

# South African Revenue Service Saves \$3 Million a Day Using Siebel's Single View of the Taxpayer Solution



South African Revenue Service (SARS), the tax authority for the government of South Africa, was relying on 12 separate systems to manage individual and corporate tax affairs. This approach led to lost tax revenues, ineffective debt equalization across a taxpayer's multiple tax filings, and difficulties in identifying cases of tax avoidance or tax fraud. Taxpayer service was often slow, inefficient, and sometimes inaccurate. Using Siebel's Single View of the Taxpayer solution, SARS has implemented a unified view across these systems, providing its 8,000 tax advisors and contact center staff with easy access to a complete record of each taxpayer's tax situation. The results? SARS recouped its investment in the Siebel solution just days after going live, through more effective debt equalization and compliance, and has significantly improved taxpayer service operations.

SARS provides broad-based tax collection services on behalf of the South African government. Employing 15,000 people, it collects revenues worth more than U.S.\$30 billion annually from multiple tax products. These products principally comprise earned income—South Africa has a working population of more than 20 million—corporation tax, value-added tax (VAT), and import/export tax. IT services are provided by its technical services division, which employs 450 people.

SARS' mission is to optimize revenue yield, facilitate trade, and enlist new tax contributors by promoting awareness of the obligation to voluntarily comply with South African tax and customs laws, and by providing a quality and responsive service to the public. Until recently, however, the agency faced a major obstacle to fulfilling this mission—namely, fragmented taxpayer

information. Without a comprehensive view of the taxpayer, SARS found it difficult to perform effective debt equalization—the offset of tax credits and refunds against taxes payable—and struggled to effectively detect suspicious activity and non-compliance with South African tax laws. According to Andre van der Post, who manages strategy, architecture, innovation, and research in SARS' technical services division, this fragmented view of taxpayers urgently needed to be tackled.

“We were using 12 separate, independent systems to manage personal and corporate tax affairs, 8 of which were legacy applications,” explains van der Post. “Organizations were separately registered for income tax, VAT, pay-as-you-earn (PAYE), and employee insurance; and they often had multiple subsidiaries, each of which appeared as a separate tax account

## SOLUTION OVERVIEW

### South African Revenue Service (SARS)

The tax authority for the government of South Africa

### Industry

Public Sector

### Geographies

South Africa

### Business Challenges

- Minimize loss of tax revenues and excise duties
- Transform debt equalization effectiveness
- Improve detection of suspicious activity and non-compliance
- Improve customer service and correspondence management

### Solution

Integrated 12 separate systems in eight weeks using Siebel Public Sector applications, thereby providing 5,800 staff with single, comprehensive view of taxpayers

### Benefits

- Achieved complete return on investment in days
- Potential future saving of almost U.S.\$3 million each day
- Improved quality of service to 20 million taxpayers
- Increased efficiency by introducing consistency into business processes

### Solution Components

Siebel Call Center  
Universal Application Network

Database: DB2  
Hardware: IBM  
Back office: Natural Adabas

### Siebel Alliance Partner

Accenture



*“Using Siebel’s Single View of the Taxpayer solution to create a unified view across 12 different systems could save SARS almost \$3 million each day—which is equivalent to approximately \$90 million every month.”*

—Ken Jarvis,  
Chief Information  
Officer,  
South African  
Revenue Service

in our systems. One company had 196 different points of tax registration! It could take a member of the Revenue Service staff up to three weeks to consolidate the tax information associated with a major South African corporation, simply because we needed to drill down through so many different systems and screens.”

#### **Easy Access to Taxpayers’ Full Taxation Status**

To address these challenges, SARS developed a plan for a system called Single View. The system would provide the agency’s call center agents, tax advisors, and case workers with easy and complete access to the full taxation status of citizens and corporations. The system would also enable the agency to manage the interaction and relationship with taxpayers over time and improve tax literacy levels through targeted education and outreach programs. Van der Post continues, “The question on everyone’s lips was: ‘How do we integrate these eight legacy systems quickly and effectively?’ After all, traditional point solutions can be notoriously complex, expensive, inflexible, and risky.”

SARS was already using Siebel applications in its Western Cape call center to provide customers with a fast, efficient response to telephone tax inquiries. During Siebel European User Week 2003, SARS CIO Ken Jarvis was introduced to Universal Application Network (UAN)—a standards-based application integration solution from Siebel Systems. “We were really excited by what we saw,” says van der Post. “UAN offered a prepackaged solution for solving our most pressing business process integration issues. It also resided within an IBM WebSphere Business Integration environment, which is one of our integration servers of choice.”

Following Siebel User Week, Siebel, IBM, and Accenture developed a proof-of-concept for the SARS team that demonstrated how Siebel’s Single View of the Taxpayer solution—powered by UAN—would address the agency’s requirements. SARS was so impressed by the results of this demonstration that it immediately agreed to move forward with a Phase One rollout of Single View of the Taxpayer. “It was a compelling business case, which demonstrated how rapid application integration would enable SARS to better service taxpayers and increase government tax revenues,” says van der Post.

#### **Integration in Four Weeks**

Phase One of Single View was completed in just four weeks. It involved the real-time integration of the main line-of-business systems, namely income tax, VAT, PAYE, and employee insurance. This provided 200 tax advisors and case managers with a single, unified view of individuals’ and corporations’ tax situation, including their profile, complete tax history, record of payment, and outstanding tax inquiries made through the contact center. Phase Two of the program, which is currently underway, involves integrating other tax systems, adding functionality to the main tax products of Phase One, and providing 5,800 tax workers with a single, comprehensive view of the taxpayer.

“Integration was easily the greatest challenge of the Single View program,” van der Post says. “UAN enabled SARS to overcome the cost, complexity, and time involved in traditional point-to-point integration solutions. The fact that SARS was able to integrate so many applications—including multiple Natural Adabas systems—in just four weeks exceeded our expectations. UAN

also lowered our integration implementation time frames by 40 to 50 percent.”

Jan Bouwer, Associate Partner at Accenture, underscores the value of the UAN implementation. “UAN builds on the success of the highly effective contact center implementation,” he says. “By merging these 12 applications, we have unlocked the value of information that was previously hidden away. In a matter of weeks, Siebel, Accenture, and IBM transformed SARS into one of the most effective tax agencies in the world.”

By aggregating separate customer tax records from the line-of-business legacy systems, Siebel’s Single View of the Taxpayer solution represents a significant strategic enhancement to government tax management. The benefits from Phase One and Phase Two alone include more accurate tax liability assessment, fewer data entry errors, and a faster, more accurate response to tax inquiries and correspondence. Whereas it used to take up to three weeks to gather all of the information associated with a company’s tax payments and liabilities, staff can now view this information within 30 seconds.

The solution was extended to additional staff in March 2004, when SARS deployed the Siebel View of the Taxpayer in its KwaZulu-Natal call center. By July 2004, more than 200 additional service agents will have access to the Siebel system.

**Millions of Dollars Saved Every Month**

SARS has quantified the value of the Siebel deployment by extrapolating from sample data in its line-of-business systems. Take VAT, for example: by offsetting 1 percent of VAT refunds owed to South African companies against other taxes that are

due—which is a conservative assumption—SARS yields millions of dollars a month in savings. A 5 percent offset, which is a more likely assumption, yields five times as much.

“Using Siebel’s Single View of the Taxpayer solution to create a unified view across 12 different systems could save SARS almost \$3 million each day—which is equivalent to approximately \$90 million every month,” Jarvis concludes. “Even though a smaller return was achieved during the pilot phase, it meant we received a complete return on our investment in just a few weeks. When we are asked about how soon we expect to receive a return on investment, however, we usually quote a couple of months, simply because so few people would believe a return on investment could be achieved in days! But it’s true.”

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—Andre van der Post,  
 Manager of Strategy,  
 Architecture, Innovation,  
 and Research, South  
 African Revenue Service

**Customer's Implementation Advice**

- Think “out of the box”
- Work with an experienced integration partner
- Carefully manage user expectations



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