.**
Why is customer engagement important for a revenue agency?

Agencies have long focused on these topics and performance has steadily improved. However, even with customer-centricity at an all-time high, core business challenges still exist: Customers lack confidence and errors remain high (Figure 1). Errors are expensive for agencies to resolve and digital advances are making customer compliance exponentially harder to understand and proactively manage.

Agencies have a significant opportunity to reduce customer errors and improve compliance by strategically re-examining and redefining what customer engagement means to the agency and citizens.

Customer engagement—how the agency and the customer interact with each other—improves business outcomes. The optimization of customer engagement can directly influence the amount, type, and frequency of customer errors as well as the level of compliant behavior. Substantial business outcomes can be realized when an agency chooses to address three important trends impacting customer engagement (Figure 2).

FIGURE 1:

- **38%** of taxpayers are not confident they pay the right amount of tax.
- **42%** of taxpayers have made an error in the last 24 months.

Source: Accenture 2017 Taxpayer Survey

FIGURE 2:

Key trends influence customer engagement

- Data Analytics & Personalization
- Deliver Channel-Less Experiences
- Evolution of Customer Care
TREND 1: Leveraging data analytics to personalize the experience

Personalization is the act of dynamically curating experiences to each individual and context in a seamless manner across communication channels. In Accenture’s 2017 Taxpayer Survey, the vast majority of customers reported they want tailored content and that they understand their data would be used by the agency to help personalize their experience (Figure 3).

FIGURE 3:

73% of taxpayers want “The content on the tax authority’s website to be tailored so that it displays information that is relevant to me and my tax affairs.”

6 in 10 taxpayers fully understand the linkage between personalized service and the agency using the data at their disposal to deliver a more personalized experience.

Source: Accenture 2017 Taxpayer Survey

Accenture’s personalization construct, the Accenture Personalization Framework, applies to revenue agencies as it would to any commercial brand (Figure 4): Recognize the customer; Remember the customer’s interaction history and preferences; Recommend specific actions and content based on preferences and interests; and, be Relevant to the customer’s contextual situation. An agency that can effectively (1) destroy its data silos and transform raw data into meaningful customer insights through segmentation models and customer personas and (2) infuse these insights into the customer experience will have a greater ability to drive compliant behavior. To be more specific, an agency that can engage with customers about their precise situations and provide contextually relevant information will help those customers understand their obligations and file correctly without errors. And, today there are countless opportunities for a revenue agency to leverage its data to create a more tailored experience that delivers increasingly relevant content and positively influences compliant behavior.
Customers are increasingly turning to self-service channels such as social media, virtual assistants and chatbots to solve problems (Figure 5). This presents an opportunity to fundamentally change the service catalog and shift compliance upstream.

When interactions that were previously managed through the mail, phone, or in-person, can be completed in digital customer care channels that don’t require immediate employee involvement, resources can be redeployed to handle larger and more complex customer interactions. Digitization of self-service channels also provides measurable data inputs that can be analyzed to reduce future errors as well as identify future compliance issues. Furthermore, while pre-filing and filing receive the lion’s share of attention in creating lower cost digital customer care channels, self-service post-filing compliance actions also present significant automation opportunities.
TREND 3: Delivering a fully integrated channel-less experience.

Increasingly customers want to help themselves and turn to traditional phone or in-person customer service when desired. They want to move seamlessly from one channel to another, without having to start-over. By leveraging both historical and current behavioral information and transactional data, agencies can improve how they deliver integrated services.

Commercial brands such as Marriott, The Home Depot, and many commercial airlines enable the customer to change channels seamlessly and can use this to leverage a 360-degree view of the customer. These organizations capture insights from customer interactions and make them available across the organization in near real-time to optimize the customer experience, cross-sell and up-sell. A revenue agency can apply this approach. By using artificial intelligence and technology platforms to gather and organize information about their customers’ contextual situation, agencies can help frontline customer service representatives become smarter and more nimble in how they engage with customers. In doing so, the agency can positively influence upstream compliance behavior.

These trends present significant opportunities to transform customer engagement. More importantly, they can deliver the tangible business outcomes that improve agency performance: reducing customer errors and improving compliance. When customers file more accurate tax returns and pay the right amount on-time it means fewer errors which translates into less agency work.

In 2015, the Finnish Immigration Agency, MIGRI, was facing an unprecedented increase in immigration cases and the agency simply could not manage the increased case load due to a dependency on inefficient processes. EnterFinland, a new self-service capability that launched in 2016 resolved many of these issues; After implementation of a new e-service, 92% of EnterFinland users said they could complete the entire process unassisted, and, the case processing time shrunk from 139 days with a paper process, to just 87 days with the new e-service, an impressive efficiency gain of 37%.
If a citizen is a standard wage earner by day and a contractor driver for Uber at night, they may be confused about their additional income. When visiting the agency website, the customer is faced with generic content. Queries to find answers produce ambiguous search results, and it is at this moment that the pillars of compliance are threatened by confusion, frustration, and a lack of confidence. Without gaining the knowledge in an easy and digestible manner the citizen may decide to never revisit the topic again.

After recognizing the Uber driver’s website activity, the agency runs an automated analysis against his historical and current page visits, the click-path and the search terms to understand the user’s intent. Based on the examination of historical return data, the agency infers with confidence that the Uber driver has a dependent child who is likely to be applying to college soon and he is working to generate additional income for college tuition. Armed with this information, the agency proactively delivers relevant tax topics to this specific driver.

- The correct method to report temporary or contract employee income
- How to correctly track and report mileage and vehicle maintenance
- How to correctly report and track funds that are invested for future use toward educational expenses and correctly claim educational credits

The next time the Uber driver returns to the website, this information is used to address him in an open, respectful and personalized manner.
What does this mean for the future of customer engagement?

Addressing the aforementioned trends will change the agency’s footing from a reactive to a proactive stance with customers. Agencies can take advantage of the valuable data at their fingertips and leverage modern technologies to deliver relevant content in a personalized experience, across any channel at any time.

Accenture believes that the agency of the future will:

- **Deliver increasingly tailored services** through insight-driven customer segmentation models and new digital channels to meet the on-demand, channel-of-choice expectations of the customer.

- **Put the customer at the heart of how services are designed and delivered**, through clear ownership and accountability for the customers’ end-to-end journey and by embedding Human-Centered Design and Design Thinking methods across the organization.

- **Proactively “nudge” customers** based on situational and contextual awareness by using advanced data analytics across the organization while remaining vigilant with leading privacy protection and security measures.

- **Nimbly explore new technologies**, using proof of concepts, from the artificial intelligence ecosystem including natural language processing, chatbots, virtual agents, machine learning and robotic process automation.

- **Continuously build and enhance new digital skills** and competencies across the workforce.
To create tailored customer engagement (see “Tomorrow’s Experience”), all communications have digitally embedded analytics tags. Outreach activity and supporting data is stored in the customer record that is shared and accessible by all customer care channels. The agency can see, understand, and act on the feedback loop, regardless of if the customer chooses an online self-service channel or calls the call center. This and any future interactions are updated in the customer record where advanced analytics are deployed to further understand intent and resolution effectiveness. Additional enhancements can be made based on watching and understanding the customer’s behaviors in filing season. Were errors made? If so, what were they? Did the outreach and communications plan positively impact compliance? Information from the customer is fed back into the system that is enabled with machine learning to assess, analyze, and recommend how to better achieve the agency’s business outcomes through continuous implementation of A/B testing models. Importantly, these insights can be applied to other customers and customer segments that are similar in size and characteristics.

Using customer data analytics and modeling, as well as deploying current technologies such as artificial intelligence, robotic process automation, and machine learning, the agency can understand and act on the user’s intent and provide a dynamic, contextually relevant, tailored experience where content is smart and predictive. This capability can be executed at scale to help millions of customers find information to understand their obligations more completely and file a return without errors requiring agency intervention.

How does this impact an agency and what needs to be done differently?

Delivering a future-state experience such as this takes significant orchestration and organizational alignment, as well as clear ownership of the end-to-end customer journey. In most cases, agencies will have to carefully examine their organization’s readiness and ability to pivot into a fundamentally different level of customer engagement. Some roles, processes, and technologies will need modifications, and in some situations, completely new capabilities may need to be built from scratch. (See case study on the following page: “A new customer experience within a European revenue agency.”) But, even when a new approach is developed from the ground up it must fit into larger day-to-day agency operations.
A European revenue agency engaged in a multi-year transformational journey that included the introduction of its service catalog through new online services. Customer engagement with online services was significantly lower than expected, and efficiency gains from lower cost-to-serve channels were not being realized. The agency conducted research and determined that too many of the digital services were simply replicating current paper forms and did not improve the customer experience. To foster greater digital services adoption, the agency created a new executive-sponsored function that would leverage data and insights from customer segmentation and apply human-centered design to understand and document the customer experience from the “outside in.” The function was responsible for researching and redefining the optimal future-state customer experience and working across the organization on the subsequent implementation plans. After a rapid launch that created the organizational structure, its processes, procedures and work products, the function expanded from smaller pilot projects to larger initiatives. The function quickly became adept at defining current pain points and building new customer journeys to resolve issues, bring greater value to customers and ultimately realizing the value of digital channels.

While this new outside-in service design approach certainly introduced new roles, delivery methods and project artifacts, the new function also quickly realized it needed strong partnerships across the organization or would risk implementation delays. The function needed to gain insights into workload capacity and the organization’s ability to absorb new development projects within existing capacity constraints. Executive sponsorship was critical in providing ‘top-down’ support to establish those partnerships.

Understanding the organization’s culture was also critical, as some new ideas were seen as unconventional despite alignment to the agency’s mission and vision. There was real potential for resistance from those with a more risk-averse, conservative stance and a modified information sharing approach had to be developed.
An agency interested in transforming customer engagement into a strategic asset must take two important first steps.

**STEP 1:**

Put the customer at the heart of the agency and redefine the agency’s “North Star” vision. Design Thinking and Service Design methodologies are perfectly suited because they leverage human-centered design principles:

- **Being empathetic** and gaining a deep understanding of real people.

- **Prioritizing work** from the Outside-In, from the customer’s perspective, without neglecting the needs of the business.

- **Gathering information and data** through both qualitative and quantitative research. This includes examining the interaction points, channels, and systems throughout a customer’s journey as well as the users emotional state, needs, wants and aspirations. A virtual treasure trove of insights can be gleaned from both behavioral and transactional data sets within the agency.

- **Analyzing and synthesizing** research findings into insights that inform customer archetypes and personas.

- **Co-creating with customers and ecosystem partners** to move from current- to future-state opportunities.

Countless public sector agencies are using this approach to create better outcomes including those in Australia, New Zealand, Singapore, Spain, Netherlands, Catalonia, United Kingdom, Ireland, and the United States.
Skills and Competencies
New skills, roles, and competencies will be needed to use agile and human-centered design methodologies to develop and deliver services to customers. But changes in skills and competencies are not restricted to these areas. As new methods for engaging the customer are developed, existing roles and competencies will change profoundly. Cross-functional teams versed in observational (qualitative) research as well as statistical (quantitative) research will be led by design researchers, interaction and visual designers, design developers and technologists, business strategists, data scientists, machine learning developers, scrum basters and product owners. Additionally, as customer engagement virtual agent use becomes more common place, contact center roles will change:

- Customer service representatives will help train and optimize delivery of information through virtual agents and chatbots
- Call center leadership will manage AI resources that impact customer service performance key performance indicators (KPIs).

Human capital strategies will require investment to ensure that resources have the new capabilities they will need to support customer engagement ambitions.

Structure and Processes
Revenue agency structure needs to support a more customer-centric, agile, and collaborative way of working across the entire organization. Strategically, revenue agencies should explore three primary structural options for customer engagement:

- Standalone: A single function defines the strategy and heads the entire customer journey across core functions (e.g. contact center, compliance etc.)
- Embedded: Customer engagement is embedded into a function but owns the whole journey
- Consolidated: All activities that drive customer experience design are brought together into a single function

Agencies must determine which model best meets its requirements given its organizational structure and the associated pros and cons.

Tactically, revenue agencies will need to adjust functions and processes to reflect the increased focus on tailored services by segment and persona. Agencies will need to find the right balance between infinite segmentation capabilities and operational complexity. Too many process variations will drive operational inefficiency. Similarly, operational units dedicated to specific segments will need to be of comparable and manageable scale. Ultimately a careful balance between standardization and flexibility is required.
**Culture**
Revenue agencies need to drive two fundamental cultural changes to support a more customer-centric approach. First, the culture must shift to one that embraces and supports the personalization agenda and the delivery of services tailored to specific segments. This cultural shift needs to become pervasive across the organization, driving changes in policy, legislation, strategy and technology. Second, to be truly personalized and responsive to changing patterns and emerging needs, agencies should be underpinned by an institutionalized culture of agility where change is the norm and data-driven insights are constantly leveraged to improve both internal and external processes.

**Governance**
Revenue agencies are complex organizations faced with ongoing change. New policy or legislation implementation, strategy execution, and process improvement all shape the customer experience. Revenue agencies need to evolve governance to allow clear accountability for the customer journey and ensure that the myriad of changes taking place across their organizations align with the defined customer journeys. Of equal importance, agency performance metrics and KPIs need to be redefined. Customer engagement metrics are inherently different than traditional agency performance metrics. Metrics used in commercial organizations such as Net Promoter Score, Customer Effort Score, Customer Satisfaction Index and Customer Lifetime Value will become increasingly important. Ultimately governance should empower the shift from simply collecting a performance score to driving agency action.

**Technology**
New tools and software will need to be incorporated beyond revenue agencies’ core capabilities. Many tools come from the private sector and will require customization for agencies’ requirements. Sitecore, Adobe Experience Manager and Drupal are platforms that foster enterprise-wide capabilities to create and manage content. Their supporting Marketing Clouds enable channel-less delivery of customized and tailored experiences based on an agency’s customer segmentation models as well as CRM capabilities. Agencies will also need to change front-end technology architecture to incorporate new Artificial Intelligence capabilities. Historically front-end systems have drawn data from a single source to provide customers and contact center operatives with information. Artificial Intelligence engines will intelligently decide what information is required based on specific circumstance and draw data from multiple internal and external sources to provide timely and relevant information. Agencies also need to move away from historical waterfall, big-bang releases and adopt Agile Development to pivot quickly, respond to change, and leverage new ideas faster. An Agile Development capability allows an agency to deliver value rapidly and incrementally through continuous improvement. As the pace of technology evolution increases and as agencies seek to respond more rapidly to customer demands and data-driven insights, a fundamental shift to Agile Development approaches will be required.
**Information / Data**
Accurate, timely and relevant information will be core to how revenue agencies engage with customers. Structured and unstructured data volumes will continue to grow, and customers and revenue agency staff will both be more data-driven and insight led. Powerful customer analytics records will be needed to inform the agency’s interaction strategy and run its interactions. Importantly, data privacy and security will be critical. As the use of data becomes more significant and complex, data privacy will need to be assessed against and aligned with GDPR requirements.

**When addressing these organizational topics, the best path forward is an iterative approach.** Today’s organizations are simply too large and complex to change everything at once. Introducing smaller, more manageable changes allows the agency to learn and improve with every successive implementation.

Governments, and importantly citizens, are demanding to know that their tax dollars are being spent efficiently. Delivering in an iterative and agile manner will accelerate the learnings and situational awareness of improvements and empower the agency to track, measure, and report on ROI metrics for specific organizational changes.

**The customer engagement imperative**

For revenue agencies around the world, the universal future is one defined by an increased pressure to perform. Revenue agencies will continue to be confronted by both internal and external forces and must evolve and adapt to the digital realities around them. Paying taxes will never be seen as an experience on equal-footing with most other experiences in people’s lives. But, agencies can proactively transform customer engagement and experience to reduce stress, anxiety and confusion and deliver a greater sense of satisfaction than today. By addressing certain core ideas, agencies can begin to shift compliance upstream. In doing so, they can bring greater value to customers by helping them better understand their obligations, fulfill those obligations right the first time, and, as a result, reduce errors and improve agency outcomes.
How Accenture can help

Revenue agencies across the globe are putting customer engagement at the heart of their strategies and organizational structures to reduce errors, increase customer confidence and improve agency outcomes. Read on to find out how Accenture helped three agencies on their transformation journeys.
Designing and delivering digital services that allow an agency to capitalize on the lower cost-to-serve, error-reducing, compliance-driving promise of digital is not easy and it doesn’t happen without careful and deliberate planning within an organization. To help our clients manage the complexity of this task and successfully transform their agency to capitalize on the promise of digital, Accenture has created an extensive and detailed Logical Operating Model that defines the functions and capabilities of a modern revenue agency. This is often the cornerstone of strategic engagements focused on an agency’s transformational agenda. The challenges faced by a European revenue agency highlight how Accenture partnered with agency leadership to reshape the organization to capitalize upon today’s digital realities.

**BACKGROUND**
Accenture had initially been engaged by the agency to assess issues being faced within the agency’s administration of debt collections and recommend a path forward.

**ACTIONS**
We leveraged our Logical Operating Model to understand and assess the issues being faced by the agency. The path forward highlighted two significant areas of focus; the modernization of IT system supporting debt collections and the foundational and comprehensive changes that must occur within the organization to support the new system. Accenture delivered an expansive body of work that covered both the strategic foundation (the intent and guiding principles of the new operating model), and the blueprints which define the core capabilities and how the organization needs to be structured to deliver the vision.

**OUTCOMES**
Accenture and the agency are completing the detailed design and implementation; the low-level designs aligned to the Blueprint combining key organizational levers to create the required capabilities that span across all functions, processes, interfaces, governance, roles and responsibilities, and metrics.
Applying A Human-Centered Design Approach

Accenture regularly leverages Service Design and Design Thinking methodologies to help an agency re-imagine and define a viable future-state vision where the symbiotic relationship between the agency and the customer is understood and optimized to reduce errors and improve compliance. Accenture has worked with many revenue agencies around the world in this capacity. The work with a leading revenue agency in Asia-Pacific is a strong example of this approach and the power of Human-Centered Design.

BACKGROUND
The agency was engaged in a multi-faceted transformational agenda focused on it becoming a customer-centric and intelligence-led organization. One of the early initiatives undertaken was to focus on New Business Start-ups. The agency chose this segment for multiple reasons:

- It is an identifiable population that has seen significant growth
- It presented tangible challenges where ‘getting it right (or wrong) from the beginning’ would have huge down-stream implications on the agency workload and resources
- It aligned to the larger strategic objectives of government and the priority of making things better for business
- Insights gained could be applied to improving interactions and reducing errors from existing or mature businesses

ACTIONS
We leveraged our service design methodology and a range of techniques to support an organization-wide understanding of a customer and a simple approach to identify opportunities for change. Together with the agency we conducted primary and secondary research to gain insights. We used our significant experience of developing customer journey mapping approaches and tools in similar tax environments to understand the As-Is state and the issues that cause confusion, errors, or mistakes. We facilitated co-creation sessions with clients, small business owners, and ecosystem partners to create multiple To-Be solutions that solve the issues at hand. Next, we organized and prioritized the To-Be service concepts with the client to define the best path forward. Finally, the leading service concept was designed and prototyped for market testing and evaluation.

OUTCOMES
The approach and methodology of defining future-state solutions represented a huge step forward for the agency in its customer-centric agenda. The agency is proceeding with confidence as it redefines and reshapes its service catalog and the services it delivers to its customers.
BECOMING AN AGILE AGENCY

The transformational journey to adopt an Agile Development methodology can be challenging, as is the idea of extending Agile into all aspects of an agency. However, agility is becoming an increasingly important capability because it will allow an agency to react quickly and efficiently when addressing Customer Engagement topics. Without agility, an agency risks the ability to realize many of the efficiency gains of digital. Accenture is working with several agencies to help guide, coach, and build capabilities that support their transformational agenda and harness the power of Customer Engagement. Our work with a Government Agency in Asia Pacific highlights this approach.

BACKGROUND
As part of its transformational strategy, one significant area of focus and a key component is the adoption of Agile methods. The agile journey started in mid-2014 and continues to gather pace.

ACTIONS
Accenture leveraged its extensive agile experience and partnered with the agency to introduce a variety of enablers and methods that evolved over time. Together we helped the agency with its early agile releases as well as standing up its 1st Scaled Agile Release Train:

**Technology Enablers** - automated builds, web component library, automated deployment, automated testing, continuous integration, continuous delivery, Cloud CDN & IaaS, TFS consolidation

**Methods** – Scrum, Kanban, SAFe 3.0, Continuous Improvement, SAFe 4.0, DevOps, Agile HQ

OUTCOMES
Today Accenture and the agency continues to build on its Agile success:

- There are **11 active Release Trains** jointly staffed by Accenture and the agency
- All critical legislative projects use **Agile methods**
- There is an identifiable **increase in adoption of DevOps**
- There are **+2,500 people** across the agency working in an agile way
ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world’s largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 459,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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