

H&R Block with IBM Watson Reinventing Tax Preparation

From the Cloud to the Tax Desk, Watson to Help Tax Pros Maximize Tax Outcomes

KANSAS CITY, Mo. and NEW YORK, Feb. 1, 2017 /PRNewswire/ -- H&R Block, Inc. (NYSE: [HRB](#)) is reinventing the category it founded more than 60 years ago by introducing a [new, exclusive, consumer-facing experience](#) that incorporates IBM Watson (NYSE: [IBM](#)). The technology will be used by H&R Block's tax professionals this tax season to help deliver the best outcome for each unique tax situation, while helping clients better understand how different filing options can impact their tax outcome.

The collaboration between H&R Block and IBM represents the first time Watson will be applied to tax preparation, enabling millions of filers to benefit from the industry-leading expertise of H&R Block's tax professionals, who will now partner with Watson to improve the client experience and aid in identifying credits and deductions.

"We are introducing something this tax season that is totally new, and is in fact, a first in the tax preparation category," said Bill Cobb, H&R Block's president and chief executive officer. "By combining the human expertise, knowledge and judgment of our tax professionals with the cutting-edge cognitive computing power of Watson, we are creating a future where our clients will benefit from an enhanced experience and our tax pros will have the latest technology to help them ensure every deduction and credit is found. This partnership with Watson means we can leverage the best technology available to help our clients get their taxes won."

The field of tax preparation involves massive volumes of data, including a federal tax code with more than 74,000 pages and thousands of yearly tax law changes, all of which impacts a client's tax outcome. As part of the first phase of the collaboration, H&R Block and IBM development teams trained Watson in the language of tax, first applying the technology to the thousands of questions and topics discussed during the return filing process.

The result is a new cognitive experience for filers offered for the first time this tax season at H&R Block retail locations. The solution uses cloud-based Watson services to understand context, interpret intent and draw connections between clients' statements and relevant areas of their return.

H&R Block tax professionals can then identify additional areas of possible tax implications in order to maximize client refunds or reduce their tax liabilities. The client can follow along with the tax professional on a dedicated client companion screen that brings to life key focus areas for deductions, making the preparation process more engaging and transparent.

"IBM has shown how complex, data-rich industries such as healthcare, retail and education are being transformed through the use of Watson. Now with H&R Block, we're applying the power of cognitive computing in an entirely new way that everyone can relate to and benefit from – the tax prep process," said David Kenny, senior vice president, IBM Watson and Cloud Platform. "We're excited to see H&R Block's tax professionals, leaders in their field, join their expertise with Watson to enhance the client experience and help millions of individuals file their returns during tax season."

The partnership with H&R Block in a new industry domain for IBM puts Watson on track to reach more than a billion people around the world by the end of 2017 as the technology is increasingly used to help professionals derive insights and support human decision-making. Organizations are using their data to set themselves apart from competitors. For example, in applying Watson to tax, H&R Block is not just tapping into leading technology, it's also maximizing its competitiveness - its own company insights, amassed over 60-plus years of preparing hundreds of millions of returns combined with new insights gained by using Watson. As Watson learns more about navigating the tax code from H&R Block tax professionals, those learnings will stay with H&R Block and improve the value it delivers to tax filers. Watson's initial training was validated by H&R Block tax experts and the initial corpus will expand over time through each subsequent tax season. During the next phase, H&R Block tax professionals will work with IBM to continue teaching Watson all about tax and apply the technology to innovate in other areas

of their business.

Since 1955 H&R Block has filed more than 720 million returns, amassing deep insights that inform their recommendations to filers. H&R Block's approach to tax preparation is rooted in a commitment to securing the maximum refund each client can earn. Doing so means avoiding a check-the-box approach, which can often lead to missed deductions or filing an inaccurate return.

H&R Block with Watson commercial to run during 1st Quarter of Super Bowl

H&R Block will highlight this new offering with the company's first Super Bowl commercial since 2009.

"This partnership with IBM to apply Watson represents a huge innovation in the tax preparation industry," said Kathy Collins, H&R Block's chief marketing and strategy officer. "We are launching it on the biggest stage – the Super Bowl – to ask consumers to rethink their current tax preparation method, and question whether they got back everything they deserved. We know there is nothing more important than optimizing their outcome – or, in other words – getting their taxes won."

H&R Block's new proprietary client experience with Watson is available only at H&R Block retail locations beginning Sunday, February 5.

About H&R Block

H&R Block, Inc. (NYSE: HRB) is a global consumer tax services provider. [Tax return preparation](#) services are provided by professional tax preparers in approximately 12,000 company-owned and franchise [retail tax offices](#) worldwide, and through H&R Block [tax software products](#) for the DIY consumer. H&R Block also offers adjacent Tax Plus products and services. In fiscal 2016, H&R Block had annual revenues of over \$3 billion with 23.2 million tax returns prepared worldwide. For more information, visit the [H&R Block Newsroom](#).

About IBM Watson: Pioneering a New Era of Computing

Watson represents a new era in computing called cognitive computing, where systems understand the world in a way more similar to humans: through senses, learning, and experience. Watson continuously learns from previous interactions, gaining in value and knowledge over time. With the help of Watson, organizations are harnessing the power of cognitive computing to transform industries, help professionals do their jobs better, and solve important challenges.

As part of IBM's strategy to accelerate the growth of cognitive computing, Watson is open to the world, allowing a growing community of developers, students, entrepreneurs and tech enthusiasts to easily tap into the most advanced and diverse cognitive computing platform available today. Watson solutions are being built, used and deployed in more than 45 countries and across 20 different industries.

For more information on IBM Watson, visit: ibm.com/Watson and ibm.com/press/watson. Join the conversation at #ibmwatson.

Contact:	
Gene King	Katy Rosati
H&R Block	IBM Media Relations
gene.king@hrblock.com	krosati@us.ibm.com
816-854-4672	917-421-7543

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