



# Our Corporate Strategy – *Digital*

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*Proposed Content for Discussion*

*9 May 2016*

# Digital: Executive Summary



## What is our strategic digital vision?

### We fully embrace our place in the digitally connected world

#### Our strategic approach to the digital world

- focuses on people's behaviour to understand their digital lives and needs
- uses internal and external digital ecosystems to ensure we collect and provide the right customer information and insights
- shapes the way we will enable digital services to link into people's events at the right time and at their natural point of interaction
- maximises our digital capability with the least amount of effort
- will be refreshed to keep pace with our digital world.

#### Why do we need this strategy?

We are facilitating a 'think digital' approach because IR is an integral part of the wider digital ecosystem. Our approach will ensure we meet the needs of our people, harness opportunities, and manage the risks and potential disruptions of our increasingly digital world. We want to be an organisation that ensures success by moving at pace and actively practices collaboration, keeps up with factors affecting our operating environment, leverages advantages, and empowers people.

Our customers', people's, business partners', and government's needs and behaviours are more reliant on the digital world to enrich work and personal lives to achieve goals. The rapidly changing digital world offers unprecedented potential to connect with others and share useful information quickly, in a way that feels natural, seamless and inclusive.

The digital strand is the next enabling step to ensure our organisation is moving in the right direction, making sure we're ready to take advantage of digital opportunities and prepare for disruptions. As the digital world evolves, we'll modify our approaches and improve technology, process, and our people capabilities to meet the needs of our customers and our workforce.

There isn't one digital end goal — we'll need to continuously assess our digital direction and maturity in this changing world.

## How will we implement our vision?

1. We have flexible and collaborative ICT services and platforms.
2. We have a single point of accountability by empowering a leader for digital with a multi-disciplinary team—a Digital Centre of Excellence (DCoE). This provides stewardship of our digital capability (from strategy, to delivery, to operations), to ensure we are proactive and effect change in the digital world. This team's roles and responsibilities include:
  - digital oversight and maturity assessment
  - change and project management
  - strategy and execution
  - promoting digital best practices, methodologies and tools
  - design, innovation, prototyping and development
  - Marketing.

The DCoE consistently works with other government departments and Ministers to ensure we're addressing people's needs and behaviours and harnessing all-of-government opportunities.

3. We consistently review and iterate our short and long-term plans and prioritise adoption of digital plans and responses. Iterate/In order to strategically manage digital opportunities and disruptions

## What are our key deliverables and delivery vehicles

#### Support flexible and collaborative ICT services and platforms

- Flexible, agile ICT services and connectivity
- More leverage and provisioning of digital services
- A platform to support and test advanced analytics
- Implement a technology platform that is digitally based and highly automated
- Manage a range of secure authentication solutions to ensure seamless customer experiences.

**DELIVERY TIMEFRAME**  
Business Transformation – one to five years

#### Establish a Digital Centre of Excellence

A multi-discipline team who provide stewardship of our digital capability, to ensure we are proactive and effect change in the digital world.

##### Goals:

- Improved digital governance and business process
- Digital capability maturity and best practices
- Improved capability to test and leverage smarter processes, services, tools to drive better digital insights and decisions
- Processes that adjust based on digital insights, information, and smart rules
- Better modelling including scenario testing of processes and services across our ecosystem
- Change in culture that supports investments decisions that are potentially short-lived or can be expected to fail, versus expecting long term investments.

**DELIVERY TIMEFRAME**  
Up to two years for initial set up and then ongoing stewardship

#### Actively iterate as a result of listening to people identify digital opportunities and disruptions

Once the Digital Centre of Excellence is in place, they will actively seek input from customers, our people, business partners and other government agencies.

##### Goals:

- Improve collaboration across government and business partners to encourage digital innovation and continuous improvements
- Culture / workforce where digital systems and insights are fully leveraged to make better decisions
- Respond to customers' and crowd-sourced innovative ideas

**DELIVERY TIMEFRAME**  
As determined through organisation design

## How will we measure our success?

Success of the Digital Strand will be measured by frequent digital maturity assessments. The steps we'll take include:

- ✓ Adopt a digital maturity model. Examples include: Gartner Digital Government Maturity Model, Forrester Digital Maturity Model Interactive Tool, and PWC's "ten critical attributes for driving stronger digital performance"
- ✓ Complete initial baseline assessment (internally or externally)
- ✓ Digital Centre of Excellence to conduct an assessment every six months.



Inland Revenue

# **DIGITAL STRATEGY**

*6 May 2016*



# Why do we need a digital strategy?

*Digital — making sense of the 1s and 0s*

## **We fully embrace our place in the digitally connected world**

We think digital, because we are an integral part of the wider digital ecosystem, where we can address the needs of our people, harness opportunities and manage risks and potential disruptions in an increasingly digital world. We want to be an organisation that ensures success by moving at pace, and actively practices collaboration, keeps up with factors affecting our operating environment, leverages opportunities, and empowers people.

The rapidly changing digital world offers unprecedented opportunities to connect with others and share useful information quickly, in a way that feels natural, seamless and inclusive. Our customers', people's, business partners' and government's needs and behaviours, are more reliant on the digital world to enrich work and personal lives to achieve goals.

The digital strategy is the next enabling step to ensure our organisation is moving in the right direction, to ensure we're ready to take advantage of digital opportunities and prepare for disruptions. As the digital world evolves, we'll modify our approaches and improve technology, process and our people capabilities to meet the needs of our customers and our workforce.

There isn't one end goal — we'll need to continuously assess our digital direction and maturity in this changing world.

## **Our strategic approach to the digital world**

- focuses on people's behaviour to understand their digital lives and needs
- uses internal and external digital ecosystems to ensure we collect and provide the right customer information and insights
- shapes the way we will enable digital services to link into people's events at the right time and at their natural point of interaction
- maximises our digital capability with the least amount of effort
- will be refreshed to keep pace with our digital world.

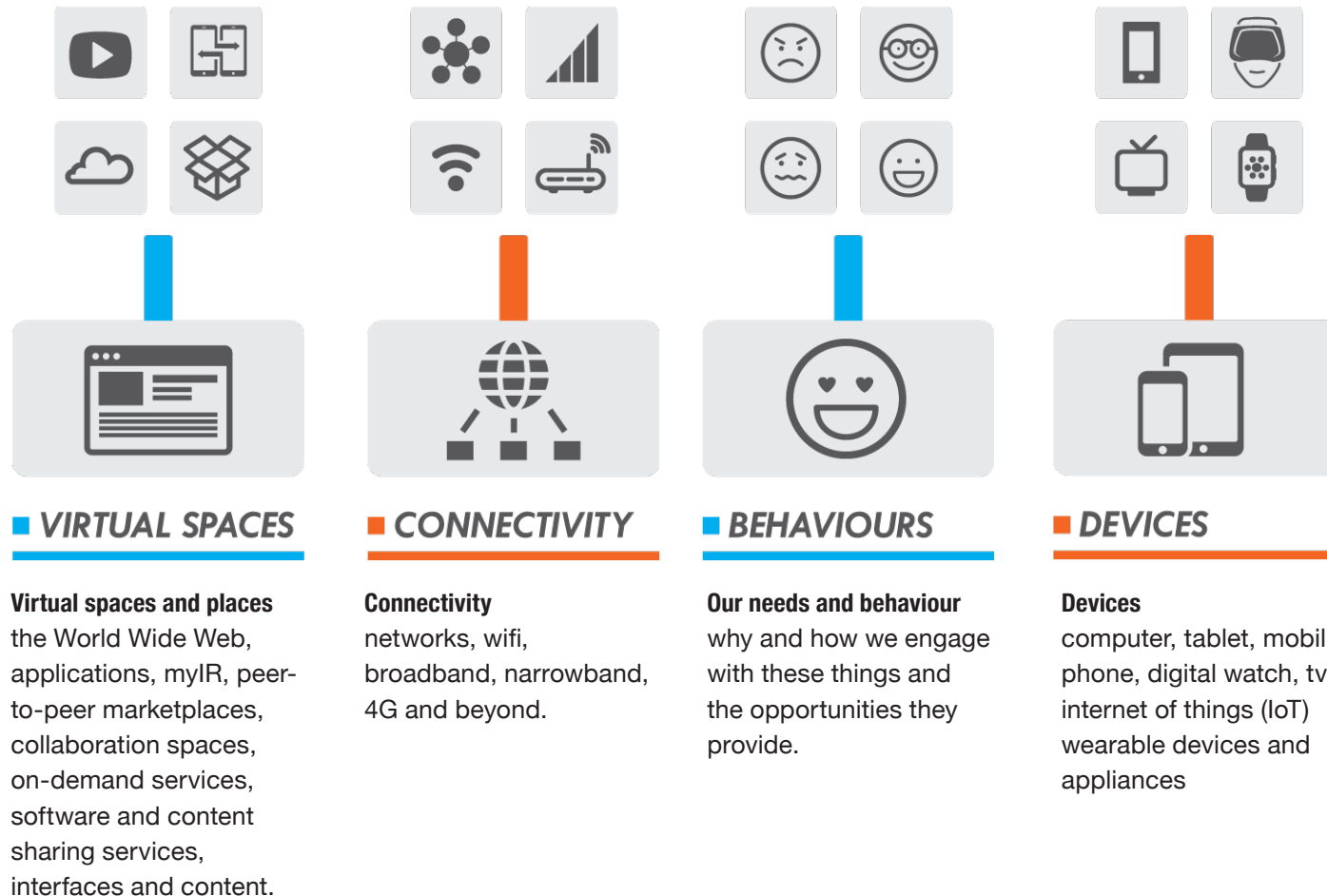
A digital strategy ensures we're enabling a right-from-the-start, people-centric, information-led approach to ensure IR achieves its mission and outcomes:

"We contribute to the economic and social wellbeing of New Zealand by collecting and distributing money."

- 1** Revenue is available to fund government programmes through people meeting payment obligations of their own accord
- 2** People receive payments they are entitled to, enabling them to participate in society
- 3** New Zealanders benefit economically and socially through IR working collaboratively across our external environment

# The current digital world

The digital world encompasses four key components:

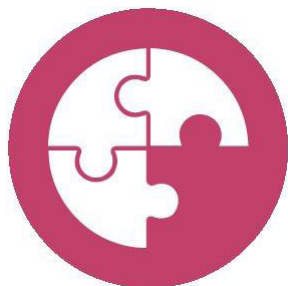


## Examples of trends we're assessing for implications for us and the revenue system

1. On-demand services – Subscription and free services you can access when you want, such as cloud data storage and web-streamed movies and music. This can also include taxi and delivery services. **Impacts:** we'll be able to take advantage of these services instead of building our own, where practical. There are also points-of-sale revenue implications.
2. Peer-to-peer exchanges through virtual marketplaces – Most people are familiar with New Zealand and international auction sites, where anyone can be a seller or a buyer. **Impacts:** There are income and goods and services tax effects.
3. Digital identity management and authorisation – This is important for enabling trusted remote interactions and delivery of personalised services. **Impacts:** We need to ensure we balance simplicity and collaborative sharing with appropriate cyber-security.
4. The darknet and the deep web- Areas of the World Wide Web that are not accessible via search engines and require specific software, configurations or authorization to access. Many sites enable people to hide information or enable criminal activities. **Impacts:** Tax return identity information can be obtained via security breaches and sold to the highest bidder on the darknet. This may lead to tax fraud. Illegal activity and income may be hidden and escape taxation.
5. The rise of virtual assistants. This will change the way people find and access information, prioritise and make decisions. **Impacts:** Customers and our people have expectations that we will provide them with relevant, timely and trustworthy information. We need to ensure we design or purchase the expected digital services.

## Strategic alignment

A mature digital organisation ensures success by moving at pace, actively practices collaboration, keeps up with factors affecting its operating environment, leverages opportunities, and empowers its people. Addressing Inland Revenue's entire desired future is beyond the scope of this strategy alone. Other corporate strategies pick up on many of these elements, and it should be noted that the Future State Organisation Design Blueprint that is being delivered through our Business Transformation Programme has these concepts at its core.



## Scope

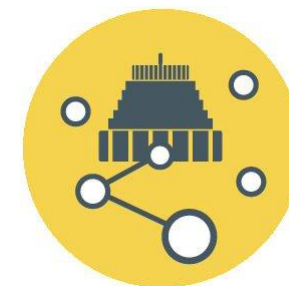
This strategy synthesises information from existing government strategies and a number of current Inland Revenue functional strategies, business unit plans, and world-wide digital trends. The scope is confined to the digital world as it supports or could support our successful outcomes.

It provides a vision (our desired future) and a plan (our deliverables) for managing emerging digital opportunities and disruptions, and enabling the other five corporate strategies.



## Horizon

When we think about digital at Inland Revenue, we tend to focus on our current processes, products and channels and how to make them more “digital”. This strategy stretches us to look and prepare for emerging and future digital trends that may have an impact on our customers, our organisation or the entire New Zealand economy. Because of the fast pace of change in the digital world, it is impossible for us to create a digital strategy that presents a 10-year roadmap, but we will implement a structure to ensure we are prepared to continuously address digital opportunities, challenges and our digital maturity.



The Digital Strategy enables our desired future as detailed in the other five Corporate Strategies: Customer, Collaboration, People, Policy and Agility, and Information and Intelligence.

## Assumptions

Our assumptions about digital underpin the way in which our direction has been developed. The need to review and update this strategy will depend on the continued relevance of these assumptions.

- The pace of technology innovation and adoption is accelerating, and will have an impact on all us.

- International tax collection and disbursement systems will need to change to address the impacts of digital.
- We don't need to be innovators or early adopters of all digital tools or services, but need frameworks and methodologies to effect the changes we desire and safeguard the assets we wish to protect.

- People are increasingly expecting government services delivered through modern digital experiences.
- We will continue to improve our partnerships with other government agencies to promote seamless digital services for New Zealanders.
- We won't do everything ourselves.

# Our desired future



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**As part of the digital world, we make it easy to collaborate with customers, agencies, and others**

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**We use the digital environment to help generate actionable insights**

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**Our culture and flexible systems mean we design and make changes quickly**

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**Our customers can easily access secure digital services anywhere, any time**

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**We encourage, empower, and up-skill our people to make best use of digital ways of working**

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**We strategically manage digital opportunities and disruptions.**

The Digital Strategy enables our desired future as detailed in the other five Corporate Strategies: Customer, Collaboration, People, Policy and Agility, and Information and Intelligence.

**We strategically manage digital opportunities and disruptions.**

We consistently review our short and long-term plans and prioritise adoption of digital opportunities and responses to digital disruptions.

We have a single point of accountability by empowering a digital leader and multi-disciplinary team—a Digital Centre of Excellence (DCoE), which provides stewardship of our digital capability (from strategy to delivery to operations), to ensure we are proactive and effect change in the digital world. This team's roles and responsibilities include:

- Digital oversight and maturity assessment
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- Design, innovation, prototyping and development
- Marketing

Customer experience and accurate information drives all decisions.

The Digital Centre of Excellence consistently works with other government departments and Ministers, to ensure we're addressing people's needs and behaviours and harnessing all-of-government opportunities.

How will we know we've embraced our place in the digitally connected world?

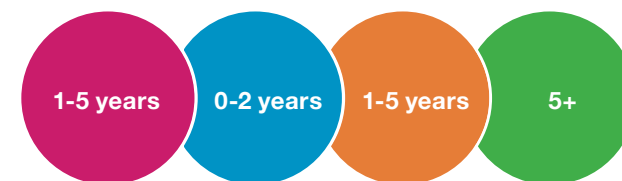
**Success** of the Digital Strategy will be **measured** by frequent digital maturity **assessments**. The steps we'll take include:

- 1) **Adopt a model.** Examples include: Gartner Digital Government Maturity Model, Forrester Digital Maturity Model Interactive Tool and PWC's "ten critical attributes for driving stronger digital performance"
- 2) **Complete initial assessment (internally or externally)**
- 3) **DCoE to complete an assessment every six months.**

**OPPORTUNITY** – offers advancement and progress towards our mission

**DISRUPTION** – a short or long term threat that affects our ability to fulfil our mission

# Stepping towards our desired future



## Support flexible and collaborative ICT services and platforms

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### DELIVERY TIMEFRAME

Business Transformation – one to five years

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### DELIVERY TIMEFRAME

As determined through organisation design

## (Candidate) Risks to the Digital Strategy implementation

- As an enabling strategy, the success of the Digital strategy is tied into the success of other corporate strategies.
- If currently scoped foundational work (ICT services and platforms) isn't completed by the Business Transformation Programme, then digital maturity will be compromised or delayed.
- If the Digital Centre of Excellence is unable to obtain the required people capability, the strategy's vision may not be realised.
- If IR is unable to identify and mitigate cyber security threats, then we will not be able to seize new digital opportunities.