

# STARS Integrated Tax System Modernization Project (RV23006)

State of Arizona – ADOR

Informational Update

March 19, 2025



## Agency Vision

*Funding Arizona's priorities through excellence in innovation,  
exceptional customer service experience, and public servant-led  
continuous improvement.*

## Agency Mission

*Serving Taxpayers*



# Project Team Introduction

## Roles Present at ITAC

- Rob Woods - Director, ADOR
- Neeraj Deshpande - Deputy Director, ADOR
- Ranbir Samra - Chief Information Officer, ADOR
- Fran DAntonio - STARS Program Manager
- Zac Sharp - Deputy Assistant Director, ADOR
- Joie Estrada - Budget Director, ADOR
- Lorilea Hudgins - STARS Senior Project Manager, ADOR
- David Perkins - Senior Vice President, STARS Program Director, Voyatek

## ITAC Quarterly Informational Update

- *The STARS Project Team is returning on a quarterly basis to provide a project status update as required by the ITAC condition that was approved in the December 2023 Meeting.*

## Project Highlights - thru February 2025

- The Discovery & Planning Phase officially completed on February 28, 2025 and consisted of the major Milestones listed below. The following slides are to serve as an overall program update on the milestones achieved as well as delayed during this phase.
  - ✓ **Project Framework** - Creation of key documents such as the Project Plan and Strategy, Risk and Issue Management, Change Management Plans and Quality Control Plans.
  - ✓ **Discovery and Planning Activities** - Completion of Documents of Understanding for all Tax Types.
  - ✓ **Analytic Models** - Early deployment of three new Analytic Models - Collections Optimization, Accounts Receivable Minimization and TPT Audit.
  - ✓ **Liquor Luxury Tax** - Implementation of the RevHub Integrated Tax System (ITS) Liquor Luxury Tax Application. Original target Go Live date was February 2025.

# Current Overall Phase Health: Red

<b>Budget</b>		<ul style="list-style-type: none"><li>• The STARS Project is currently tracking under budget. Reference associated slide.</li><li>• The budget, expenditures and estimates are reviewed monthly as part of the APF Financial Reporting.</li><li>• The primary budget risk to the overall STARS program is related to schedule. Should the program implementation schedule exceed the revised budget end date of August 2029, there is a risk to the current budget plan.</li></ul>
<b>Schedule</b>		<ul style="list-style-type: none"><li>• The STARS Project has experienced delays in the delivery schedule for Liquor Luxury Tax. Key contributing factors include the 1) initial deployment of a tax type and 2) the delivery of a new Integrated Tax System product.</li><li>• A revised implementation plan and schedule extending the Liquor Luxury Tax timeline from February to December 2025 has been accepted by ADOR (pending ITAC approval).</li><li>• Key Mitigation strategies are in place to drive and monitor project execution including program reporting and a performance based payment structure.</li></ul>
<b>Scope</b>		<ul style="list-style-type: none"><li>• Increased Discovery Phase Scope - Schedule brought forward for the implementation of Liquor Luxury Tax and Analytic Models increasing the scope and complexity of the Discovery Phase.</li></ul>
<b>Risks\Issues</b>		<ul style="list-style-type: none"><li>• The project risks and issues are actively managed according to the STARS Risk and Issue Management Plans.</li><li>• The Gartner IV&amp;V Risk Assessment Score for the STARS Project is High. These Risks are being actively reviewed and monitored according to the mitigation plan.</li></ul>

# Program Health by Key Initiative

## STARS Program Status - August 2023 - February 2025

### Liquor Luxury Tax Implementation

- *Progress Delayed*  
- *Key Contributing Factors*  
and *Mitigation Strategies*

- **Implementation Schedule Revised - Key contributing factors include:**
  - ✓ **Increased Discovery Phase Scope** - Schedule brought forward for the implementation of Liquor Luxury Tax and Analytic Models increasing the scope and complexity of the Discovery Phase.
  - ✓ **Increased Program Complexity** – The increased Discovery Phase Scope added complexity to program delivery due to program resources having too many priorities.
  - ✓ **Delivery Delays** - The ramp up of RevHub product development and setup of the technical environment was slow to progress highlighting key issues with product and environment maturity.
- **Key Mitigation Plan Milestones:**
  - ✓ **Revised Project Plan and Schedule** - A revised implementation plan and schedule has been accepted by ADOR (pending ITAC approval), shifting the delivery of Liquor Luxury Tax from February to December 2025.
  - ✓ **STARS Due Diligence** - Voyatek, ADOR, and Gartner engaged in detailed product and technical discussions and demonstrations to assess program readiness, product maturity and to better inform future planning. The outcome resulted in a detailed plan addressing key areas of improvement.
  - ✓ **Enhanced Performance based Payment Milestones** - have been jointly discussed and agreed upon with the aim to be implemented as part of Phase 1 Liquor Luxury Tax implementation. The contract amendment is currently in progress.

# Program Health by Key Initiative

## STARS Program Status - August 2023 - February 2025

### Liquor Luxury Tax Implementation

- Due Diligence Approach  
and Key Outcomes

- **STARS Due Diligence Approach**
  - ✓ ADOR engaged in a detailed review of the Product, Product Organization and Project Team which consisted of the following:
    - Comprehensive review of the RevHub ITS technical architecture by ADOR and Gartner.
    - Product demonstrations displaying key features and functions prioritized by ADOR and Gartner.
    - Detailed review of Program and Product Organization charts and key roles.
- **STARS Due Diligence Key Outcomes**
  - ✓ Detailed Mitigation plan addressing key improvement areas such as
    - Organization and skills gaps
    - Product functionality
    - Delivery Preparedness
    - Process improvements
  - ✓ Agreed upon Performance based Payment Milestones based on configured software for Arizona.
  - ✓ Comprehensive metrics in place to measure performance.
  - ✓ Executive Engagement and Commitment by Voyatek to address all mitigation actions.

# Program Health by Key Initiative

## STARS Program Status - August 2023 - February 2025

### **Discovery & Planning**

*- The STARS Project Team completed the following phase deliverables.*

- Discovery and Planning Deliverables - Completed 19 Documents of Understanding which serve as a foundation for the development of the RevHub ITS application.
- Implementation Planning - Completed the implementation plans for Liquor Luxury and Nuclear Tax Types.
- Revised Phase Schedule - Voyatek delivered the Revised Phase Schedule, a key deliverable of the Discovery and Planning phase. It is based upon learnings from the Discovery and Planning activities.
- Initiation of Benefits Realization effort - has been established to define and monitor value driven KPIs by Tax Type.

# Program Health by Key Initiative

## STARS Program Status - August 2023 - February 2025

### Analytic Models

- All 3 Analytic Models have been successfully deployed according to plan.

- Collections Optimization Analytic Model - Deployed in Production September 2024. The results through February are as follows:

STARS Collections Optimization Results through February 2025			
Attempted Taxpayer Contacts	Taxpayer Contacts Made	Taxpayer Contact %	Dollars collected
144,952	22,429	15.47%	\$20,995,000

- Accounts Receivable Minimization Analytic Model - Deployed in Production February 2025. Results will be available in March 2025.
- TPT Audit Analytic Model - Deployed in Production in February 2025. Results will also be available in March 2025.

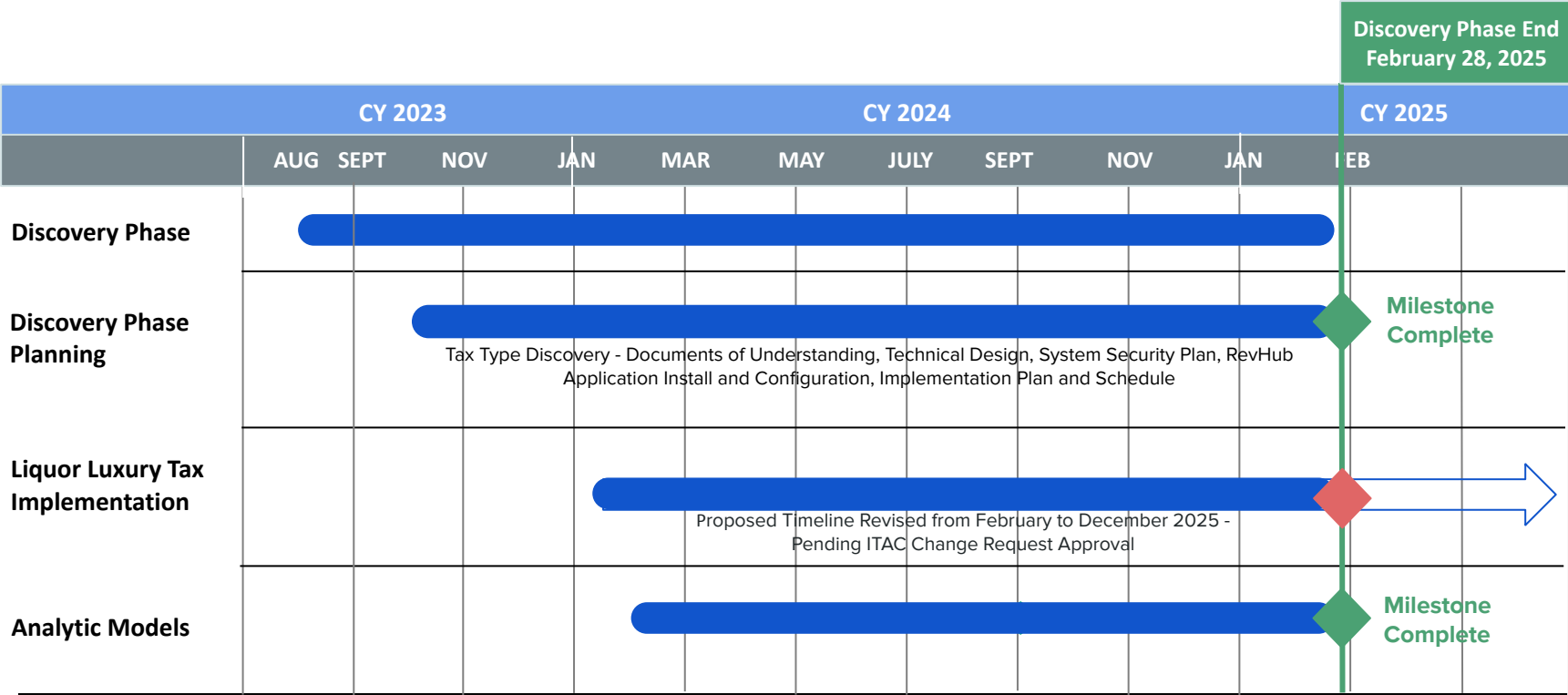


## Gartner Risk Assessment Report #5 - November - January 2025

- The current Gartner Risk Assessment Score for the STARS Project is **High**.
- Risks are being actively reviewed and monitored according to the mitigation plan.
- Key Gartner Recommendations include the following:
  - Prioritize Core Tax Administration Features - Prioritize development and testing of core tax administration features.
  - Define Acceptance Criteria of Features - ADOR Functional/Business leads must be integrated into user stories and acceptance criteria definition for both business and IT requirements.
  - Define Project Progress Indicators - ADOR leadership must define the milestones and deadlines that will be used to measure project status, validate project value and hold the STARS vendor accountable.
  - Improve Transparency into Development Status - STARS project updates must clearly reflect each workstream's development and testing activities.
- Key Gartner Bright Spots:
  - New STARS Staff - Voyatek continues to add new staff to shore up skills gaps and improve overall leadership, set direction and enhance technical and delivery expertise.
  - Executive Commitment - ADOR and Voyatek executive leaders meet weekly to review STARS progress, discuss challenges, and monitor action plans.
  - Tax Administration Feature Release - RevHub's Manual Case Creation and ITS Account Creation Maintenance functionality was released into the STARS QA environment.

# Project Timeline

## STARS Discovery and Planning Phase Timeline



# Project Timeline

## STARS Proposed High Level Program Timeline - Liquor Luxury and Corporate Tax

2023	2024	2025	2026	2027
A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D				
Discovery & Planning Phase				
	LLT 1.1		LLT 1.2	
			Corp 2.1	Corp 2.2

- The current estimated timeline for the Liquor Luxury Tax and Corporate Tax Implementation Phases was based upon the outcome of the Discovery and Planning phase:
  - Liquor Luxury Tax is scheduled to be implemented in early 2026\*.
  - Corporate Tax is scheduled to be implemented the following year in early 2027\*.

*\* The dates shown on this slide reflect the proposed implementation schedule which is pending ITAC Change Request approval.*

# Program Financials

## STARS Current Financials Outlook thru SFY 2025

Total Budget: \$104,827,600

Allocated Budget: \$32,476,200

Expenditure to date: \$22,141,665

Budget Remaining: \$10,334,535

Pre-Project Start Date: 8/29/2022

Project Start Date: 8/8/2023

Phase End Date: 2/28/2025

	SFY 2023	SFY 2024	SFY 2025											
			July	August	September	October	November	December	January	February	March	April	May	June
<b>Baseline Projection</b>	870,900	22,193,213	554,023	2,448,725	2,401,650	872,725	634,400	2,475,750	2,185,825	702,950	2,732,376	781,050	646,250	2,846,776
<b>Actual</b>	503,085	18,287,023	401,051	433,350	555,760	637,351	547,805	366,839	409,401					
<b>Variance (\$)</b>	367,815	3,906,190	152,972	2,015,375	1,845,890	235,374	86,595	2,108,911	1,776,424					
<b>Variance (%)</b>	42%	18%	28%	82%	77%	27%	14%	85%	81%					

### NOTES:

- Variances are due to project deliverables delay and the subsequent payments tied to the deliverables.
- Financials do not cover the entire project budget, rather it reflects the current approved budget award.

# **Q & A Session**

**Thank You**