



Athena Alliance

Exploring the promise and pitfalls of the global information economy

2007 Annual Report

Introduction

Athena Alliance is a Washington, D.C.-based 501(c)(3) nonprofit in the vanguard of identifying, understanding, analyzing, and educating on the information, intangibles, and innovation—what we call the I³ or I-Cubed economy.

Intangible assets—worker skills and know-how, informal relationships that feed creativity and new ideas, high-performance work organizations, formal intellectual property, and brand names—are the new keys to competitive advantage. Information and intangibles—a combination of formal research and informal creativity—drive our innovation process. These combined elements lead to the productivity and improvement gains needed to maintain prosperity.

While the economic rules have changed, public policy has not caught up. Government leaders are struggling with ways to utilize information, foster development of intangibles, promote innovation and competitiveness, and frame policy questions in light of the changing—and increasingly global—economy. Policymakers are grappling with the urgent need to frame policy questions in light of the changing economic situation.

Athena Alliance undertakes outreach activities to help members of Congress, the administration, constituency groups, and the media better understand these issues and craft informed policies and programs. The Athena Alliance mission is threefold:

- **Reshaping the Debate**—Developing and utilizing information, managing intangibles, and fostering innovation underlie discussions on a variety of subjects, such as intellectual property rights, education and training policy, economic development, and technology and trade policy. Crafting new public policies in these areas requires infusing a better understanding of intangibles and the information economy into the public debate.
- **Crafting Strategies, Policies, and Tools**—The global economic shifts call for different ways of thinking about economic activity, different means of promoting and organizing economic opportunities and activities, and different economic policies and programs. We must also enlarge the repertoire of strategies, mechanisms, tools, and capabilities that individuals, firms, and communities can use to shape their own positive economic futures, with special attention to those in danger of being left behind. All Americans must be able to participate, both economically and socially, in the emerging new information economy. Athena Alliance undertakes practical policy research aimed at creating new solutions to this new set of problems.

- **Building Partnership and Sharing Knowledge**—We are not alone in seeking to understand the challenges of the global information economy and the need for new solutions to confront them. We engage in academic and scholarly research; corporate policy, research, and strategic activities; and practical on-the-ground efforts with community activists and economic development practitioners to advance the public debate about the information economy. We do this through conferences, workshops, research activities, publications and reports, and public education.

In 2007, we undertook a number of activities to advance our three-pronged mission—nationally and locally—including cosponsoring conferences, publishing research and an online web-log (“blog”), and conducting outreach to businesses, government leaders, and many others.

National Activities

In April, Dr. Kenan Jarboe, Athena Alliance President, lent his expertise to the *Innovation Vital Signs* conference sponsored by the Alliance for Science & Technology Research in America (ASTRA). At the conference, Dr. Jarboe, a member of the ASTRA research task force—Athena Alliance is also a “friend of ASTRA”—presented the paper, *Measuring Intangibles: A Summary of Recent Activity*, which was commissioned by the organization to gain a greater understanding of the metrics for intangibles.

In September, Athena Alliance cohosted a major national conference, *The Dragon and the Elephant: Developing Innovation Capacity in China and India*, held at the National Academy of Sciences in Washington, D.C., with the National Academies’ Science, Technology, and Economic Policy Board, the Woodrow Wilson International Center for Scholars, and the Urban Institute. Numerous researchers, business leaders, and government officials from the U.S., India, and China gathered to discuss a variety of topics, including the broad areas of research and development, education, financing, and the legal and regulatory environment, as well as key specific industrial sectors, such as aerospace, pharmaceuticals, information technologies, and energy.

In December, Athena Alliance cohosted another well-attended conference, *The Financial Impact of Extra-Financial Information*, with the Intangible Asset Financial Society (IAFS) in New York City at the U.S. headquarters of Deutsche Bank. Attended by academics and financial market participants, the conference covered a number of issues concerning the utilization and development of information on intangibles in financial markets. Keynoting was Dr. Cynthia A. Glassman, Undersecretary of Commerce for Economic Affairs, and former head of the U.S. Securities and Exchange Commission. Her well-received remarks, entitled *Divining Rod: Making Intangibles Tangible*, illuminated the ways that management, investors, and others can use extra-financial information to boost capital market transparency.

Earlier in the fall, Dr. Jarboe traveled to upstate New York to attend the annual meeting of the IAFS to cement what will become an ongoing, working partnership to promote awareness of intangible assets. To foster cooperation and publicize the importance of intangible assets in the American marketplace, Dr. Jarboe will serve on the IAFS public education and outreach committee, work with IAFS leadership on joint communications where appropriate, and publish articles in the IAFS magazine, *Intellectual Asset Management*, on aspects of the intangible

economy. The two organizations also discussed the possibility of cohosting an intangibles conference in Washington, D.C., in the spring of 2008.

Local Activities

Athena Alliance continued in 2007 its role in the Emerging Technology Consortium (ETC) as a follow on to our work to implement Washington, D.C., City Council Bill 16–504, the Emerging Technology Opportunity Development Task Force Act of 2006.

ETC, of which Athena Alliance is a central part, is collaborating with the city council and Mayor Adrian Fenty on how to best implement the legislation, which calls for identifying and assessing emerging knowledge-intensive industries and gauging their role in the city’s economic development. In November, all parties agreed to center implementation activities at the Washington D.C. Economic Partnership (WDCEP), a public/private partnership dedicated to facilitating the city’s economic revitalization. In addition, the city administration agreed to fund a feasibility study on D.C. technology incubators. ETC, the city, and WDCEP will sign a formal memorandum of understanding by early 2008 to govern these exciting activities.

Research

As noted earlier, Athena Alliance published a second working paper in I-Cubed Economy series, *Measuring Intangibles: A Summary of Recent Activity*, in April as part of the *Innovation Vital Signs* conference that took place April 26–27.

Work on the third paper in this series, *Monetization of Intangible Assets*, progressed during 2007, with publication set for spring of 2008. The paper sheds light on how intangible assets can be used to finance all manner of company activities—including innovation and the creation of future intangible assets. The paper reviews the current literature and is supplemented with interviews with business experts and financial market participants. The paper’s dual purpose is to summarize the latest thinking in this area for policymakers and to serve as the basis for expanded investigative inquiries by the Athena Alliance and others in the field.

Also in 2007, Athena Alliance continued its monthly analysis of U.S.–international trade in intangibles, published as part of the *Intangible Economy* blog (discussed below).

Outreach Activities

The Athena Alliance blog, *The Intangible Economy* (<http://www.intangibleeconomy.org>), continued to serve as a vital tool for communications and outreach. Recent posts reviewed press reports on robots in the service industry, the role of large institutions in economic development, and how large multinational companies are now traveling far and wide for cheap labor.

As part of the Athena Alliance’s continuing role in the Innovation Coalition, Dr. Jarboe participated in numerous meetings and briefings on the federal America COMPETES Act, which was signed into law in August 2007. Given his role in helping educate federal lawmakers about this bill, Dr. Jarboe was asked by Sen. Jeff Bingaman (D-N.M.) how the federal government could further explore the issue of intangibles. The senator’s interest in the issue led to him asking the

Bureau of Economic Analysis to fund a National Academy of Sciences study on intangibles starting in fiscal 2008.

In April, Dr. Jarboe participated in a roundtable workshop hosted by the Undersecretary of Commerce for Technology on intangible assets, highlighting the Athena Alliance's research work in this area.

The following other outreach activities also took place in 2007:

- Dr. Jarboe met throughout the year with the staff of the newly created Bipartisan Policy Council, which was formed in 2007 by former Sens. Howard Baker, George Mitchell, Bob Dole, and Tom Daschle to do craft bipartisan solutions to national policy challenges. Athena Alliance will continue to work with the center on strategies to bolster the U.S. economy, although specific initiatives are not yet underway.
- Dr. Jarboe also met with the Board on Manufacturing and Engineering Design staff at the National Academy of Sciences to discuss forging a relationship on the emerging issue of “design thinking” as a competitiveness factor.
- Dr. Jarboe continued in 2007 to serve as a core member of the International Economics Working Group, which is developing a white paper on international competitiveness. He also serves as a member of the Tuesday Innovation Workshop at the Woodrow Wilson Center, which hosts policy forums on the intangible economy.
- Dr. Jarboe continued to serve as a member of the ASTRA Research Task Force, and attended numerous other meetings, conferences, presentations, and events throughout the year.

Athena Alliance Officers

- Richard Cohon, President, C.N. Burman Company LLC—Chairman
- Kenan Patrick Jarboe, Ph.D.—President
- Joan L. Wills, Director of the Center for Workforce Development, Institute for Educational Leadership—Secretary/Treasurer
- Jonathan Low, Partner and Co-Founder of Predictiv, LLC—Board Member

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