Office of the Treasurer & Tax Collector

Business Tax System Replacement

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Project Overview

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Problem Statement: The current Business Tax System is end of life and needs to be replaced.

- We're the only customer on the product.

- Product requires Internet Explorer/Microsoft Edge in backward compatibility mode, and Microsoft only guarantees support of backward compatibility through 2029.

- Outdated and overly complicated data structure contributes heavily to extreme performance issues, sometimes taking 2+ minutes to navigate from one screen to the next.

Project Overview

- On premises database maintenance and upgrading is cumbersome, costly, and risk-prone.

- Business Taxes have evolved in ways not foreseen within the current system, and will continue to evolve.
  - Empty Homes Tax, Commercial Vacancy Tax
  - Business Tax Reform

- Infrastructure human capital & product human capital is at risk of being lost.

Project Objective

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- Build a custom and customizable system that allows:
  - TTX-IT to retain configuration and ownership responsibilities
  - TTX to continue to be nimble and responsive to legislative changes
  - Ongoing citywide reliance on TTX business tax data for enhanced compliance and data consistency efforts

- Move to a cloud-based system

- Improve Disaster Recovery support for Business Tax

- Reduce ongoing technical debt overhead

Business Tax System History

Pre-2014
Mainframe

2014 – Present
COTS

Now
Looking to do cloud based, custom application

Why This Approach?

What we've learned:
- Our office collects both county and city-level taxes and serves county and city level functions.
- There is no one COTS solution that is able to handle cashiering and mail processing, workflow management, accounting, and tax assessment.
- In addition, San Francisco has a complex and unique business tax schema, meaning every COTS solution will require significant "square peg, round hole" efforts.
- We're buying a lot of bells and whistles and not getting the core functionality we need.

Measuring Project Success

Key Performance Indicator(s)

- No changes to data shared between TTX and many other departments

- No interruption to annual business tax filings and collection

- Ability to elegantly and efficiently administer taxes as they continue to evolve (business tax reform, future legislation, etc.)

- Adherence to timeline determined in Discovery

- Adherence to budget

Project Risk Management Plan

Potential Risk #1: Budget Overrun and/or Vendor Delays	TTX has a long history and proven track record of completing system projects on time and on budget.
Potential Risk #2: Vendor delays and complexity of configuring for San Francisco's unique and complicated business tax schema	We have an experienced team using a comprehensive methodology, including an aggressive go-live strategy and will have weekly meetings with key stakeholders and project teams, ensuring we meet deadlines and seamlessly integrate with internal business operations
Potential Risk #3: Requirements gaps	Comprehensive documentation of current state, and how that current state supports business process and, ultimately, department policies, will reduce the risk of requirements gaps.

Project Risk Management Plan, Continued

Below, please answer two questions related to a scenario in which your project does not receive funding.

<u>Consequences of Not Funding</u>	If we do not replace the Business Tax System before Microsoft backwards compatibility ends, we will not be able to use our system. If we do not replace the system now, we also risk losing the infrastructure human capital and product human capital we need to reduce overall risk.
<u>Alternate Plans</u>	There is no alternate plan.

High-Level Project Plan

Quarter/FY	2023	2024				2025				2026				2027
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	ALL
Internal Discovery & Research	■													
RFP Drafting & Feedback		■												
Solicitation			■											
Contracting			■											
Discovery				■										
Development & Iterative Testing					■	■	■	■						
UAT									■	■				
User Training & Rollout											■			
Go Live												◆		

Project Planning/Scoping to date

- Identified key functionalities and data elements/components that must remain "as-is" to reduce risk

- Engaged with a consultant to improve our understanding of the deficiencies of the current system

- Drafted RFP for the replacement project, got feedback from DT and Gartner consultant

- Continued comprehensive documentation of current state and critical use cases

Project 5-Year Financial Forecast

	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
COIT Allocation	$1.0M	$1.0M – 2.0M			
Other Sources	$3.0M	$3.0M			
Total Project Funding	$4.0M	$5.0M			

Questions?