Project Team Introduction

STARS Project Team

- Rob Woods - Director, ADOR

- Neeraj Deshpande - Deputy Director, ADOR

- Ranbir Samra - Chief Information Officer, ADOR

- Fran DAntonio - STARS Program Manager, ADOR

- 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

Project Introduction

Description of Project

- ADOR initiated a multi-year effort to replace its current systems of record with a single integrated tax system (ITS). The STARS project will implement the RevHub software, an enterprise platform for tax administration and analytics. The project is currently in Phase 1 which includes the delivery of Liquor Luxury Tax. Key Benefits of the ITS include:
    - Improved Tax Administration
    - Expanded Electronic Services
    - Data-driven strategies to reduce the Arizona Tax Gap
    - System will be configurable to respond quickly to changes in legislation

Why we are returning

- 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.

Program Status

STARS Program Status - August 2023 - mid-May 2025

Accomplishments in the last quarter:
 - Analytic Models

✓ **Collections Optimization Analytic Model** - Deployed in Production September 2024. The goal of Collections Optimization is to prioritize ADOR's current Collections inventory to surface the best cases to be worked by the Collections team.

✓ **Accounts Receivable Minimization Analytic Model** - Deployed in Production February 2025. This model aims to reduce the A/R amounts within the 1 - 90 day late range.

✓ **TPT Audit Analytic Model** - Deployed in Production in February 2025. This model works to identify TPT taxpayers who regularly file late in an effort to reduce non-compliance.

✓ **Realized Benefits** - we are currently in the process of establishing the analytic model baseline for Collections Optimization, and the associated benefits to ADOR. More information will be available in an upcoming report.

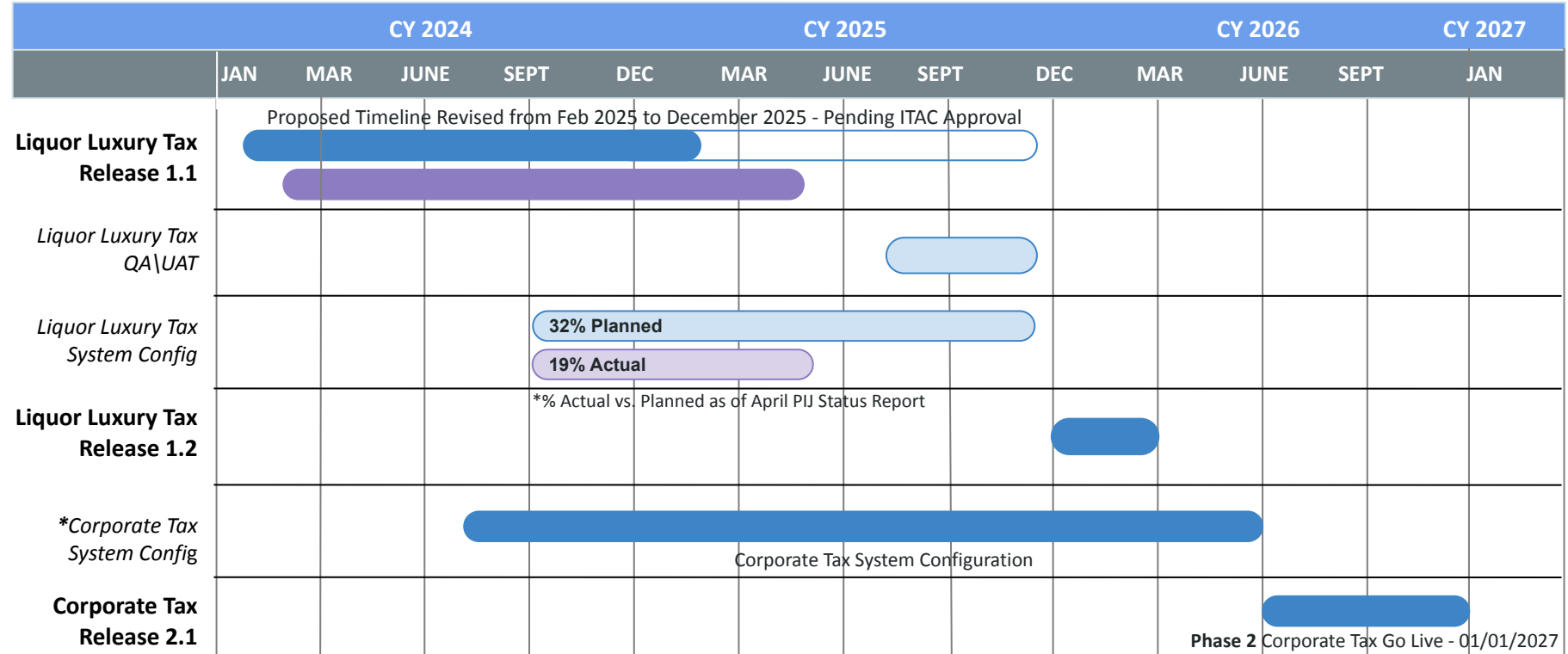| March 2025 Summary	
Collections Optimization	$22,642,695
A/R Minimization	$1,467,744
TPT Skip Filer	$1,239,074
Total Revenue Collected	**$25,349,513**

Current Overall Project Health: Red

Budget		- The STARS Project is currently tracking under budget. Reference associated slide. - The budget, expenditures and estimates are reviewed monthly as part of the APF financial reporting. - 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.
Schedule		- The STARS Project has experienced delays in the delivery schedule for Liquor Luxury Tax. Key contributing factors include 1) the ramp up of Revhub product development as well as 2) the integration of new development and testing staff in Q1 have taken time and have not yet reached their full capacity and productivity. - A total of 37 features have been completed to date vs. 64 planned (as of 5/19/2025). Key product functionality demonstrated includes account creation, return submission and payment processing among others. - In Q2, Voyatek announced the creation of 2 additional development pods that will focus on core product delivery. - 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). - Key mitigation strategies are in place to drive and monitor project execution including program reporting and a performance based payment structure. ***Overall the trend continues to improve*** *with the expansion of the team and addition of key skill sets. Delivery velocity continues to steadily increase as the team matures.*
Scope		- Phase 1 Delivery Scope - Overall the scope of the STARS Project has not changed. The Phase 1 scope includes the delivery of LLT as well as the initiation of Corporate Tax system configuration activities. - LLT Delivery Scope - The project team is in the process of refining the scope of LLT Releases 1.1 and 1.2, prioritizing the delivery of core product functionality and shifting features not currently leveraged in LLT to later releases.
Risks\Issues		- The project risks and issues are actively managed according to the STARS Risk and Issue Management Plans. - The Gartner IV&V Risk Assessment Score for the STARS Project is high. These risks are being actively reviewed and monitored according to the mitigation plan.

Project Timeline

STARS Phase 1 Timeline

	CY 2024					CY 2025				CY 2026			CY 2027
	JAN	MAR	JUNE	SEPT	DEC	MAR	JUNE	SEPT	DEC	MAR	JUNE	SEPT	JAN

Liquor Luxury Tax Release 1.1 — Proposed Timeline Revised from Feb 2025 to December 2025 - Pending ITAC Approval

Liquor Luxury Tax QA\UAT

Liquor Luxury Tax System Config — **32% Planned** / **19% Actual** — *% Actual vs. Planned as of April PIJ Status Report*

Liquor Luxury Tax Release 1.2

*Corporate Tax System Config — Corporate Tax System Configuration

Corporate Tax Release 2.1 — **Phase 2** Corporate Tax Go Live - 01/01/2027
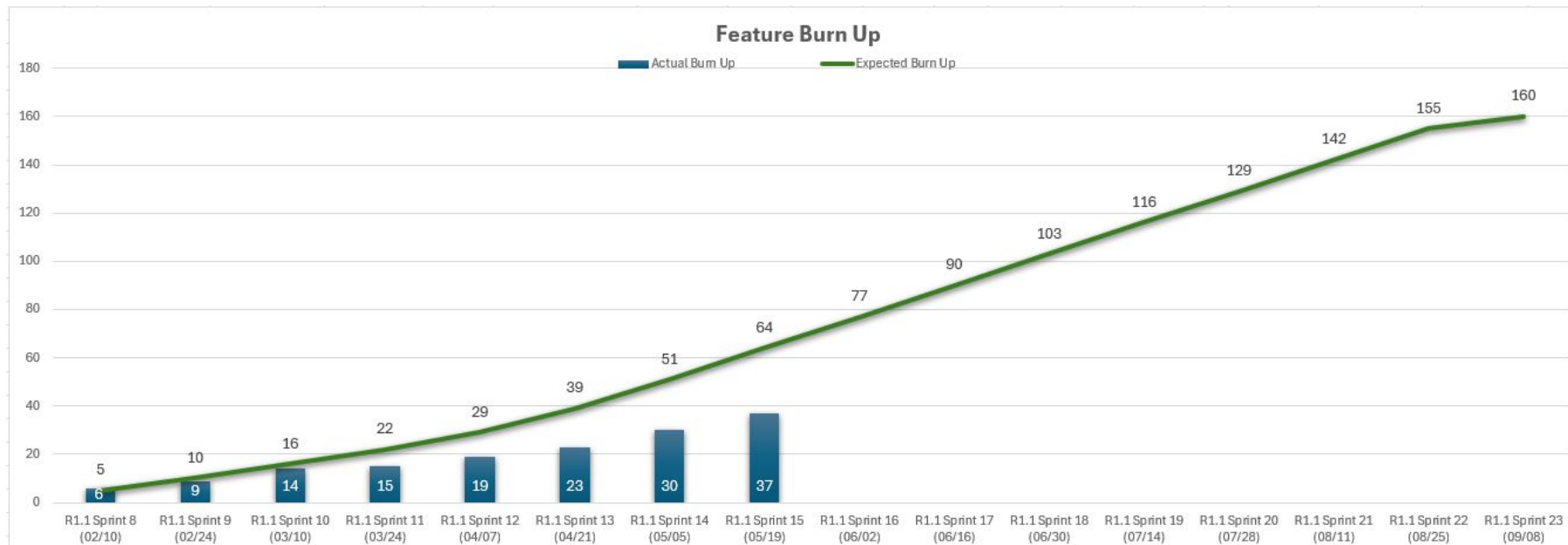
*The Phase 1 scope includes the LLT implementation as well as the initiation of Corporate Tax system configuration activities.

Program Status

STARS Program Status - LLT Release 1.1 Feature Burn Up Chart

Feature Burn Up

Actual Burn Up   Expected Burn Up

Sprint	Actual	Expected
R1.1 Sprint 8 (02/10)	6	5
R1.1 Sprint 9 (02/24)	9	10
R1.1 Sprint 10 (03/10)	14	16
R1.1 Sprint 11 (03/24)	15	22
R1.1 Sprint 12 (04/07)	19	29
R1.1 Sprint 13 (04/21)	23	39
R1.1 Sprint 14 (05/05)	30	51
R1.1 Sprint 15 (05/19)	37	64
R1.1 Sprint 16 (06/02)		77
R1.1 Sprint 17 (06/16)		90
R1.1 Sprint 18 (06/30)		103
R1.1 Sprint 19 (07/14)		116
R1.1 Sprint 20 (07/28)		129
R1.1 Sprint 21 (08/11)		142
R1.1 Sprint 22 (08/25)		155
R1.1 Sprint 23 (09/08)		160

The Feature Burn Up chart reflects the amount of work (37 features - blue bars) that has been completed thus far against the entire development workload (160 Features - green line) of Release 1.1.

Program Status

STARS Program Status - August 2023 - mid-May 2025

Liquor Luxury Tax Implementation
- Key Contributing Factors and Mitigation Strategies

- **LLT Implementation Behind Schedule** - Key contributing factors include:
  - **Delivery Delays** - The STARS Project has experienced delays in the delivery schedule for Liquor Luxury Tax. Key contributing factors include 1) the ramp up of Revhub product development as well as 2) the integration of new development and testing staff have taken time and have not yet reached their full capacity and productivity.
  - **Organization and Skill Gaps** - were identified in the areas of solution design, technical leadership and agile framework maturity prompting a focused effort to grow the team thru the addition of these skill sets.
- **Key Mitigation Plan Milestones:**
  - **Increased Capacity** - In Q2, Voyatek announced the creation of 2 new development pods that will focus on core product delivery.
  - **Prioritize Core Product Delivery** - The project team has refined the delivery scope of LLT Releases 1.1 and 1.2, prioritizing the delivery of the core product and shifting features such as Collections and Audit to later releases.
  - **Program Increment Planning -** Collaborative program planning is completed on a quarterly basis across all teams in support of the release of Liquor Luxury Tax.
  - **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 November 2025.
  - **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 Status

STARS Program Status - August 2023 - mid-May 2025

Accomplishments in the last quarter, cont.:
- Program Improvements

- **Key Leadership Positions** - Voyatek and ADOR have filled key positions including Technical Lead, Solutions Architect, Benefits Realization Lead, as well as the expansion of the Development team to bolster velocity.
- **Comprehensive Metrics and Dashboards** - have been put in place to measure and monitor performance throughout the development lifecycle.
- **Sprint Performance** - Development velocity has steadily increased over the last quarter.
- **Voice of the Customer** - The STARS project team have initiated a Voice of the Customer survey in an effort to capture feedback and improve customer satisfaction for both Liquor and Corporate Tax Types.
- **Benefits Realization Team** - has been established to define and monitor value driven KPIs by Tax Type.
- **Future Phase Work highlights** - Pre-implementation activities are underway for the Corporate Tax implementation. Key activities include data cleansing, data conversion, interface planning and legacy integration planning.
- **Early Wins** - Continued work on the Collections Optimization model - The next iteration of the model will be expanded to focus on a wider audience.

IV&V Report

- The current Gartner Risk Assessment score for the STARS Project is high.
- Risks are being actively reviewed and monitored according to the mitigation plan.
- The following key recommendations were provided in the recent Gartner Risk Assessment report:
  - LLT and Overall STARS Project Burn Down Chart: Prioritize the creation of a LLT Project Burn Down chart.
  - Integrate ADOR Technical Lead: The ADOR Technical Lead must be fully integrated into all STARS technical workstreams to deliver focused technical leadership, enhance collaboration, and ensure the delivery of high-quality code.
  - Core product segmentation from ADOR Product: Develop a high-level Product Roadmap that articulates a strategic vision for the future development and maintenance of the core product. The core product segmentation refers to the management of the base product vs. the Arizona configured product.
  - Define Corporate Income Tax (CIT) Approach and Plan: Pre-work activities for CIT is underway with the kick-off scheduled in late summer. STARS Team must solidify how the team will manage implementation of two tax types.
- The following key Gartner bright spots were provided in the recent Gartner :
  - Project Champions: The sustained commitment from the executive teams of ADOR and Voyatek is evident through their regular meetings focused on strategic priorities and addressing escalated issues.
  - Essential Personnel: The STARS Project has successfully filled key leadership positions and continues to recruit additional staff to address skill gaps and strengthen overall leadership capabilities.
  - Program Increment (PI) Planning: Team Voyatek successfully conducted two PI planning sessions, which provided valuable insights into feature sizing and prioritization. These sessions included all STARS cross-functional and business teams, fostering enhanced collaboration and discussion on core tax administration functionality.

Financial Burndown Chart

Current burndown for Solution

Total Budget: $104,827,600
Allocated Budget: $ 32,476,200
Expenditure to date: $ 23,385,469
Budget Remaining: $ 9,090,731

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
Baseline Projection	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
Actual	503,085	18,287,023	401,051	433,350	555,760	637,351	547,805	366,839	409,401	351,134	442,416	450,253		
Variance ($)	367,815	3,906,190	152,972	2,015,375	1,845,890	235,374	86,595	2,108,911	1,776,424	351,816	2,289,960	330,797		
Variance (%)	42%	18%	28%	82%	77%	27%	14%	85%	81%	50%	84%	42%		

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.

Thank You