



**FTA**  
FEDERATION OF TAX ADMINISTRATORS

# FTA Tech 2019

## Insourcing Vs. Outsourcing – When, How & Why?



# Introductions

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# Georgia Department of Revenue

## Mission Statement

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The mission of the Department of Revenue is to administer the tax laws of the State of Georgia fairly and efficiently in order to promote public confidence and compliance, while providing excellent customer service.

# Iron Mountain

Our mission is to protect its customers' information and protect its customers through compliant information management.....

## OUR VALUES

### ACT WITH INTEGRITY

We are open and honest and live our values every day.

### OWN SAFETY AND SECURITY

We protect ourselves and each other from harm, and secure our customers' assets as if they were our own.

### BUILD CUSTOMER VALUE

We constantly look for ways to better serve our customers and improve their business.

### TAKE OWNERSHIP

We take personal responsibility for the success of our teams, our customers, and our company.

### PROMOTE INCLUSION AND TEAMWORK

We look for and value each other's unique ideas and perspectives to get better results.

# Definition

# Definitions

- Insourcing: the practice of using an organization's own personnel or other resources to accomplish a task that was previously outsourced.
- Outsourcing: obtain (goods or a service) by contract from an outside supplier.
- Hybrid: a mixture of both Insourcing and Outsourcing

# When?

# When should you Outsource?

- Aging Infrastructure
  - Hardware
  - Software
- Declining Budgets
- Paper is Declining
  - 85% or more of Returns are Electronic
  - Nuisance to process/store/destroy
- Disaster Recovery
- Shifting Employee Base
  - 29% of State Employee's eligible for retirement in the next 10 years
- Return on Investment



# When should you Outsource?

- One of the best ways to decide is to perform a cost/time calculation.
- As soon as the need is discovered
- Before future success is compromised
- Before legislative changes impact your business

# What?

# What you should Outsource...

## Create

Apply, Retention, Privacy and Classification

- Integrated Tax
- Mailroom
- Courier Services
- > Privacy Advisory Services
- > Content Classification Services
- > Consulting

## Use

Digitize, Convert, Migrate

- > Tax return Processing
- > Document Conversion
- > Data Restoration
- Migration
- Call Centers

Integrate Workflow/BPM

- Workflow Automation
- Business Decisioning

Leverage Intelligence and Insights

- Data Analytics
- Predictive Analysis
- RPA
- AI

## Store

Securely Store and Access

- > Records Storage & Project Services
- > Document Tracking
- > File Room Solution
- > Tape Storage
- > Data Centers
- > Escrow Services

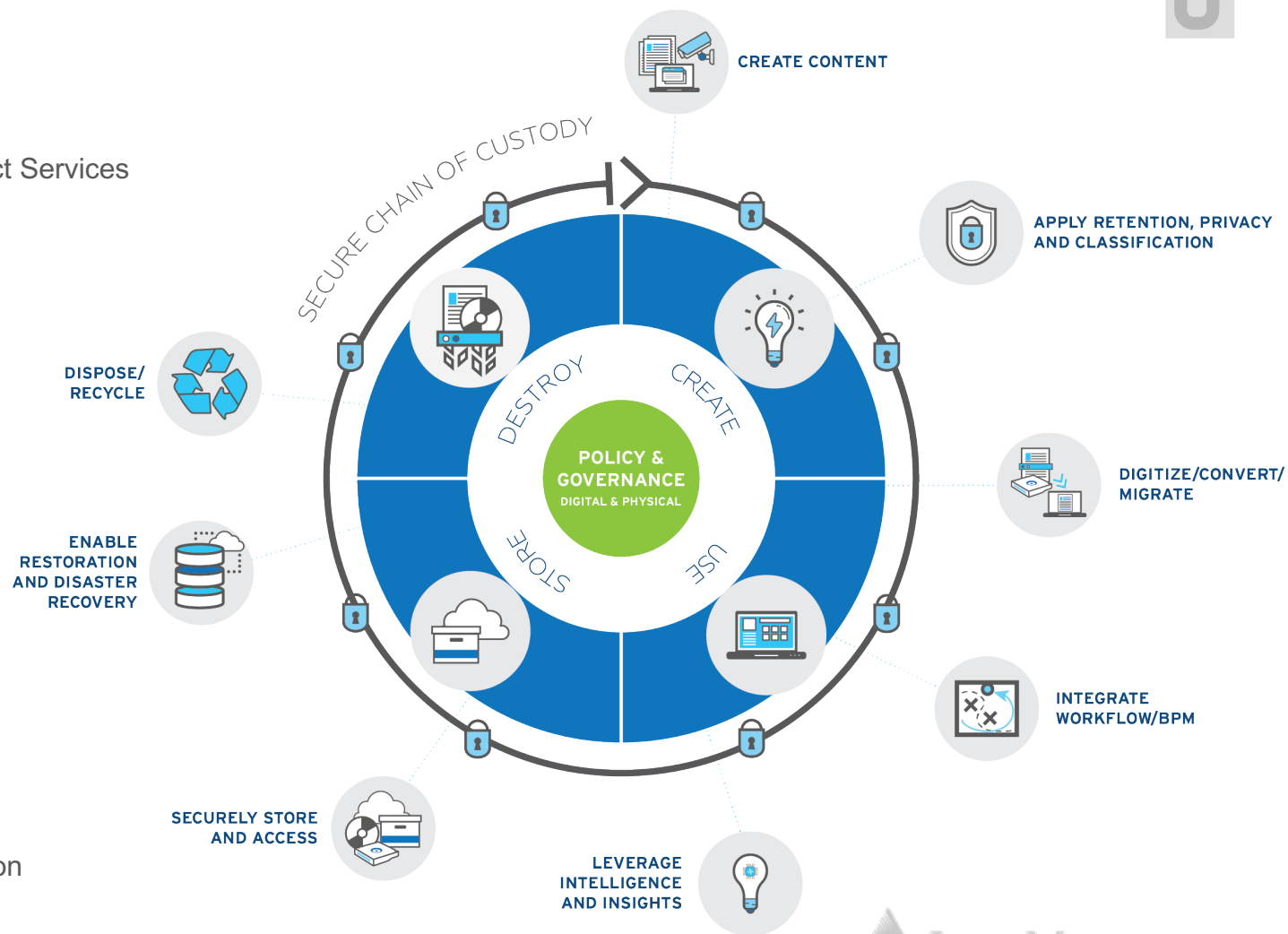
Enable Restoration and Disaster Recovery

- > Disaster Recovery
- > Document Restoration
- > Media Restoration
- > Cloud Backup / Recovery
- > RFID Asset Tracking

## Destroy

Dispose/Recycle

- > Document Shredding
- > Secure IT Asset Disposition
- > IT Asset Remarketing



# What you should Outsource...

- The tasks that you choose to outsource may vary depending on your industry. In general, there are two broad types of tasks that lend themselves to outsourcing:
  - Tasks that are critical to your operations, and not a vital component of your strategy
  - The activity isn't central to generating profits or competitive success
  - Jobs that are routine and may/could waste valuable time and energy
  - Tasks that are temporary or recurs in cycles
  - Is less expensive to have someone else do than to do in-house
  - Can be done in-house cheaper but drains resources that could be better used elsewhere
  - The activity isn't one that people enjoy doing
  - The skill required is so specialized that it's impractical to have an FTE perform it

# How?

# How to Outsource?

- Benchmark your Department
- What are you going to Outsource?
- Will you need to issue an RFP?
- Do you need cost justification for the RFP?
- Understand what you will be outsourcing:
  - Document type
  - Volumes
  - Business Rules
  - Etc
- Secure funding
- Issue RFP
- RFP Evaluation and Award
- Project & Implementation Team

# Georgia DOR Procurement

## Is Outsourcing Justifiable?

- Is there a Return on Investment
- Is this a core function of the department
- Is External knowledge required

## Approval Process

- Know and understand your Departments process for issuing an RFP
- Executive Sponsor
- Meet with Procurement

## Create the RFP

- What do you expect to accomplish with the RFP
- Provide timelines and Expectations
- Provide statistics and data
- Create and evaluation process & team

## Evaluation and Award

- Evaluate and score the RFP separate from Pricing
- Your team should include business owners, finance and other independent reviewers
- Document all findings and recommendations

# How to Outsource

- **Know your internal costs:**
  - Facility
  - People with Benefits
  - Fixed Costs
  - Software
  - Hardware
  - Maintenance Agreements
  - Internal Quality/Turn Around Times
  - Processes/External Impact
- **Benchmark your operation**
  - RFI
  - Other Departments of Revenue
  - Vendors
- **Create your Return on Investment**

## Approvals:

- Contract Dollar Value Drives the approval process
- Understand your procurement Rules and Processes
- Identify your Executive Sponsor
- Which agencies must be involved for the approval process
  - Department only
  - IT Group Involvement
  - Administrative Division
  - Etc



# Why?

# Why Outsource?

- Cost Reduction
- Improved Quality
- Reduction in Turn Around Times
- Disaster Recovery/Business Continuity
- Shift from Cost Center to Profit Center
  - Reskill employees from front end to back end processes
  - Better use of employee assets

# Why Outsource?

- Lower operational and labor costs are primary reasons why companies choose to outsource. When properly executed it has a defining impact on a company's cost savings
- Free internal resources that could be placed into effective use for other purposes is also a primary benefit realized when companies outsource
- Many times stranded with internal resource crunches, many world class companies outsource to gain access to resources not available internally

# Why Outsource?

- Delegating responsibilities to external agencies or companies can wash their hands off functions that are difficult to manage and control while still realizing their benefits
- Outsourcing also enables companies to realize the benefits of re-engineering
- The fruits of labor are visible among some of the leading enterprises world wide, where in outsourcing has become a core component of day to day business strategies

# If Justified, RFP Creation.

1. Seek sample RFx's from your peers. Most likely other DOR's have experience issuing similar RFx's.
2. Discuss your expectations and needs with out State Agencies or Departments of Revenue.
  - a. Are they currently outsourcing?
  - b. If so, who do they use?
  - c. What is their experience with outsourcing and their vendor?
3. Are you interested in strictly low price or do you prefer the best solution?
  - a. Create an evaluation method with a scoring system.
    - a. Experience with RFx requirements
    - b. Other DOR references
    - c. Size of Organization
    - d. Technical response
    - e. Pricing
4. Consider issuing an Request for Information (RFI) before issuing an RFP.
  - a. Allows you to know the industry and who will most likely respond
  - b. You can then tailor your RFP based upon the RFI submissions
5. Define your requirements in details: the more detail the better
  - a. Define your Service Level Agreements
  - b. Define Expectations Implementation

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# Thank You!



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