

IOTA PAPER

Strategic Foresight at the Swedish Tax Agency

Johanna Delac

Analyst Strategic Foresight

Swedish Tax Agency

Sweden

2024
DECEMBER



IOTA

Intra-European Organisation
of Tax Administrations

Why strategic foresight analysis?

While no one can predict the future with certainty, we can enhance our organisation's preparedness through analysis of current events and trends in the world around us. This approach also supports more proactive governance, allowing us to anticipate future developments rather than simply reacting to what is already unfolding. To achieve this shift in awareness, it is essential to integrate monitoring, business intelligence and strategic foresight into our organisation's processes.

The Swedish Tax Agency mandate is commissioned by the Government, but we must also be aware of external factors that may influence our operations. Strategic foresight can help us to meet both present and future challenges effectively. This approach makes it possible to explore possible future scenarios and identify the opportunities and challenges they present. For several years, the Swedish Tax Agency has used monitoring, business intelligence and strategic foresight as key planning tools. These techniques allow us to identify and analyse critical trends and events in our external environment, as well as assess their potential impact on our ability to carry out our mission.

A structured way of looking at the world

Strategic foresight is the process of anticipating future trends, challenges, and opportunities to guide long-term decision-making. Strategic foresight involves identifying and analysing patterns of change driven by key forces, for example the rapid development of generative artificial intelligence, and foreseeing their likely impact on a specific goal or issue. For the Swedish Tax Agency, this means determining how these evolving patterns may affect our operations, and what consequences they may have on our ability to fulfil our mandate.

With this methodology, we can increase our awareness and preparedness for likely events in the near future. Monitoring, on the other hand, refers to continuous gathering of information on external events, trends and developments that could affect us.

This ongoing process provides the foundation for both business intelligence and strategic foresight analysis. Continuous monitoring enables us to track events or trends that reinforce, enhance or deviate from our current understanding. Without this steady stream of information, identifying significant changes in our external environment would be considerably more challenging.



Changes in the world around us affect the Swedish Tax Agency in various ways. While many of these changes are beyond our control, through effective monitoring and analysis, we can gain valuable insights into trends that may have a long-term effect on both our external environment and our internal environment. Our close external environment refers to the immediate sphere in which we interact with, such as the private individuals and

businesses we serve, which we can influence to some degree. Our internal environment refers to our own organisation.

Our scope of analysis varies depending on the purpose of the given analysis at hand. But usually, we focus on a period of five to ten years. If the analysis has a perspective that is longer than ten years then a different method for analysis - scenario analysis - is more appropriate to use. This is due to the fact that the longer the time perspective, the greater the uncertainty and therefore the likely impact of changes driven by key forces are increasingly harder to foresee. Scenario analysis is a method that provides a rational and structured way to analyse the future. Scenario analysis examines a spectrum of different potential situations and outcomes, typically ranging from a best-case to worst-case scenario.

Our analytical focus spans a five- to ten-year period, starting with identifying external trends that are likely to have the greatest impact on our ability to carry out our assignment within that time frame. To guide this analysis, we address three key questions as we explore possible future scenarios that the Swedish Tax Agency may need to navigate over the next decade: -*What* is happening? -*Why* is it happening? -*How* will it affect us?

Through monitoring, business intelligence and strategic foresight analysis, we gain insights into current phenomena affecting us, allowing us to take timely and informed action. However, the primary goal of strategic foresight is to build an understanding of long-term external events, trends and changes that could impact our close external environment and internal environment.

Methodology

Our approach to strategic foresight focuses on identifying patterns of change, tracking developments, and analysing their potential impact on our agency. This method enables us to have a more objective outlook on what will happen in the future. The method can help us prepare for future answers to questions we ask ourselves today. Instead of seeking examples that confirm our desires or fears about the future, we focus on real-world events that shed light on what the future may hold. Long-term thinking requires the courage to see the world as it is, understanding current realities rather than clinging to hopes about what might happen.



We use the TAIDA model, developed by Swedish analytics company Kairos Future, as the basis for our strategic foresight analysis. This model supports the creation of sustainable strategies by emphasising the importance of understanding changes in the world as part of long-term planning. Within our strategic foresight work, we primarily focus on the first two stages of TAIDA: Tracking and Analysing. These steps are repeated in an ongoing process, while other departments in our organisation handle the remaining steps. Our analytical reports serve as crucial inputs for broader planning and decision-making processes.

Strategic foresight helps us identify what we should focus on – key external factors and immediate developments that require our attention. When combined with what we want to strive towards (our visions and goals) and what we can achieve (our organisational capabilities), these external changes help determine what we must prioritise to move forward. These three elements – should, want, and can – help us to form strategies which help us to meet future challenges.

Trend analysis: a key component of strategic foresight

Trend analysis is essential for identifying patterns of change and developments that impact us. Unlike speculative predictions or aspirations, trend analysis is grounded in what is observable and measurable today. This provides a more objective foundation for discussing likely future developments, while also serving as an anchor in the present.

A trend is defined as a long-term directional change, either increasing or decreasing. Trends are identifiable in the present, with a historical trajectory and an expected future progression. Typically, trends are interconnected, forming long chains of causes and effects. A trend can drive, or result from, other trends.

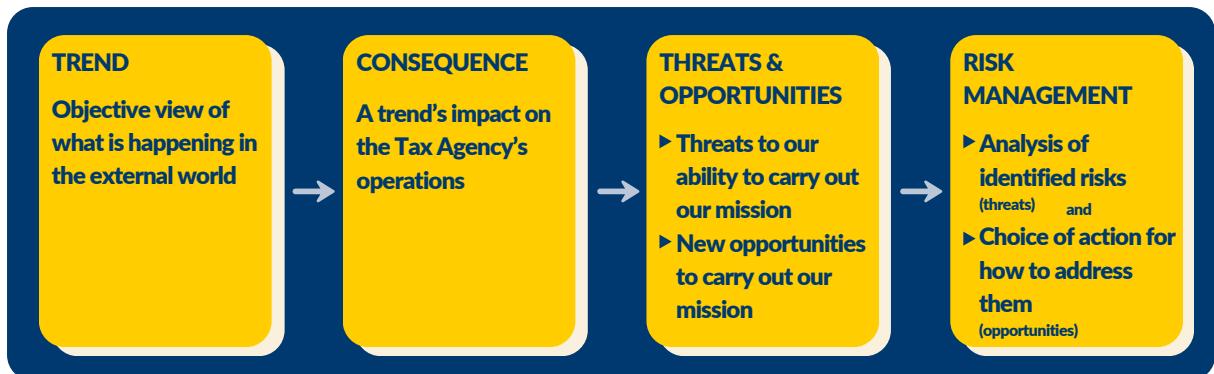
Trends differ in scope and impact. The most far-reaching are known as megatrends or metatrends, which often relate to demographic, economic, and technological shifts. These megatrends are powerful key forces, shaping more specific trends that directly affect organisations such as the Swedish Tax Agency. Analysing megatrends helps us to gain a better understanding of specific trends that impact our operations.

Some specific trends identified as having significant implications for our organisation include:

- The emergence of new business models
- The increasing importance of digital identities and biometric solutions
- The shift towards more cohesive and personalised customer experiences
- The expansion of autonomous and automated solutions into new sectors

Risk management is closely linked to trend analysis. It plays a crucial role in strategic foresight, contributing to the evaluation of challenges, opportunities and risks associated with emerging trends.





Strategic foresight analysis at the Swedish Tax Agency

At the Swedish Tax Agency, we integrate business intelligence and strategic foresight across different areas of our organisation. Analysis of our external environment enables us to monitor and identify trends and events that may influence our ability to carry out our mission over the next decade. Strategic foresight informs a variety of key areas, including:



This strategic approach enables us to generate new insights, adapt our ways of working, and rethink how we approach our assignment from the Government. It challenges entrenched beliefs and enhances our readiness for future developments by fostering a deeper understanding of our surroundings.

A strategic analytical approach is crucial for enabling an organisation to effectively prepare for the future. As the pace of global change accelerates, there is an increasing need for robust strategic planning. This approach enables organisations to anticipate the direction and impact of current trends, while also planning for critical uncertainties. By doing so, they can adapt more swiftly to emerging challenges and developments.

In summary, by looking further into the future, we can enhance our organisations ability to identify emerging risks, challenges, and opportunities in an ever-changing world. This foresight strengthens our resilience by integrating future insights into the decision-making process. Even if we cannot fully predict the future, being aware of potential developments enables us to be proactive and respond rapidly to new trends and developments that may affect us.

Copyright © 2024 by IOTA Secretariat. All rights reserved.

No part of this publication may be duplicated or distributed without written permission from the IOTA Secretariat.

Edited by: Diána Schreiter, IOTA Secretariat

Proofread by: Jonathan Heath, IOTA Secretariat

Published by

Intra-European Organisation of Tax Administrations

Budapest, Hungary

2024

For general information about other IOTA publications, please contact us at:

✉ Secretariat@iota-tax.org

📍 12-14 Dohány Street, H-1074, Budapest, Hungary



IOTA

Intra-European Organisation
of Tax Administrations

