

**FTB Board Meeting
Technology Update
September 9, 2009**

FTB is continually looking for ways to be more efficient and more effectively conduct our business. To gain efficiencies we are in the process of moving from a paper-based organization to a digital organization. Today, 71% of personal income tax returns, and 24% of business entity tax returns are filed electronically using the Internet. Additionally, we provide many self-service functions on the Internet and receive nearly 9 million hits on our website annually.

I'd like to share with you two technology projects that we are working on to further our effort to become a digital organization.

E-Commerce Portal Infrastructure (EPI) Project.

Today, FTB is using our internet site (www.ftb.ca.gov) to receive electronic returns and payments and to provide service to taxpayers. To provide these services we require a stable, robust, and secure network infrastructure available 7x24x365.

This project helps us in 3 key areas:

1. **Stability.** We are enhancing load balancing. This ensures we are able to respond to the demands we get on the network. For example, we have a very large demand via the Internet on April 15th of each year.
2. **Robust.** We have added an additional connection from our Internet Service Provider. Previously, we had one connection only and now have redundant connections. We did this to guard against failure which would make all of our e-services unavailable.
3. **Security.** This is critical to providing electronic tax services. We continue to see growth in the proliferation of new worms, day-zero attacks, and viruses which challenges our existing Internet network. We enhanced our intrusion **detection** system and added intrusion **prevention** systems.

This project was successfully migrated to production in August 2009.

Enterprise Data to Revenue (EDR) Project.

The EDR Project addresses fundamental business problems with processing Personal Income Tax (PIT) and Business Entity (BE) tax returns, including the underutilization of data and business rules to further streamline and automate return processing and generate more revenue for all business areas. Improvements include:

- Reengineering and utilization of more data, data matching and business rules management in return processing to reduce fallouts, make return processing faster, and improve and expand return validation and correction;
- Utilization of more data, data matching and business rules management in return and case modeling, and collections scoring to improve Filing Enforcement (FE), Audit and Collections case and account selection to work the most productive cases;
- Expanded data capture and imaging and elimination of paper returns and paper dependent workflow to reduce operational costs and make data available to the business areas;
- Centralization of all FTB internal and external data into an Enterprise Data Warehouse to improve and expand data access and availability to all business areas with our current systems;
- Creation of a single view into taxpayer data via a Taxpayer Folder that integrates existing services with new self-services to improve efficiency and effectiveness of business operations, increase customer service and transparency;
- Implementation of reusable processes and enterprise services including Underpayment Modeling Process, Contact Service, and Notification Service to reduce system redundancy, improve efficiency and effectiveness and reduce the time and effort to make changes; and
- Retirement of existing systems to reduce maintenance costs.

All EDR Project improvements align directly with FTB's strategic business vision and goals including:

- Bridge the \$6.5 Billion Tax Gap
- Demonstrate Operational Excellence
- Adapt to our customers needs and increase transparency

This project is in early stages with an approved FSR. In summer 2009, we conducted a Request for Information and got replies from 13 interested vendors. By the end of September, we will release a Request for Proposal to select a prime solution provider to work with FTB to develop this system. During 2010 we will meet with potential prime solution providers, and review proposals. In December 2010, the prime solution vendor will be selected. This vendor will be paid only out of benefits of this project.