



# Athena Alliance

Exploring the promise and pitfalls of the global information economy

## Annual Report – 2003

*Athena Alliance is a 501(c)(3) non-profit corporation located in Washington, DC dedicated to public education and research on the emerging global information economy. Athena Alliance seeks to bring together organizations and individuals to help meet the challenges posed by the emerging information economy.*

### **Summary**

Athena Alliance began the year with the inauguration of its policy forums series on the topic of *Owning and Counting Intangibles in the Post-Enron Era*. The year also saw the development of a research agenda to help local communities address the challenges of the economic transformation. Throughout the year, we conducted briefing on the information and intangible economy for policy makers and worked to develop legislation on economic development.

### **Activities**

#### **Policy Forums: Owning and Counting Intangibles**

In 2003, Athena Alliance kicked off its discussion series on the topic of *Owning and Counting Intangibles in the Post-Enron Era*. This series of discussions is co-sponsored by the Project on America and the Global Economy of the Woodrow Wilson Center for International Scholars. The meetings take place in the Wilson Center's conference room.

The purpose of these discussions is to explore the interconnected issues of the ownership of intangibles, including intellectual property, and the problems of placing a monetary value on companies' intangible assets. How will the fight over ever-increasing intellectual property rights affect the movement to value those assets? How will changes in accounting affect the battle over intellectual property rights? And to what extent will the converging forces of measuring intangibles and expanded ownership of intellectual property affect the economic utilization of intangible assets – especially by those left behind and at risk? For Athena Alliance, the key issue is understanding how we utilize intangibles so that everyone benefits from the transformation to the information economy.

Speakers included: Jonathan Low of the Cap Gemini Ernst & Young Center on Business Innovation; Steven Weber of the UC Berkeley and the Berkeley Roundtable on the International Economy (BRIE); Kurt Ramin, Commercial Director of the International Accounting Standards Board (IASB); and Clark Eustace, Director of the PRISM group.

### **Other conference activities**

Athena co-sponsored a 10 day electronic (virtual conference) on *e-Government for All*, which flows directly out of our *Inclusion in the Information Age* report. The lead sponsors of the conference were the Benton Foundation and the New York Forum. During the course of the 10 days, 1300 people from more than 80 countries participated. A summary of the conference can be found at <http://www.egov4all.org/>. The lead sponsors are contemplating a follow-up conference in 2004.

### **Research activities**

In the winter of 2003, Athena joined with two other organizations to write a research proposal to the US Department of Agriculture (submitted in January 2004). This proposal is the starting point for a research agenda to create tools and techniques to help local communities address the challenges of the economic transformation.

In this first research project, our partners were the Rural Communities Assistance Program (RCAP) and the Center for Regional Economic Competitiveness (CREC). The proposal would look at how communities are using intangibles in their economic development activities. We anticipate a 3 year project to undertake around 16 cases studies. In addition to working on the case studies, Athena's role will be the development of the theoretical framework for how intangibles can be used in economic development.

Athena also submitted a pre-proposal to the EDA to undertake a similar set of case studies in non-rural areas. While interested, EDA choose not to entertain a proposal at this time, due to funding constraints.

Athena was awarded a subcontract in December (for work beginning January 2004) to work on an EU-funded project to study the feasibility of a database on intangibles in financial accounting. The Athena subcontract will look at the US experience, focusing on the SEC and the implementation of SFAS 141 & 142 on reporting intangibles acquired in business acquisitions. This contract is a tentative first step toward a larger relationship with the European research group on intangibles known as PRISM.

### **Presentations**

Dr. Kenan Jarboe, President of Athena Alliance gave an invited talk ("The Information Age and the Transatlantic Divide") to a conference on *Bridging the Transatlantic Divide* sponsored by the Friedrich Naumann Foundation (of Germany) and the Cato Institute in December.

He also made presentations on Economic Development in the Information Age to officials of the Department of Commerce Office of Technology Policy and the Economic Development Administration officials. That presentation can be found on the Athena Alliance website.

### **Other activities**

As part of our outreach activities, Dr. Jarboe attended numerous Washington DC briefings and policy meetings. During the year, he briefed officials in the Securities and Exchange Commission and the US Congress, in addition to the Commerce Department officials mentioned earlier. He also attended the Department of Commerce conference on DOC conference *Transforming Enterprise* in January and the PRISM Group conference on the *Intangible Economy* in London in July.

Throughout 2002 and 2003, Dr. Jarboe worked to draft legislation on capacity building for local economic development entities at the request of Senator John Edwards (D-NC). The legislation would establish a small grants program within EDA to help local economic development entities to identify, development and utilize local information and knowledge assets as drivers of local economic development – including to enhance regional competitiveness and long-term economic development or anticipate economic change and diversify the local and regional economy. The legislation was not introduced, but was incorporated into the Senator’s rural economy growth plan, released in the spring of 2003.

## ***Internal Activities***

### **Strategic issues**

In September, the Board adopted a new strategic plan. At its core, Athena Alliance will seek to:

- 1) at the national level, play a lead role in framing the debate on the transformation to an information economy, facilitating dialogue and discussion among key decision makers, leading thinkers and activists on policy issues concerning the transformation, and interjecting the insights and findings of those discussions into the wider policy arena, and
- 2) at the local level, develop tools and techniques to help local communities address the challenges of this economic transformation.

### **Organizational issues**

In 2003, Athena Alliance moved offices, as its President changed his residence to 911 East Capitol Street. The organization continues to operate out of his residence. This change necessitated a minor modification to the agreement with Jarboe & Associates for the reimbursement of office expense, which the Board approved in September.

In December, we were notified by the Internal Revenue Service that the period for the IRS advanced ruling of our status as a 501(c)(3) public charity expires at the end of the year. After consultation with our tax advisor, it was determined that Athena Alliance will not be able to continue to qualify as a public charity, and will switch to the status of a private foundation. While this should not affect our operations, we will be taking the steps necessary to make this transition during 2004.