

Maintaining Payment Integrity: Collaborative Data Driven Innovation

2015 Fiscal Service Advisory Council
Payments Forum



OFFICE OF COMPLIANCE
ANALYTICS

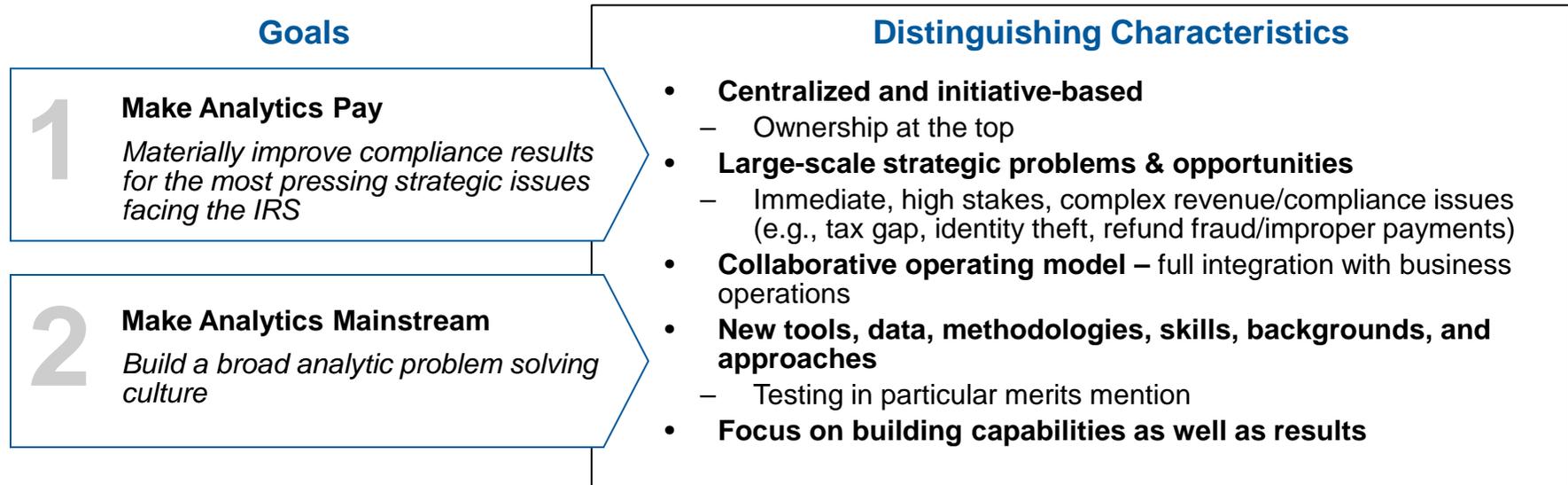
Overview

- Welcome
- OCA overview
- Collaborative Data Driven Innovation

**On behalf of the IRS,
welcome to the New
Carrollton Federal Building
and to the State of Maryland.**

Office of Compliance Analytics (OCA) partners with Business Units to materially enhance compliance results through Data Driven Innovation

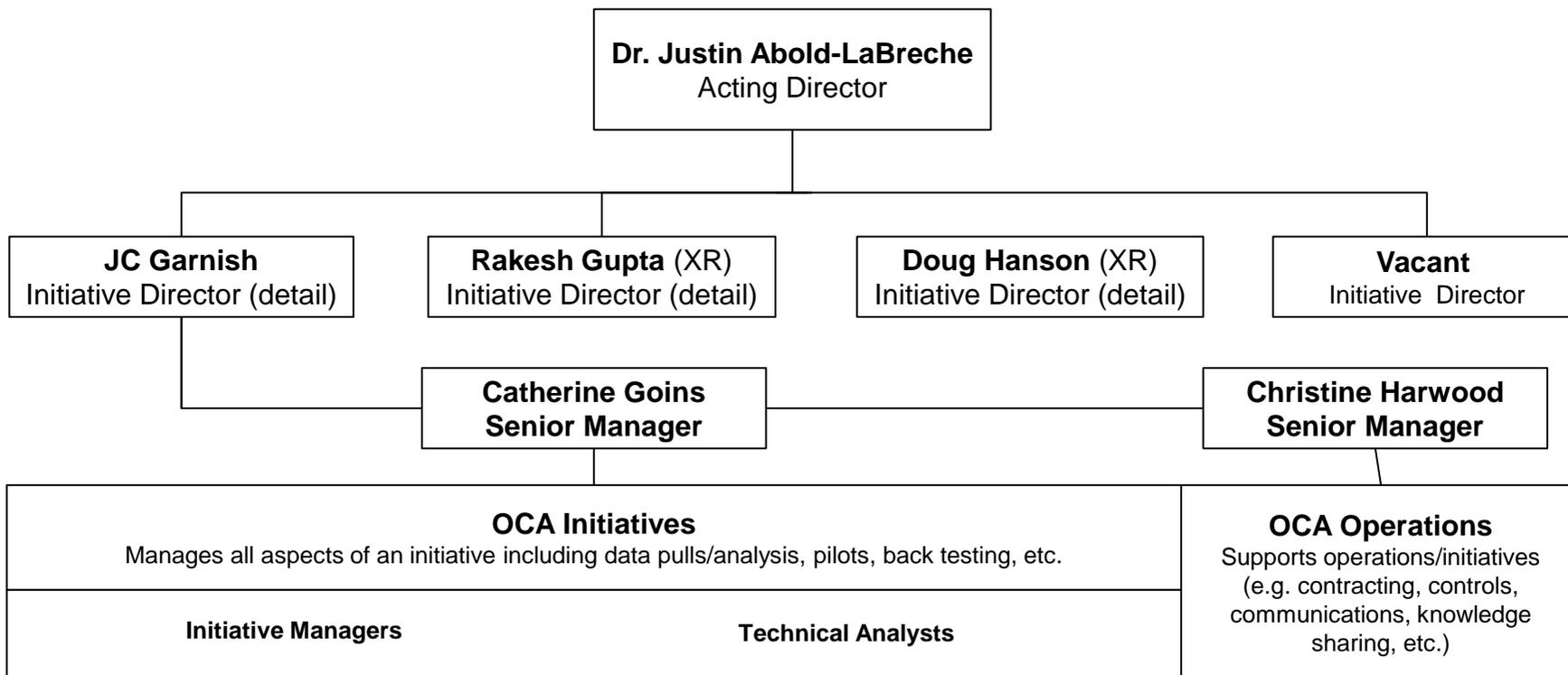
Office of Compliance Analytics



OCA's results-oriented philosophy is rooted in three fundamental tenets:

- **Collaborate closely with the business units** from day one to define initiatives, marshal requisite resources and operationalize programs
- **A "test and learn" approach minimizes risk.** The approach is taking root organizationally and making innovation not only safe but desirable among operating leaders
- **Focus on enterprise strategic problems.** OCA's centralized position reporting at the top of the organization assures necessary support and investment

OCA's success hinges on its ability to pivot towards the Service's most pressing needs – we use teams of permanent employees, detailees, and consultants to surge toward IRS priorities



OCA headcount:

- Permanent: 20
- Detailed: 16

Organizational chart as of April 2015

➤ A key enabling factor to OCA's organizational agility is its small size and its staffing model which consists of permanent staff, specialized data analysis resources, subject matter experts on loan from other business units, and highly productive working relationships with IRS' Operating Divisions.

Collaborative Data Driven Innovation is a core element of our collective successes in the payment integrity space – supporting quicker, better outcomes, with lower risk and at lower cost

Benefits of Collaborative Data Driven Innovation

- 1** **Improve outcomes (e.g. compliance, taxpayer burden)** by testing multiple solutions, refining them based on learnings, and implementing the “winner”.

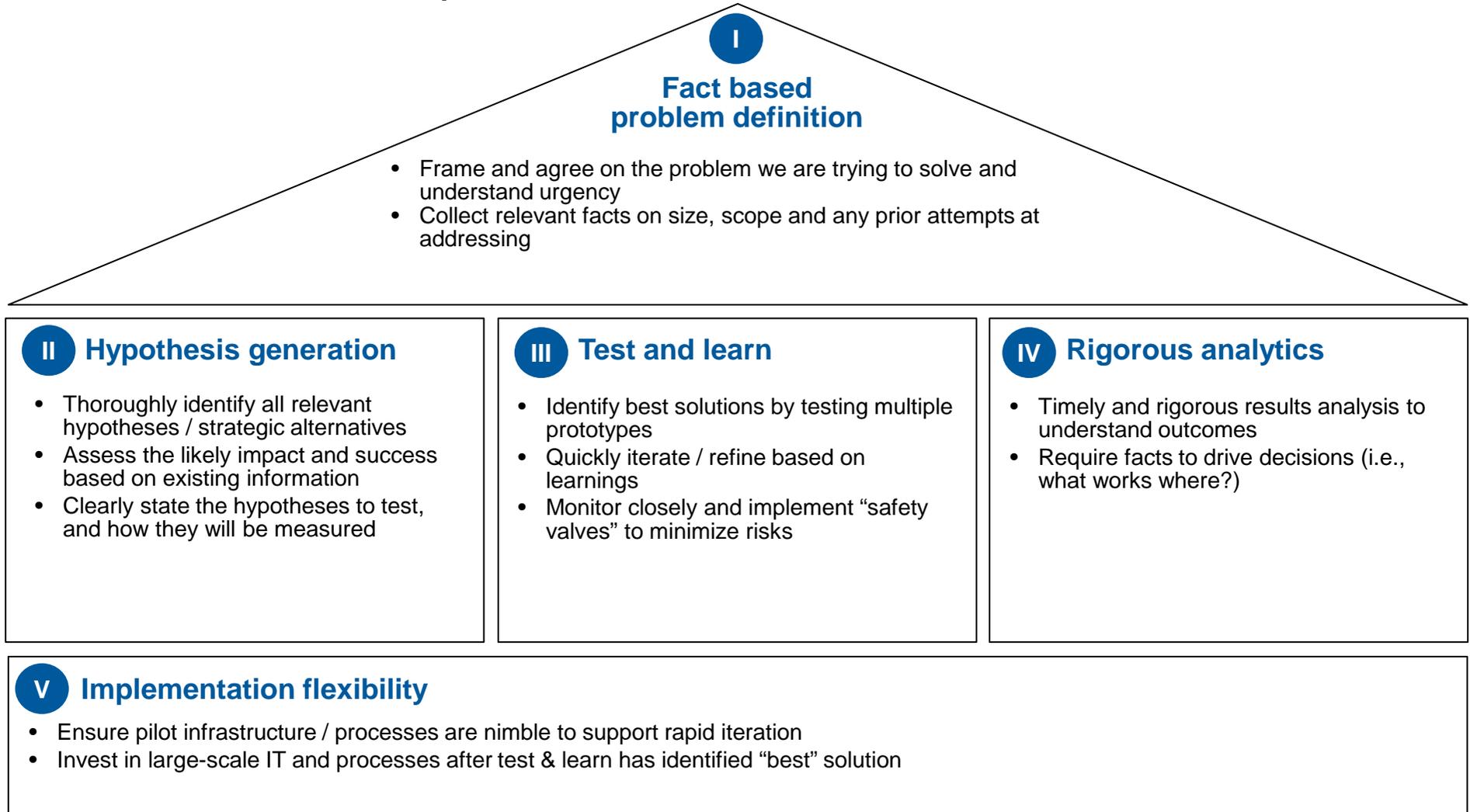
- 2** **Accelerate learnings** by running simultaneous test / pilots and by iterating solutions rapidly, significantly increasing the learnings gathered compared to a linear approach.

- 3** **Reduce risk** by starting small and monitoring closely, quickly resolving identified issues before large-scale roll-out.

- 4** **Lower cost** by using cheap and flexible pilot infrastructure while we learn. Larger scale IT investments undertaken once we have a clear view of the requirements to support the “winning” solution.

What is it? Collaborative Data Driven Innovation is a nimble business approach to rapid and safe iteration that engages stakeholders across the enterprise

Components of Collaborative Data Driven Innovation



What does it take? Expanded skills and cross-functional teams underpin successful test & learn

Success Factors for Collaborative Data Driven Innovation

Leadership

- Incorporate the use of rapid and risk managed **test & learn** as primary new program approach
- Use **data and analysis** to drive recommendations and decisions
- Encourage and enable **bold innovation**, with clearly accepted, monitored and mitigated risks
- **Embrace safe failure** as opportunity to learn

Program development

- **Cross-functional** team for key skills and knowledge – but small enough to ensure accountability
- Launch **multiple tests**, refine quickly based on learnings
- Ongoing and thorough interim **analysis of results** using Pilot test & learn metrics

Measurement & skills

- **Clearly separate production** (goal: meet plan) **from testing** (goal: maximize learnings and future ROI) metrics
- Acknowledge that effective **testing and innovation requires expanded skill-set** from effective production – hire, detail and develop accordingly

Collaboration