**Public Sector Future WWPS Podcast**

**Detail: Public Sector Future**

**Episode: TBD**

**Host: Olivia Neal**

**Guest: Jeff Saviano**

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**OLIVIA NEAL:** Hello, and welcome to Public Sector Future. This is a show for anyone who cares about using digital approaches in the public sector in order to deliver better outcomes. I’m your host, Olivia Neal, and today we’re going to be focusing on the topic of innovation and tax with our guest Jeff Saviano. Jeff is EY’s Global Tax Innovation Lead and he works with teams to drive innovation and develop new technology approaches. Today we discuss how technology can build efficiency in tax operations, and what the future might hold.

(Music.)

[TCR 00:01:34]

**OLIVIA NEAL:** Well, Jeff, thank you for joining us. Welcome to the show.

**JEFF SAVIANO:** Thank you for having me on today.

**OLIVIA NEAL:** Maybe we can start by just understanding a little bit more about your role. So you’re tax innovation leader at EY, and of course, you also host your own podcast, EY’s Better Innovation, but when we think about tax and innovation, they’re not necessarily two words, which we quickly often put together. So could you just share a bit about what does your role involve? Why does it exist?

**JEFF SAVIANO:**

I realize that the combination, the intersection of tax and innovation may not come naturally to some. I’ve been at EY, just hit the 30-year mark, since – since I started here, out of law school.

**OLIVIA NEAL:** Congratulations. Congratulations.

**JEFF SAVIANO:** Well, thank you. Absolutely, it feels like it’s been much less than that, but it’s been a great – a great ride, and I’ve came up through the firm serving clients and – and somewhere along the line caught the innovation bug and – and what we do for the 60,000-plus tax professionals that we have, at EY, we are helping our clients to look around the corner at trends and what’s coming next and find better approaches to complying with government tax laws.

And so a lot of what we do is supporting our commercial clients, but also, we do some work for governments, as well. And we think that innovation, especially for such an important area as taxation, I think it’s important for governments, and I think it’s important for commercial taxpayers, and frankly, for all of us citizens as well.

**OLIVIA NEAL:** Well, I think the depth of insight that you’re going to bring to this conversation is going to be so useful and insightful for our audience. And I think that one of the things, when we’re talking to our government customers, to tax agencies, in all sorts of different regions around the world, people are truly trying to grapple with the breadth of the new types of challenges that are facing us today. And this is everything from energy security to food security. How are these types of global challenges affecting tax operations?

**JEFF SAVIANO:** We think in terms of the social contract, and if you think about all of us as citizens, and I think this applies to organizations, as well, but the social contract of this interaction between all of us as citizens in government, we believe taxes play an important role in that, and as a major driver of the social contract.

just imagine your own contacts with the governments, and I think for most people, the tax component of that is a significant piece. And so, you know, from an innovation standpoint, opportunities to introduce efficiencies, and of course, when we think of innovation, we think of innovative technology, new technology systems that allow both governments and commercial taxpayers and individual taxpayers to be more efficient in how taxes are computed and reported to governments.

We think that there’s an opportunity for greater fairness. And if technologies can reduce fraud and corruption, that’s good for everyone. It’s good for government, and it’s good for honest taxpayers, as well.

So those are a few different vantage points, we could apply here, how do we do it more efficiently? And how do we also do it more fairly? And how do we take a bite out of fraud. Fraud is a $3 trillion a year problem in the world, tax fraud, $3 trillion. And we believe that technology can reduce that, never eliminate it, but we think that these new technologies can actually cut it quite a bit.

[TCR 00:05:37]

**OLIVIA NEAL:** And you see that opportunity to introduce more efficiency, more fairness as playing into building the trust of – of people in their governments, in their tax agencies and playing back into that social contract.

**JEFF SAVIANO:** I think that’s right. And I think it’s an important word to use. I appreciate your use of the word trust. I think that is critical, and the more that individuals, taxpayers, corporate taxpayers, individual taxpayers, the more that they trust the governments that taxes will be imposed and collected fairly, and that governments are actually doing what they can in order to cut corruption, the more that they can cut fraud and corruption, then tax rates can be lower, and they can be more manageable.

I think it’s about confidence and in some ways that the trust and the confidence that we have, as taxpayers, actually, the more confident we are and the more trust that we have, the research shows that we’re actually more prone to pay our taxes if we trust that the collector of those taxes will use it in a way that’s fair and equitable.

**OLIVIA NEAL:** Is there also an angle within this for governments to consider around how to make the right thing to do the easy thing to do? And how to reduce the burden that is sometimes on taxpayers depending on the complexity of different tax systems, by using digital approaches, or using technology to bring automation into any of that or to simplify the interfaces that people have with governments?

**JEFF SAVIANO:** It is, it’s all of that. It’s automation, it’s new – just imagine new digital portals. Imagine other areas of your life. Imagine your banking relationships, imagine the experience that you may have now getting a loan and the introduction of new digital platforms. And imagine how easy it is, right?

In the old days, we used to try to hail a cab, and now how easy to is using new app-based systems in order to provide services much more efficiently. And I think what we’re finding is that, even in the world of tax and finance, those digital efficiencies can actually be quite important. And they can help with compliance, and they can achieve certain benefits that would derive to both governments and commercial taxpayers.

**OLIVIA NEAL:** And when I think back, like even kind of 10 years ago, maybe 15 years ago, we were dealing with many tax systems, I think, which were still based on local tax offices on paper submission of tax forms, of a lack of ability to join up data, across regions within a country or within a state. And I think now – now, in 2022, , lots of regions have moved forward in their tax operations.

It’s an expectation of citizens in many areas and of businesses that they will be able to submit taxes online. And there’s a real pressure on governments to be able to meet that expectation. And I think that goes back into what you were saying about building trust. And I think that how far things have moved just in those last 10 years, what a different environment tax authorities are working in now. When you look forward 10 years into the future if we’re thinking about the kind of early 2030s, do you think that things will be different again in 10 years’ time in tax and in finance?

[09:07]

**JEFF SAVIANO:** I do. I really do. And I wish I wasn’t so old. I wish I had more time in my career to see it’s so exciting to think what may be coming around the corner, but – and I appreciate the opening to your question, which was recognizing the progress that we have made as a society in the adoption of digital technology to many facets overall.

And I actually think the pandemic has induced that in many ways and it has accelerated digital adoption. We’re seeing more governments that are earmarking money to improve their digital systems. We’re seeing adoption of digital public infrastructure, digital public goods by governments in order to help citizens and to serve them better. Even, this is so exciting for us to think about, there are even governments that are looking at the metaverse and looking at what the metaverse means today, and how can they offer services through these new digital computer-generated environments to help taxpayers? And I think all of those changes, in that 2030-ish horizon, I think we’re going to see tremendous progress made.

**OLIVIA NEAL:** That’s a really interesting example, thinking about how with something like the metaverse come into play in this, and maybe there’s almost two sides of thinking about her tax authorities are working there, those outreach and engagement with citizens and businesses. And then there’s the role that technology can play behind the scenes and some of the things that you were talking about earlier in countering fraud, in addressing waste and abuse in systems, which can start to tackle some of that $3 trillion a year gap, that that $3 trillion a year amount of fraud they that we currently see.

**JEFF SAVIANO:** I think the opportunities are endless, but there’s also – I think there’s also some traps along the way to adopt these innovative technologies, and to just name a few, of course, that – that we have the advent of artificial intelligence, machine learning systems to improve decision making. And we have new decentralized Web3-based systems that may be grounded in technologies, like blockchain and distributed ledger technology, that we think that there’s a regulatory layer that is coming very soon, and that – that has to happen on a government-by-government, country-by-country, jurisdiction-by-jurisdiction approach where governments are imposing a regulatory layer of how these technologies can be used in order to protect the citizens.

And you know, that’s not always so easy. There’s many competing interests. Just imagine the bias issues with artificial intelligence or imagine the issues that we have with data sharing and protecting citizen data and ensuring that it’s not being used for a malicious purpose. I think government has an important role to play there too, as the global watchdog to ensure that these technologies are being used responsibly.

[12:15]

**OLIVIA NEAL:**

So how do governments become cognizant and confident of how to use new technologies themselves in an in an ethical manner? I think we sometimes see a fear of risk stopping governments from moving forward. And I think that would be a – a dangerous place for us to be.

**JEFF SAVIANO:**  I think that the pandemic has open eyes within government that – that we found in many corners of the world that – that government was not prepared for the intricacies and the results of the pandemic, that the digital systems perhaps weren’t as ready as they needed to be. And we’re seeing that there has been an oversize response from many governments to fix that.

And whether it’s for pandemic readiness and preparedness for the next one, but I think it’s even extended beyond health and human services to areas like taxation and public finance to ensure that they’re constantly innovating and they’re taking care of today while planting seeds for tomorrow. And I think that’s an obligation, frankly, I believe, for any organization, public or private. How do you meet the needs of your customers today?

Every organization has customers. Government customers are you and I. How do you – how do you ensure that your customers are being cared for today, while looking around the corner and preparing for tomorrow? And I think that we all have experience that from the pandemic that we need that preparedness, we need to ensure that we’re ready for the next crisis, and that we’re innovating in order to put ourselves in the best position in the future.

[TCR 00:13:55]

**OLIVIA NEAL:** Thinking about those seeds that government should be planting for tomorrow, you’ve already mentioned the work that needs to be done to make sure that new technologies are going to be used in ethical ways, and we have the standards and the ability to do that. What other types of things should governments be thinking about now to make sure that they are planting the right seeds to tackle tomorrow’s challenges?

**JEFF SAVIANO:** It’s an important role of governments, and in addition to the watchdog role, and from a regulatory standpoint. I think there’s even we’re finding an obligation for governments to experiment with these technologies as customers zero, and sometimes to, not just experiment, but to pilot and to sort of test them out and extend the capabilities to position those technologies to actually solve some big problems in the world.

So I think you’ve got government in the role of consumer. In instances like this, I think it is incredibly important. The other aspect we’re finding is that I think governments have a role to convene. So governments as conveners of ecosystems, and multi stakeholder groups. It’s one of the most exciting areas of innovative technology today that we’re finding is – I don’t even know if this is a word, but multi-stakeholder-ism, this multi-stakeholder-ism of lots of people coming together to achieve a common purpose.

Government, I believe, has a unique role as a convener, as a convener of those multiple stakeholders to come together and solve problems in new ways. And we’re getting pulled into many of these multi-stakeholder consortium-based initiatives in order to solve problems across both the public and private sectors.

And to me, I think that’s incredibly exciting. It’s not government doing a silo, it’s not the private sector doing it alone, it’s together, right? We’re better together, and we’re early shoots of that in the world now.

**OLIVIA NEAL:** And we’ve been talking, so far, mainly around taxation agencies and – and tax operations, but these trends of increasing change and increasing new opportunities and technology and new digital approaches are obviously affecting different industries as well, both within the financial sector and customs organizations as well as more broadly. Are there any other areas of public sector that you’ve particularly been seeing those trends having impact on?

**JEFF SAVIANO:** Well, you mentioned one. You mentioned customs, and I would certainly include international trade in that category, and I was very fortunate to spend a year on a Trade Finance Advisory Council for the Department of Commerce, here in the U.S., and – and the opportunity to improve trade finance, to bring greater transparency to financial elements of trade to make finance opportunities more available to small- and medium-sized businesses is incredibly important.

It was so rewarding, and it was just wonderful to see the government so very focused on how do we use innovative technology to, again, improve that citizen experience here in the world of global trade? I don’t think that – that these finance programs are as transparent as they could be. And I think technology can help us with that.

I would certainly add international trade, and we’ve seen a number of other countries are forming these multi-stakeholder groups to develop technology for networks. And when you think global trade, we think these are consortium-based approach and often grounded in supply chains.

How do we bring government and private sector supply chains together and create new digital platforms that serve the entire ecosystem? And that’s really exciting to think about.

[17:49]

**OLIVIA NEAL:** , you’ve talked about a few different themes which have come out. You’ve talked about fairness and efficiency, improving customer experience, increasing transparency. And I’d love to know if there’s any examples of where you’ve seen agencies, countries, teams, doing these types of things really well. Is there anything that you could share, which would give people some inspiration for their own ideas?

**JEFF SAVIANO:** It’s exciting to see, both on the public and the private sector, but it’s really exciting to see governments embracing innovation. And it’s not as though you can look across every government and their public finance and finance ministries and – and see defined innovation teams, but I think the ones that do really get it, and they’re preparing for the future.

It’s a discipline, and there’s a science, of course, behind innovation. And there are best practices in how to look around the corner for new ideas and experiment and pilot and then build something at scale. I’ve been really impressed with the UK Government and they have an innovation team within the Tax Authority that we’ve been aligned with on some pilots.

So there’s an innovation leader in the UK Government named Nick Davies. And we’ve worked a bit with Nick on a few of these pilots. And it’s just exciting to see a public servant who is solely focused on innovation for the public good. And it’s been refreshing to see the embrace of new technology and embracing the importance of public and private sector alignment to accomplish mutual objective. And so it’s been great fun to align with Nick on a few initiatives.

**OLIVIA NEAL:** Well, that’s a fantastic set of examples. I think there’s a lot of different areas there for people to think more about. Is there anything that I haven’t asked you, which you think would be interesting for people who care about taxation and technology innovation and digital approaches to be aware of or to be bearing in mind as they’re thinking about how they adjust their own directions for the future?

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**JEFF SAVIANO:** I do have one more, we’re seeing as I think one of the most prominent trends around the world are governments embracing the opportunity to improve their own decision making. In many cases, it’s to improve the decision making from policymakers, and using the trove of data that – of course, governments have this, just a treasure trove of data at their disposal. How can they access that data responsibly, ethically and securely to improve their own decision making and impose better policies for the benefit of society?

And we’re seeing that in many countries, it’s still early days on having – it could be an artificial intelligence-based prediction system that leverages the vast amount of data that government has. I think we’ve just grown to the surface. I think it’s a tremendous area of growth. And, again, back to this notion of how can governments serve citizens better? And I think this is one of them, leverage their data, do it in an ethical and responsible way and simply make better decisions that way.

**OLIVIA NEAL:** What a great point because I think we often think, when we’re thinking about government operations of those outward-facing operations, these things which are directly providing service to people or to businesses, but that internal set of operations, there’s so much benefit to be drawn from that, and the opportunities there are to model different policy options, to model different potential economic decisions, which could help make sure that the outcomes were more likely to be successful, I think is a really great point to highlight. So thank you for that.

**JEFF SAVIANO:** It’s my pleasure. And thank you so much. I appreciate all these great questions. It’s an important area, tax is important to governments and societies and the opportunity to innovate in that space, I really believe in.

**OLIVIA NEAL:** Well, it’s been really great to have you on. Thank you so much for joining us, Jeff.

**JEFF SAVIANO:** Thank you.

(Music.)

[TCR 00:22:00]

**OLIVIA NEAL:** I hope you learned something new and were inspired to think differently about your own digital transformation journey. Check out our show page for links to all of what was discussed today and and visit us at ww.ps.microsoft.com. Please do reach out and send us your questions and your feedback.

As always, you can find me on Twitter. I’m @LivNeal. I’m also on LinkedIn. Or you can email us at ask-ps@microsoft.com. Thank you and see you next time.

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