

State's Department of Revenue Chooses DataPower to Secure Electronic Tax Filings

Overview

Description

- ✓ Modernized e-File Tax Initiative

Software

- ✓ IBM WebSphere DataPower

Benefits

- ✓ Integrates system with the IRS and allows individuals and businesses to file taxes electronically
- ✓ Increases security and compliance and ensures scalability
- ✓ Reduces time cost of processing transactions
- ✓ Improves infrastructure and resource efficiency

Client Background

This state's Department of Revenue has been administering the tax laws for nearly 80 years, with responsibilities including collecting Personal Income Tax, Sales and Use Tax, all corporate taxes, Inheritance Tax and all other state taxes for the state's nearly 13 million residents.

Business Problem

In an effort to modernize tax filing, the IRS' Modernized e-File (MeF) Program initiated a move towards an e-File system, which enables electronic access of tax filings to the states. The initiative serves to support the Restructuring and Reform Act of 1998 and requires agencies to integrate with the IRS, forcing all tax documents to be filed electronically. The program strives for the synchronization of electronic tax filings directly between the state and IRS, facilitating the submission process for end users.

The state's Department of Revenue aimed to streamline the filing processes and reduce costs associated with the traditional paper-based legacy system, which forced local governments to manually enter electronic tax returns into their system. The MeF program requires interaction with the IRS' Web services to request and receive tax return information submitted by third party preparers, such as TurboTax. The Department struggled with non-standard, highly complex IRS Web services that used SOAP with attachments and were received as double zipped files, leading to further complications in data exchange.

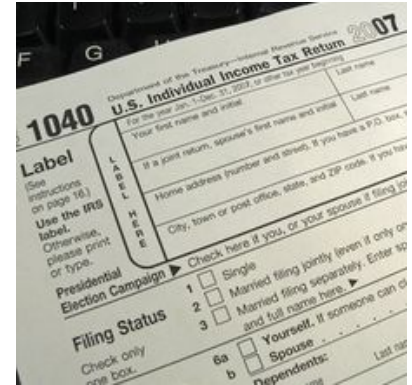
While the IRS was not mandating this integration requirement for 2-3 years, the state saw a number of benefits of early adoption, namely cost and risk avoidance. In order to integrate with the e-File system, the department needed to securely retrieve and process the data. With a temporary fix in place, the state sought out a more scalable solution that would support the anticipated load of reports as volumes were predicted to increase from hundreds to millions.

Solution

Prolifics worked with the state's Department of Revenue to implement an innovative solution utilizing IBM WebSphere DataPower which provides a secure, high-speed mechanism to handle the IRS data payloads. Functions included the ability to request IRS Web services, break down zip files and process and route the XML files to the back-end. This solution offloads workload from the mainframe onto DataPower, an appliance capable of managing the security, volume, speed and data handling needs required with little overhead — increasing infrastructure and resource efficiency.

The implementation's success was seen immediately with DataPower's proven ability to scale. Compared to the state's initial ratio of one transaction per minute, the department is able to achieve approximately 15,000 transactions per minute – or 250 transactions per second. As a result, citizens benefit from thor-

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ough and faster communications from the state, including confirmation of tax return acceptance, specific explanation of errors, the ability to attach documents and the ability to file amended or prior years' returns.

With a more efficient and flexible system in place, the department has expanded its Service-Oriented Architecture (SOA) infrastructure and achieved integration with the IRS, while increasing customer satisfaction. The solution provides a higher degree of security and compliance, which are crucial in this industry. The state's desire to plan ahead, coupled with Prolifics' extensive expertise in SOA, has allowed this state to be one of the first to adopt the IRS Web service.

About Prolifics, a SemanticSpace Company

Prolifics is the largest systems integrator specializing in IBM technologies. Having garnered awards for its solutions and technical excellence across IBM's entire software portfolio, Prolifics provides expert services including architectural advisement, design, development and deployment of end-to-end SOA, Portal and Security solutions. SemanticSpace, Prolifics' parent company, is a global IT services firm providing application development, testing, application maintenance and outsourcing services. Bringing over 30 years of experience and a strong global presence across the US, Europe and Asia, the SemanticSpace companies offer clients end-to-end services combined with the market's most seasoned and skilled consultants and the dedicated care and attention that comes from a highly-specialized, boutique company. By combining application frameworks, prebuilt components, custom development expertise, a governance framework and a blended shore model, we help organizations decrease risk in complex software development and deployment investments, improve time to market and increase success of business strategy execution.



SEMANTICSPACE

e: solutions@prolifics.com www.prolifics.com
u.s. headquarters: 114 west 47th street new york new york 10036 USA t: 212.267.7722 or 800.458.3313 f: 212.608.6753
new york city orlando boston philadelphia washington dc san francisco london hamburg hyderabad