Sizing US eGovernment

The Internet will force governments to reinvent both their inner and outer workings -- eventually. After early excitement, eGovernment’s impact will come slowly as rising constituent expectations force governments to improve outmoded processes.

INTERVIEWS

- Governments offer an array of services online.
- Organizational hurdles hamstring efforts.

ANALYSIS

- eGovernment will reach $602 billion by 2006.
- Adoption will progress through three phases.

ACTION

- Authorities should change practices to drive traffic.
- Governments should pursue portal partnerships.

WHAT IT MEANS

- Public and private transactions will begin to blur.
- Newly efficient governments will get more done.

RELATED MATERIAL

GRAPEVINE

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Nobody knows how big government is. Really, nobody.
Governments race to close an eGovernment loophole.
INTERVIEWS

The Internet Has Governments’ Attention
Federal, state, and local governments are providing a variety of services online. They use the Net to streamline offerings and improve their constituents’ perceptions of government. But governments do little to market sites, and they face unique hurdles in moving services online.

eGOVERNMENT DEFINED
The term eGovernment is bandied about to describe a number of governmental activities taking place via the Internet. Forrester defines eGovernment as:

Federal, state, and local government applications that elicit payment or documentation submission over the Net.

Synonyms for eGovernment include digital government, online government, and eGov. The areas outside our purview include online voting, online government procurement, the Department of Defense, quasi-private ventures like the US Postal Service, and the internal workings within a single level of government.

GOVERNMENTS MOVE SERVICES ONLINE
To assess the growth of eGovernment, we spoke with 45 government agencies responsible for online initiatives -- 15 each from federal, state, and local governments. We also interviewed five foreign governments. All of our interviewees offer at least department information online. They’ve begun to offer an array of simple transactional services via the Internet, ranging from license applications to tax payment. Respondents have conservative projections for growth in the services they’ll offer by the end of next year (see Figure 1).

“We are conducting a number of transactions online such as license renewal, vehicle registration, sex offender registry, development permitting, employment jobs database, and medical licensing verification. Citizens will never be told that ‘you need to go over there’ to get that service.” (State)
**Figure 1** Governments Have Modest Plans For eGovernment Expansion

“What government services do you offer online now, and what will you offer by the end of 2001?”

**Government-to-citizen (G2C)**

<table>
<thead>
<tr>
<th>Service</th>
<th>Now</th>
<th>End of 2001</th>
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<tbody>
<tr>
<td>Information on departments/elected officials</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>License applications (form availability)</td>
<td>31%</td>
<td>42%</td>
</tr>
<tr>
<td>License applications (with payment)</td>
<td>29%</td>
<td>42%</td>
</tr>
<tr>
<td>Motor vehicle licenses/registration</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>Birth/marriage/death certificates</td>
<td>16%</td>
<td>24%</td>
</tr>
<tr>
<td>Property tax payment</td>
<td>11%</td>
<td>22%</td>
</tr>
<tr>
<td>Municipal/state services</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>Traffic fine payment</td>
<td>9%</td>
<td>20%</td>
</tr>
<tr>
<td>Building permit applications</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>Income tax payment</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>Crime/penal system statistics and information</td>
<td>11%</td>
<td>16%</td>
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<tr>
<td>Utility bill payment</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>0%</td>
<td>27%</td>
</tr>
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</table>

**Government-to-business (G2B)**

<table>
<thead>
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<th>End of 2001</th>
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</thead>
<tbody>
<tr>
<td>Information on departments/elected officials</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>License applications</td>
<td>36%</td>
<td>56%</td>
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<tr>
<td>Building permit applications</td>
<td>13%</td>
<td>38%</td>
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<tr>
<td>Sale of government resources/surpluses</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Corporate tax payment</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>Fine payment</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Government auctions</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Sales tax payment</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>None</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>9%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Based on interviews with 45 federal, state, and local governments/agencies (multiple responses accepted)

Source: Forrester Research, Inc.
“We give law enforcement authorities across the US immediate access to information on wanted persons, missing people, warrants, and criminal histories. Processes that used to take weeks are now done almost instantly. Time is of utmost importance in criminal investigations.” (Federal)

“From July 1999 through December 1999 we had 714 property tax payments made online, and through March we were up to 2,650. Web traffic has grown by 70% in the last 10 months. We don’t measure ROI in traditional terms. We measure success in terms of hits and feedback from clients.” (Local)

**Governments Depend On Word Of Mouth To Drive Site Traffic**

Despite offering more services online, two-thirds of interviewees don’t actively market sites, relying instead on word of mouth to drive interest.

“We can’t really market and don’t have a culture that includes marketing; we’re really a nonprofit. We issue press releases. People simply don’t know what’s offered, and I’m not sure they necessarily care.” (Local)

“We have an office of public affairs, and we’re working with them on how to best market our offerings. This also has required a change of mindset. Up until a few years ago, it was a big no-no for government agencies to market themselves, so we are only now developing strategies on how best to do this.” (Federal)

**Money And Organizational Barriers Hinder eGovernment Efforts**

Limited funds and bureaucratic inflexibility deter respondents as they bring government into the online era (see Figure 2).

“Our No. 1 barrier is funding. We submit the budget for 2002 now, so we must think two years ahead of time in what we see as our needs. Cultural barriers are big as well. Program managers are not as educated in the use of technology as their private sector counterparts. In private industry, you need to move to the Web or you die, and that spirit does not exist in government.” (Federal)

“Culture is a principal barrier, because there exists a command and control mentality in government that is inflexible. This mindset is inconsistent with the approach we need to successfully implement digital government.” (Federal)
INTERVIEW CONCLUSIONS

From our interviews, we found that:

• A growing range of eGovernment services is becoming available online.
• Governments devote little effort or attention to marketing sites.
• Financial and organizational hurdles retard eGovernment.
The Net Will Slowly Reinvent Government

eGovernment will change the way authorities deal with citizens and businesses -- but not until governments work through funding struggles and bureaucratic inertia to deliver more meaningful services online. By 2006, federal, state, and local governments will collect $602 billion -- 15% of total collections -- via the Net.

GOVERNMENT MAKES NET SENSE

While eGovernment adoption will take place in fits and starts, Forrester believes that it will continue to grow. Why?

• **Citizens want it.** An increasingly wired public wants online services from its government. Forrester conducted a survey of 5,000 Net users and found that they see benefits in interacting online with their governments. And even though they’re concerned about privacy and paying convenience fees, users are interested in using multiple classes of eGov services (see Figure 3).

• **Businesses need it.** As businesses adapt to the more competitive pricing environment of the Internet, they will search for ways to cut costs. Industry will look to government for online relief from manually intensive reporting duties.

• **Government’s mandating it.** Two laws, the Paperwork Elimination Act and the Clinger-Cohen Act, require that federal government departments move services online and focus on realizing results from their IT investments, respectively.

**EGOVERNMENT COLLECTIONS WILL TOP $602 BILLION BY 2006**

eGovernment means giving constituents the ability to execute full transactions online, not just putting up static HTML pages with government regulations or office hours. By 2006, Forrester believes that government fees and taxes collected online will represent 15% of total government fund collection (see Figure 4). To assess eGovernment’s adoption, Forrester measured the:

• **Amount of money collected on the Net.** Federal, state, and local governments will combine to collect $602 billion online in 2006. Income tax and employer
Figure 3: Net Users’ Interest in eGovernment

"What do you see as the potential benefits of using government services online?"

- I can do it on my schedule/ not limited to government office hours: 84%
- It is faster: 76%
- I do not have to deal with government bureaucrats: 55%
- It is easier to search for information: 55%
- Interactive tools help lead me to a decision or get an answer: 20%
- The information is more complete: 15%
- The information is not available offline: 5%

(multiple responses accepted)

"How likely are you to use the following eGovernment services/capabilities?"

- Registration of vehicles, pets, etc.: 40%, 47%
- Communication with government via email: 25%, 15%
- Payment of taxes, fees, etc.: 22%, 26%
- Information on departments/officials: 14%, 16%

(Percentages may not total 100 due to rounding)

"What would prevent you from using government services online?"

- I do not want to pay extra handling fees: 55%
- Privacy: 43%
- Security: 36%
- Sites are difficult to navigate: 24%
- I like dealing with people face-to-face: 13%

(multiple responses accepted)

Source: Forrester Research, Inc.
payment collections from small businesses at the federal level will constitute the bulk of eGovernment collections. Electronic funds transfer (EFT) is not included in the model unless the commitment to pay is made online.

- **Number of submissions occurring online.** Most government services and regulatory requirements involve the filing of an application or report by businesses and constituents. Governments at all levels will receive 333 million online submissions by 2006 (see Figure 5). State governments will receive the most -- 137 million in 2006 -- fueled by online business reporting.

- **Number of eGov applications deployed.** By 2006, authorities will roll out almost 14,000 total eGovernment applications nationwide. The majority of these services will come from the nation’s 35,000 cities and towns.

**eGOVERNMENT ADOPTION WILL ADVANCE THROUGH THREE PHASES**
The growth of online government will build slowly through three phases (see Figure 6):

1) **Experiment (2000-2002).** Authorities will test the Net’s waters -- moving a smattering of low-risk, clearly bounded, constituent-focused services online.
Figure 5 Sizing eGovernment Submissions And Number Of Apps Deployed

Source: Forrester Research, Inc.
Figure 6: The Three Phases Of eGovernment

Experiment (2000-2002)

Integrate (2002-2005)

Reinvent (2005+)

Source: Forrester Research, Inc.
2) **Integrate (2002-2005).** To reach the next level of sophistication, eGov services will require the integration of different bureaucratic departments. This will open up hornets’ nests of political problems and technological difficulties.

3) **Reinvent (2005+).** Legislative mandates will drive the organizational reinvention necessary to synchronize governments’ processes and jurisdictions with their Net front ends.

**Phase One: Experiment (2000-2002)**

Governments’ initial forays onto the Net during the next 24 months will continue to be marked by cautious experimentation. Risk-averse departments will stick to moving clearly bounded services online -- focusing as much on not screwing up as on providing benefit to citizens. Volume will be relatively limited due to:

- **Simple applications.** A prototypical initiative in this phase is North Dakota’s online acceptance of fishing license applications. Applying for a fishing license poses little privacy threat to users, requires minimal identity authentication, and calls for a low level of systems integration. Simple offerings like this will account for 3,000 individual online applications deployed by governments by 2002.

- **A patchwork of pioneers.** There’s no federal CIO coordinating departments’ efforts, so early movers like the Department of the Treasury and the IRS have taken the initiative themselves. Centralized states with engaged governors, like Virginia, have moved online quickly, while fragmented governments like Texas’ labor through more sluggish eGov adoption. Avant-garde cities like Indianapolis and Boston have set the pace at the local level -- but a lack of technological sophistication will keep 90% of cities and towns from offering eGovernment services through 2002.

- **Crude apps.** Parking ticket payments exemplify the limited value offered. It’s just as easy for users to mail a check as to hunt for their cities’ parking ticket site. And without real-time integration with accounting systems, users have to wait five days for payments to be processed. Pair that with lackluster marketing efforts, and most constituents will continue to interact with their government the old-fashioned way for the next two years.

- **Added convenience fees.** Use of state and local sites will be hindered by ill-conceived convenience-fee funding schemes implemented by states like Nebraska and Georgia. Constituents won’t pay extra to conduct marginally more convenient transactions online. As a result, Forrester believes that governments will eliminate user-charged fees by 2002.
Phase Two: Integrate (2002-2005)
Expectations for online government will rise quickly as citizens incorporate private-sector eCommerce into their daily lives. This will force governments to respond with more sophisticated, customer-centric offerings that require integration among multiple departments. Administrators will also have to incorporate new authentication and payment mechanisms. Governments’ integration efforts will define a landscape where:

- **States and feds will offer one-stop portals.** Currently targeting industry, governments will roll out sites for incorporating new businesses. States will position their instant-approval permit sites to attract firms waffling on opening facilities in other states (see Figure 7). On the constituent front, agencies will implement demand-driven eGov by launching life-event portals that simplify the government transactions necessary for events like going to college or retiring.

- **Locals will target utility and property tax bills.** Larger cities and towns will push transactions to their citizens. They’ll link into electronic bill presentment and payment consolidators like CheckFree to add property taxes and utility payments to the pile of online bills that consumers pay each month (see the September 1999 Forrester Report “Bill Presentment’s Late Delivery”).

- **All levels of government will address privacy head-on.** Users will become further sensitized to the information that governments collect as it is linked and made accessible. To assuage concerns, feds will adopt the complete set of FTC fair information practices. This will mean adopting controversial practices like granting full opt-in and access to all of the information kept by the government. States, cities, and towns will be at the epicenter of privacy concerns, as residents balk at nosy neighbors’ real-time access to their police records and the value of their home.

- **Technology woes will slow deployment.** Linking multiple departments’ outdated legacy systems will prove to be a slow and cumbersome process. In many cases, governments will be forced to rebuild databases from scratch. Authorities will struggle to tie their systems to new payment and authorization services or into private-sector portals with which they have partnered.

- **Agencies will battle for ownership of sites.** Tiring quickly of searching for services, users will demand that like offerings be combined on single sites. Firefights will rage between departments over plans to combine their services. Today, at least 20 federal agencies provide educational loans. Once a consolidated loan portal is proposed, large groups like the Department of Education and the Department of Commerce will wrestle for control of funding and management.
## Experiment
- **Federal**
  - **Sample apps:**
    - Personal income tax filing
    - Campground reservations
  - **Drivers:**
    - Clinger/Cohen Act and Paperwork Elimination Act
    - Reinventing gov’t.
  - **Hurdles:**
    - Cookie gaffes fuel privacy concerns
    - Funding mechanisms and timing

- **State**
  - **Sample apps:**
    - Motor vehicle registration
    - Hunting/fishing licenses
  - **Drivers:**
    - Governors looking to gain visibility
    - Third-party portal providers
  - **Hurdles:**
    - Lack of citizen awareness
    - Making the case for eGovernment

- **Local**
  - **Sample apps:**
    - Parking ticket payment
    - Municipal service requests
  - **Drivers:**
    - CIOs, enlightened department heads
    - New generation of eGov ASP providers
  - **Hurdles:**
    - Limited technology resources
    - Over 36,000 entities

## Integrate
- **Federal**
  - **Sample apps:**
    - Full-service student loan portal
    - EPA, OSHA, EEOC reporting
  - **Drivers:**
    - Federal downsizing and mass of retirees spur innovation
    - Businesses lobby for relief from onerous paperwork
  - **Hurdles:**
    - Political struggles between agencies
    - Perception that online tax payments are more likely to be audited

- **State**
  - **Sample apps:**
    - Professional licensing portals
    - Business registration
  - **Drivers:**
    - Hope that easier eGov filings will attract business to state
    - Private/government partnerships and portals
  - **Hurdles:**
    - Many states still sell constituent data
    - Ensuring small-business access to services

- **Local**
  - **Sample apps:**
    - Full-service building permit sites
  - **Drivers:**
    - Medium-sized cities catch up with larger counterparts
  - **Hurdles:**
    - Constituents’ privacy concerns about prying cyber-neighbors

## Reinvent
- **Federal**
  - **Sample apps:**
    - One-click tax filing with online prepopulated 1099 and W-2 info
    - Tele-medicine
  - **Drivers:**
    - Public fed up with redundant sites, legislators push for reorganization
  - **Hurdles:**
    - Integration to support small-business reporting

- **State**
  - **Sample apps:**
    - Single site for new home purchase needs: change of address, obtain new driver’s license, property tax assessment
  - **Drivers:**
    - Merging city/town offerings into state portal
    - States work with industry to create vertical portals
  - **Hurdles:**
    - Sovereignty battles with the federal government over service standardization

- **Local**
  - **Sample apps:**
    - Online petitions and referendums on municipal issues
  - **Drivers:**
    - Federal money for local eGovernment initiatives
  - **Hurdles:**
    - Digital divide -- ensuring equal access for all citizens

Source: Forrester Research, Inc.
Phase Three: Reinvent (2005+)

eGov sites will put a public face on bureaucratic redundancies. The flimsy Web front ends erected in the integration phase won’t hide grave organizational problems. Once constituents and lawmakers see the structure of their government laid out before them on the Web, they will ask why departments like the Centers for Disease Control and Prevention and the National Institutes of Health offer so many overlapping services. Pressure to reorganize all levels of government will soon follow.

• **Government will become less visible.** Agencies’ customer focus will mean offering more access points to government services -- and extending into the private sector. The best new eGov apps will fit seamlessly into constituents’ lives. Soon-to-be-retired citizens will check the status of their Social Security accounts at Fidelity.com and will handle their Medicare filings while at Healtheon/WebMD.

• **Feds and states will do more with less.** After working for years to move lots of discrete offerings online, governments will meld these “features” into single applications accessed through an easy-to-find, intuitive site. By 2006, states will offer 20% fewer applications online than at their peak in 2004. Residents’ satisfaction with government will increase when they only have to visit one site to buy a new home -- letting them change their address, update vehicle registration, and register to vote with one mouse click.

• **Legislatures will force reorganization.** After playing a limited role early in the game, Congress will move front and center. Spurred by blue-ribbon commissions formed to investigate government redundancies, lawmakers will approve the largest government restructuring since the creation of the Department of Defense after World War II. In parallel, Forrester expects the same level of legislative activism to retool stodgy state agency structures.

• **New models will better align funding with eGov efforts.** Legislatures at all levels of government will finally take action to bridge the gap between 18-month government funding and quarterly Web development cycles. Authorities will create venture-capital-type funding pools and shift incentives toward saving money and increasing satisfaction rates to equip eGov to move at Internet speed.

• **Cities and towns will bridge the digital divide.** Local governments will find themselves at ground zero of the digital divide controversy. To assist, the federal government will link funds for bridging the divide with eGovernment grants. These funds will help small towns move both services and their constituents online, letting them realize the cost savings of their larger peers.
ACTION

During the next 12 to 24 months, governments at all levels must:

☑️ **Start marketing now.**

To overcome privacy concerns and increase usage, authorities’ advertising must articulate a clear value — whether it be convenience, cheaper fees, or increased service levels. The results will increase traffic, revenue, and submissions, and they will justify eGovernment to those who hold the purse strings.

☑️ **Discontinue dodgy business practices.**

Governments should immediately stop charging constituents convenience fees and selling their data to private companies. Fees discourage users from trying out the new channel, and they represent a discriminatory tax borne by Net users. Governments should also stop selling Department of Motor Vehicles (DMV) data — even information not covered by last year’s Supreme Court ruling against such sales. While ending these practices will cut into short-term revenue, higher eGovernment adoption will save governments far more in the long term.

☑️ **Make portal deals to drive traffic.**

To compensate for nonexistent marketing efforts, governments should pursue portal partnerships. On the constituent side, state and local governments should make deals with high-traffic sites like MSN and Yahoo! to offer services on home pages between users’ movie listings and their hometown sports scores. And to extend access to government services by business, authorities should go after small-business portals like AllBusiness.com or Onvia.com — integrating one-stop business-licensing and tax filing onto their sites.

☑️ **Sync on- and offline channels.**

As constituents flit between visiting City Hall in person or online, governments must ensure that information is immediately updated across all channels. Just as businesses struggle to maintain one view of their customers, authorities must strive for a single view of their constituents. Botching the handoff from online to offline records will undercut efforts to shed the government’s reputation for inefficiency and incur the wrath of legislative oversight committees.
WHAT IT MEANS

eGovernment will change government as we know it over the next 10 years as:

1. **The lines between public and private sectors will blur.**
   In the coming years, half of the workforce will reach retirement age, and authorities will continue to rely on the assistance of private companies to move online. Governments will learn to offload low-value activities to service providers that will logically bundle them into transactions. Because Quicken facilitates tax filings, the IRS won’t need to duplicate assembly of taxpayer information. Constituents will pay excise taxes at Autobytel.com as easily as at the DMV. With these partnerships, citizens will have a more positive perception of governments.

2. **Governments’ focus will shift to delivery of services.**
   Shedding their reporting and collection duties will enable departments to focus on their core services. By leveraging H&R Block and other third parties to handle collections, the IRS can focus on compliance issues and simplifying the tax code. In parallel, new joint efforts will emerge. Other government departments will leverage the post office’s logistics infrastructure -- for example, social workers will deliver meals to the elderly in half-full mail trucks.

3. **Net-powered legislators will drive eGovernment.**
   The next wave of government leaders and bureaucrats will have the Internet in their blood. Bored Internet millionaires will switch over to government in search of new challenges, bringing with them a needed disdain for inefficiency. Younger workers and legislators from the Net generation will move up in the government ranks. Believing the Net to be the default channel for services rather than an add-on, this new breed of Net politicians and bureaucrats will push to make eGovernment synonymous with government.

4. **Net initiatives will spur a return to activist government.**
   As eGov unfolds and the Web eliminates bureaucracy, a more activist government will become more politically palatable and technically possible. Large government undertakings like national healthcare will be more viable given the proven efficiency of eGovernment and constituents’ confidence in Web-centric public-private partnerships.
To research this report, Forrester spoke with CIOs and other heads of eGovernment efforts at federal, state, and local governments who have already begun eGovernment implementations, as well as five international governments. We also spoke with eGovernment technology providers, systems integrators, and other organizations helping governments to move services online.

**Companies And Organizations Interviewed For This Report**

- Accela.com  
  www.accela.com
- ADP  
  www.adp.com
- American Management Systems (AMS)  
  www.ams.com
- Arthur Andersen  
  www.arthurandersen.com
- Berryman & Henigar  
  www.bbiinc.com
- Booz-Allen & Hamilton  
  www.bah.com
- Bush-Cheney 2000  
  www.georgewbush.com
- Carta  
  www.cartainc.com
- Center for Digital Government  
  www.centerdigitalgov.com
- CourtLink  
  www.courtlink.com
- Deloitte Consulting  
  www.deloitte.com
- EDS  
  www.eds.com
- EzGov  
  www.ezgov.com
- Gore 2000  
  www.al gore2000.com
- GovConnect  
  www.govconnect.com
- GovHost.com  
  www.govhost.com
- govWorks  
  www.govworks.com
- IBM  
  www.ibm.com
- Intuit  
  www.intuit.com
- KPMG  
  www.kpmg.com
- LCI SMARTpen  
  www.lcismartpen.com
- Lockheed Martin IMS  
  www.lmims.com
- MasterCard  
  www.mastercard.com
- National Information Consortium  
  www.nicusa.com
- Nationtax Online  
  www.nationtax.com
- Netgov.com  
  www.netgov.com
- TekInsight.com  
  www.tekinsight.com
- The Council for Excellence in Government  
  www.excelgov.org
- The Progress & Freedom Foundation  
  www.pff.org
- Tidemark Solutions  
  www.tidemark.com

**Related Research**

- July 6, 2000 Forrester Brief “The Ink Won’t Dry Soon On Digital Signatures”
- March 28, 2000 Forrester Brief “eGovernment Begins Its Slow Adoption”
- September 1999 Forrester Report “Bill Presentment’s Late Delivery”
Singapore gets the word out about eGovernment.
We spoke with Tan Swee Hua, director of systems and services for Singapore’s Government Chief Information Office, who told us how successful Singapore has been in letting people know they can pay taxes online. Recently, an official in the country’s tax department took a taxi to work. Upon arriving, she started to get out of the cab. The driver turned around, puzzled, “Why are you going in there? Don’t you know you can pay your taxes online now?”

You’ve come a long way, baby.
Before Jim Kohlenberger, tech advisor to Vice President Al Gore, told us about Gore’s eGovernment implementation plans, he offered a little context. Kohlenberger related what the White House work environment was like when he came in with the vice president eight years ago. “There was a typewriter in every office, and all the computers had floppy drives. Operators still manually operated a switchboard to connect phone calls. And look where we are now -- email and the Net are rooted in the way we work, and 30 million people filed their taxes electronically last year.”

Nobody knows how big government is. Really, nobody.
As we began our quest to size eGovernment services, we figured we’d start with some background numbers, like the total number of federal government agencies. So we called the General Accounting Office (GAO). They didn’t have it. We tried the Library of Congress. No dice. All anyone could do was refer us to a librarian at Louisiana State University, who has taken on the thankless task of compiling all the departments in government. She didn’t have it either -- she’s still counting them up.

Governments race to close an eGovernment loophole.
One interviewee told us that while many government departments already accept credit cards, a hurdle has slowed adoption at the state and local level. When people declare bankruptcy, federal tax government debt is not forgiven, and the government instead works out a schedule for repayment to occur. But if someone pays state or local tax with a credit card and then declares bankruptcy, the obligation is generally forgiven. Until governments close this loophole, it will be the most compelling reason governments have given for people to pay taxes online.
QUICK VIEW

The Internet will force governments to reinvent both their inner and outer workings -- eventually. After early excitement, eGovernment’s impact will come slowly as rising constituent expectations force governments to improve outmoded processes.

INTERVIEWS

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• Organizational hurdles hamstring efforts.

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  Governments should immediately stop charging constituents convenience fees and selling their data to private companies. Fees discourage users from trying out the new channel, and they represent a discriminatory tax borne by Net users. Governments should also stop selling Department of Motor Vehicles (DMV) data -- even information not covered by last year's Supreme Court ruling against such sales. While ending these practices will cut into short-term revenue, higher eGovernment adoption will save governments far more in the long term.

- **Make portal deals to drive traffic.**
  
  To compensate for nonexistent marketing efforts, governments should pursue portal partnerships. On the constituent side, state and local governments should make deals with high-traffic sites like MSN and Yahoo! to offer services on home pages between users' movie listings and their hometown sports scores. And to extend access to government services by business, authorities should go after small-business portals like AllBusiness.com or Onvia.com -- integrating one-stop business-licensing and tax filing onto their sites.

- **Sync on- and offline channels.**
  
  As constituents flit between visiting City Hall in person or online, governments must ensure that information is immediately updated across all channels. Just as businesses struggle to maintain one view of their customers, authorities must strive for a single view of their constituents. Botching the handoff from online to offline records will undercut efforts to shed the government's reputation for inefficiency and incur the wrath of legislative oversight committees.