

Establish Clear Governance and Formal Roles and Relationships

Typical of efforts to build E-government applications, complex system development projects fall victim of having "too many cooks in the kitchen". One of the consequences of partner-based outsourcing collaborations is that the service provider begins to take on management responsibility and risks and quickly joins its client as a stakeholder in the project (Lee et. al., 2003). As this occurs, the roles and responsibilities of each partner can become ambiguous. Managers must also sort through the competing goals of each stakeholder. The Internal Revenue Service experienced these problems as it developed E-File, an online tax filing service.

E-File is one of the modernization initiatives underway at the IRS that was built through a collaboration with multiple organizations. Mandated by the IRS Restructuring and Reform Act of 1998 (RRA), the IRS was directed to reorganize from its current structure into one that is more customer-focused, serving groups of taxpayers with similar needs. The RRA established the governance mechanisms that enabled the collaborating organizations to form formal relationships with the IRS and help to formally define how each partner would participate in the E-File collaboration. The main players initially involved in the implementation of E-File included the Internal Revenue Service, and such key leaders in the tax preparation and technology industries as Intuit, H&R Block, Jackson Hewitt, and Computer Sciences Corporation.

Given the extremely sensitive nature of tax policy and processes, the formal governance structure and formal working relationships were critical for the projects' success. The formal governance structure defined the parameters in which the partners could work together to make E-File possible. For example, in developing the project, there was a range of issues that the partners needed to collaborate on and resolve including making online tax filing more convenient, authenticating each transaction, securing personally identifiable information, and thwarting fraud. After identifying these particular problems, the partners were able to work out solutions within this framework. The formal guidelines and structure helped each partner know its role and responsibilities. They also ensured transparency and legitimacy in a situation where each partner has a stake in the new processes and final service outcomes. If these factors were not present, it is likely that E-File would have suffered under Congressional and public scrutiny.