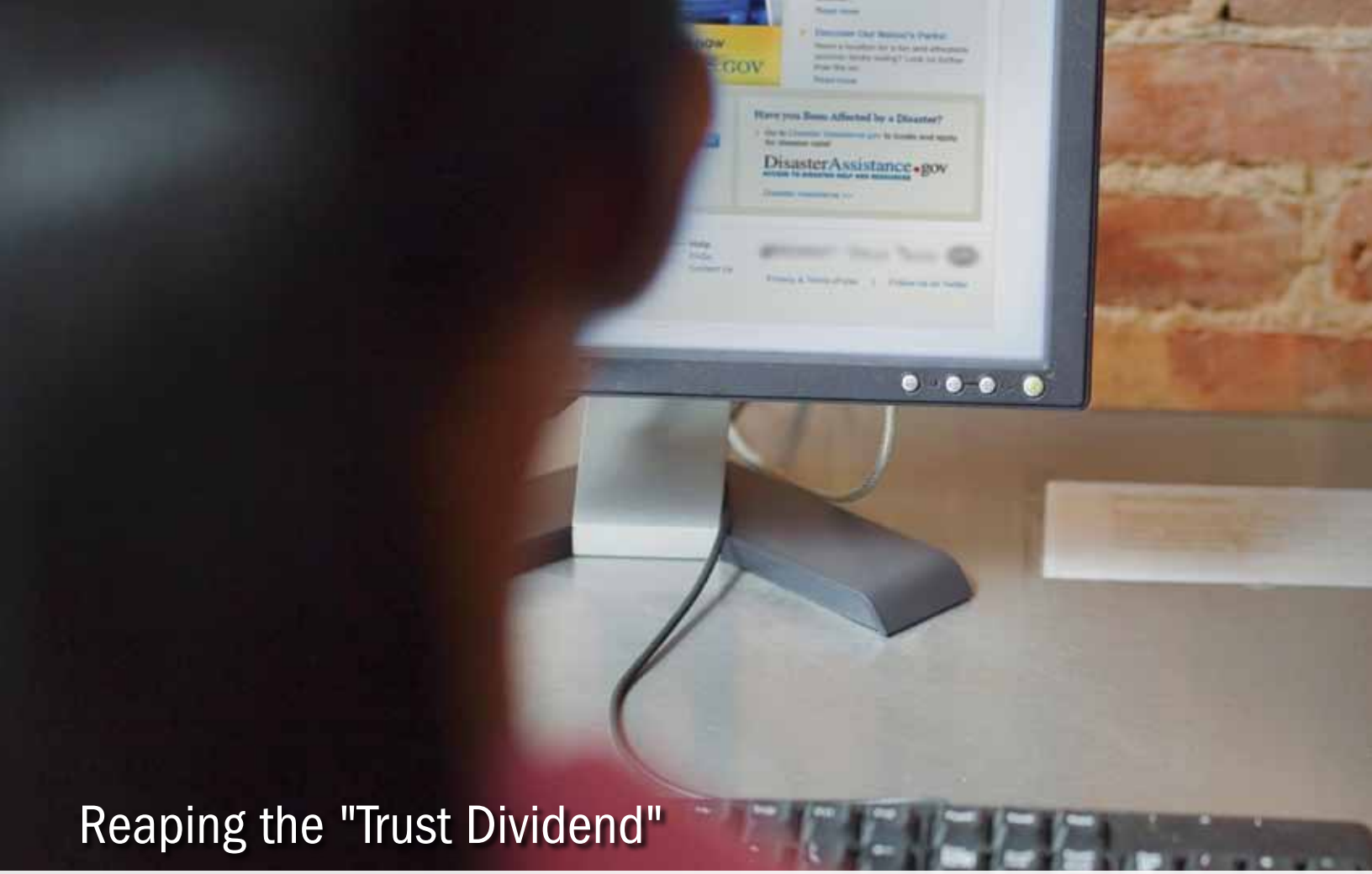

Reaping the "Trust Dividend"

Federal Agencies Can Move Services Online Now with an Identity Button (Like Facebook)—and Save Billions

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Too often US federal budget "savings" are more of an accounting trick than a serious cut to spending. That's why an opportunity to actually reduce near-term cash outflow by billions of dollars should command the attention of every policy maker. The idea is to quickly move paper-based transactional services online. The old manual way is expensive, cumbersome, and prone to error. The new digital way is inexpensive, fast, and accurate. This savings is a "Trust Dividend," thanks to the use of trustable online identities—issued by private enterprise, and relied upon by government. Finally, national policy, a federal technology framework, commercial solutions, and approved budgets have created a paradigm shift that enables an immediate transition to trusted online services. It is the biggest transformation since the end of the Cold War enabled a similar "Peace Dividend."

This dividend comes from money that agencies can save by using more efficient digital business processes, and from reducing errors in federal payments to service recipients and contractors. In the worst-offending programs, this amounts to more than US $125 billion per year in avoided costs. Making the switch now will help your agency achieve the benefits of E-Gov, immediately begin reaping the Trust Dividend, and forge a significant ongoing reduction of billions from the federal deficit.

Stuck in the Dark Age

The directive for federal agencies to move services online with E-Gov has been the official policy of the US government since 2002.[1] The functional idea is similar to what private businesses have done for years: enable customers to interact with service providers and place orders online with a Web browser. Unfortunately, the federal government "largely has missed out on that transformation," according to the Office of Management and Budget (OMB)[2], which audits agencies' use of information technology. Lately, the executive branch has begun to focus on this performance gap with a vengeance.

To be fair, agencies have moved some federal services online, but these are mostly informational in nature. Most do not require user authentication or permit the transferring of funds to a user. Currently, the only cutting-edge aspect of federal E-Gov typically allows users to download program information with a browser instead of receiving it through physical delivery by the US Postal Service or by visiting a government office to get the brochure. The USA.gov Web site lists topics of interest that are available online.[3]

The absence of E-Gov online transactional services is stark compared to what Americans are used to. Apple, Amazon.com, Facebook, Google, PayPal, Twitter, and endless others have transformed the way people share personal information and do business online. Not so for the federal government.

Some might call the lack of trusted E-Gov services a national embarrassment. For example, June 2011 marked the 25th anniversary of its first e-filing pilots, yet the Internal Revenue Service still denies direct two-way digital interaction with taxpayers. Basic services are unavailable, such as the ability to electronically request a tax transcript for a home loan application. Americans expect more from the federal government, and could greatly benefit from transactional E-Gov services.

Beyond this enhancement of federal services, E-Gov also provides an immediate Trust Dividend: the opportunity to save billions of dollars.

[1] The Library of Congress, THOMAS legislative information division, E-Government Act of 2002, http://thomas.loc.gov/cgi-bin/bdquery/z?d107:HR02458:|TOM:/bss/d107query.html

[2] Office of Management and Budget, www.whitehouse.gov/omb/e-gov/

[3] USA.gov, www.usa.gov/Citizen/Services/All_Topics.shtml

All Systems Are "Go" for E-Gov

Over the past decade, agencies have had legitimate challenges to moving transactional services online. It's important to note, however, that the big three impediments—permission, technical means, and budget—have been resolved. There is nothing to prevent an agency from immediately leaving the Dark Age and provisioning E-Gov transactional services now.

Although permission for moving federal services online came with passage of the E-Government Act of 2002, the roadmap for actually implementing this policy came in 2009, when the Federal Enterprise Architecture was changed to allow agencies to accept "digital credentials" that are issued to users by commercial enterprises approved for this purpose.[4-5] Policy support for E-Gov still comes right from the top. This year, President Barack Obama signed the National Strategy for Trusted Identities in Cyberspace (NSTIC, pronounced "N-Stick") to make E-Gov implementation easier for agencies. The strategy champions a federal commitment to enable E-Gov with a trust framework for managing personal identities of individuals using government online services.[6] A recent executive order, "Streamlining Service Delivery and Improving Customer Service," adds urgency to making the move online.[7]

Connecting to E-Gov Is as Simple as Connecting to Facebook

In less than 3 years, the Facebook Connect button has been added to more than 2.5 million Web sites, and is used every month by more than 250 million users to register or login to these Web sites. This button offers a convenient way for Facebook users to register and automatically login to a myriad of Web services operated by other companies. The value of this simple benefit to users occurs even though Facebook offers relatively little security for personal information and has been the subject of significant concerns about how it handles privacy.

The rapid growth of the Facebook Connect button shows the potential for federal agencies to use private credentials for E-Gov that offer a level of security and privacy protection that would be comparable to that offered by government-issued credentials. The FY2011 federal budget includes more than US$1 billion in appropriations for implementing E-Gov services, which could incorporate use of a similar, but more secure, federal "trust button" authenticated with private credentials. Doing so would allow federal agencies to immediately move transactional services online and capture benefits of the Trust Dividend.

[4] Federal Chief Information Officers Council, *Federal Identity, Credential, and Access Management (FICAM) Roadmap and Implementation Guidance Version 1.0* (Nov. 10, 2009), www.idmanagement.gov/documents/FICAM_Roadmap_Implementation_Guidance.pdf

[5] Federal Enterprise Architecture at www.whitehouse.gov/omb/e-gov/fea/

[6] Schmidt, Howard A., *The White House Blog,* "President Obama Releases the National Strategy for Trusted Identities in Cyberspace" (April 15, 2011), www.whitehouse.gov/blog/2011/04/15/president-obama-releases-national-strategy-trusted-identities-cyberspace

[7] Office of the Press Secretary, "Executive Order–Streamlining Service Delivery and Improving Customer Service" (April 27, 2011), www.whitehouse.gov/the-press-office/2011/04/27/executive-order-streamlining-service-delivery-and-improving-customer-ser

Private identity providers offer credential systems that federal agencies can implement now. As a result, the government does not have to issue credentials to the "other 200 million people" that are not its own employees. Instead, an agency can immediately begin to interact with people online by leveraging a similar positive interaction method used on sites like Facebook, Google, Yahoo, or AOL.

This [trust] dividend comes from money that agencies can save by using more efficient digital business processes, and from reducing errors in federal payments to service recipients and contractors.

For years, identity management was the biggest technical hurdle to E-Gov. Yet, years ago, the private sector began implementing secure authentication in commercial services such as PayPal or online banking, huge cost savings and enabling billions of dollars in e-commerce. Although E-Gov needs a similar level of security to enable legitimate use of federal services and prevent fraud, the government only recently recognized that requirements for its credentials are comparable to those required by business. As a result, the federal government has decided to accept these same credentials, which makes things simpler for users and far less cumbersome and expensive for agencies.

Changes to the Federal Enterprise Architecture and the focus on NSTIC instructs agencies to use private credentials for E-Gov transactional services. In practical terms, this simply requires adding a "trust button" to an agency's service Web site, which integrates trusted identity services with the online service. The private credential that is required by each service—based on traditional risk management practices—can be transparently configured, making things easier for each user. The trust button authenticates a user across multiple federal Web sites, similar to the way the Facebook Connect button does this for commercial sites today (see How a Trust Button Works sidebar).

How a Trust Button Works

Adding a trust button to an agency Web site enables seamless background interaction with private identity providers. To start, a user clicks on the trust button, which connects the user to the identity provider. If the user is new, the identity provider prompts the user to provide personal information that is typically required for financial transactions and stores the data in a secure database. A browser cookie automatically identifies the user in future transactions on agency Web sites. If the cookie is deleted, the user must enter two identity "factors" to re-authenticate. This process approves release of the user's personal information to the agency Web site, which automatically proceeds with a transaction. The same trust button can work with multiple agency Web sites, so a user's experience is similarly smooth and efficient wherever they are accessing federal services online. Employing the verified user information also makes the agency's service fulfillment fast, accurate, and cost-efficient.

Save Money Service-by-Service, Click-by-Click

Agencies can reap the benefits of the Trust Dividend from three main sources: (1) operational savings from long-targeted (and budgeted) E-Authentication programs, which move existing services online; (2) halting billions of dollars in improper payments by switching from manual systems to digital processing with improved authentication; and (3) accrual of savings from new services that are designed to be digital from their inception.

An example of savings with E-Authentication using private credentials is provisioning of standard information to taxpayers by the Internal Revenue Service. The General Accountability Office (GAO) says that modernizing IRS services with an online model can save as much as $25 for the initial transaction, and as much as $19 in each follow-up transaction.[8] (See Exhibit 1 for IRS costs.)

This year, President Barack Obama signed the National Strategy for Trusted Identities in Cyberspace (NSTIC, pronounced "N-Stick") to make E-Gov implementation easier for agencies.

Improper payments are identified by the OMB. Currently, US$100 billion of improper payments stem from programs run by the departments of Treasury, Health and Human Services, Social Security Administration, Agriculture, Veterans Affairs, Labor, Education, Housing and Urban Development, Energy, Transportation, and others.[9] By using digital credentials, agencies can require each applicant to be directly authenticated before receiving electronic payment. This simple process would cut the number of improper applications, quickly identify the source

[8] United States General Accountability Office, *Internal Revenue Service: Fiscal Year 2009 Budget Request and Interim Performance Results of IRS's 2008 Tax Filing Season* (March 2008), www.gao.gov/new.items/d08567.pdf

[9] OMB, "High-Error Programs" http://paymentaccuracy.gov/high-priority-programs

Exhibit 1 | IRS Cost Per Taxpayer Contact, by Delivery Channel

Source: *Internal Revenue Service: Fiscal Year 2009 Budget Request and Interim Performance Results of IRS's 2008 Tax Filing Season*, www.gao.gov/new.items/d08567.pdf, p.25

of online payment problems, and immediately reduce needless federal expenditures. Initiating benefit requests with digital credentials also enables greater use of digital processes, controls, and analytics.

Save Money from the Start

Agencies can save money faster by designing new programs to be online and transactional. For example, a federal agency may offer a particular service or group of services online, but first requires users to personally visit a brick-and-mortar office to show physical credentials. By using trusted online credentials issued by private enterprise, an agency doesn't have to maintain the extensive personnel and physical locations to deliver services in person. It's all handled online, with cost-effective results.

Making the Switch to E-Gov Now

After a decade of hope, the stars are finally aligned for the practical implementation of E-Gov with credentials available from commercial identity providers. This opportunity is not unique to the US government. For example, the British government announced at the end of 2010 that it would be "digital by default" by 2012. It recognized that, in a world of smartphones and social networks, the primary delivery channel for UK government services should be digital. The UK will continue to provide a safety net to assist an ever-smaller number of people who do not use online services.

For the US government, agencies should move quickly to shift FY2011 money that was previously earmarked for failed in-house E-Authentication programs and use it to immediately take advantage of private credentials as a way to make processes digital and move services online. As the operator of more than 24,000 Web sites, the federal government's use of private credentials will spur rapid national adoption of this approach—similar to Facebook's experience when it introduced the Facebook Connect program. Swift adoption of the trust

button will display federal leadership to the private sector and encourage more widespread commercial use of trusted identities online. This will further objectives of NSTIC and result in greater security and convenience for the nation.

By planning for use of private credentials in program budgets for FY2012 and beyond, agencies can target even more savings—particularly those related to the US$100 billion in improper payments identified in high-error programs. Failure to budget for private credentials in future E-Gov services will add years of delay as agencies miss windows of opportunity to make required changes to information technology systems.

For every policy maker, capturing savings of the Trust Dividend will be a visible and tangible part of the government's ongoing efforts to provide more effective and efficient services with substantial fiscal benefit.

About the Author

Mike Ozburn is a Booz Allen Hamilton Principal who specializes in information technology. He leads the firm's efforts in developing Web 3.0 Trusted Service solutions based on identity, trust management, data sharing, and cybersecurity for civil agencies and commercial enterprises. Most recently, he has been actively engaged in the development of the emerging trust layer for the Internet, including the US government's adoption of Trust Frameworks. As a long-time participant in the open identity community, he serves on the boards of the OpenID Foundation, The Information Card Foundation, and the Open Identity Exchange.

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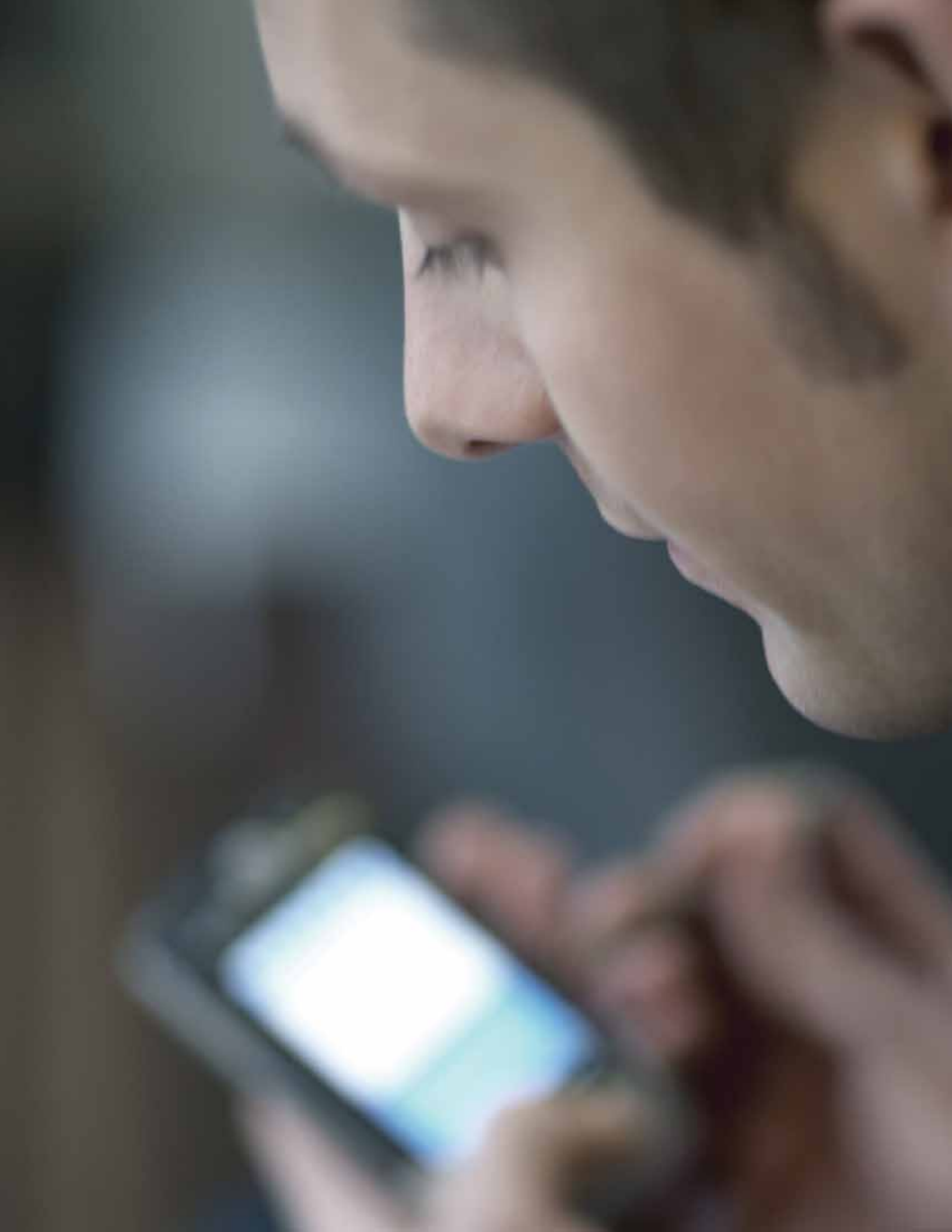

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