



Athena Alliance

Exploring the promise and pitfalls of the global information economy

2010 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—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 struggle with how to utilize information, foster development of intangibles, promote innovation and competitiveness, and frame policy questions to reflect and address the realities 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 underpin discussions on a variety of subjects, such as intellectual property rights, education and training policy, economic development, and technology and trade policy. Creating 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 enlarge the repertoire of strategies, mechanisms, tools, and capabilities that individuals, firms, and communities can use to shape positive economic futures, with special attention to those in danger of being left behind. All Americans must be able to participate—economically and socially—in the emerging information economy. Athena Alliance undertakes practical policy research aimed at creating new solutions to these new sets of problems.

- **Building Partnerships 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 2010, we undertook a number of activities—nationally and locally—to advance our three-pronged mission, including co-sponsoring conferences; publishing research and blog articles; and conducting outreach to businesses, government leaders, and many others.

National Activities

During 2010, Athena Alliance advanced public understanding of the I-Cubed economy with the publication of a policy brief and two articles and through leadership presentations, submissions of comments to federal agencies, and preparations for a major conference.

Policy Briefs and Article Summaries

[Intellectual Capital and Revitalizing Manufacturing](#)

By Kenan Patrick Jarboe

Policy Brief, published February 2010

In December 2009, the White House released a paper outlining their manufacturing policy, *A Framework for Revitalizing American Manufacturing*. The *Framework* makes an excellent case that the federal government has a strong role to play in reinvigorating this important sector of the U.S. economy. It outlines the challenges facing manufacturing while describing the opportunities in new product areas. However, the ongoing transformation in manufacturing to a knowledge-intensive activity will require attention to all the inputs to the production process—technology, worker skills, and organizational structures. The *Framework* recognizes that the nature of the economy has changed and implicitly accepts this basic premise. “Intellectual capital, such as patents from research and development as well as managerial know-how,” the document states, “is a vital component in determining costs, growth rates and the creation of new industries.” But while patents and managerial know-how are important components, a successful manufacturing framework must embrace the full range of intellectual capital and intangible assets. This Policy Brief makes a number of recommendations to directly incorporate intellectual capital into a manufacturing strategy and best position the United States for accelerated job, productivity, and economic growth in the coming years.

[Intangible Assets: Innovative Financing for Innovation](#)

By Kenan Patrick Jarboe and Ian Ellis

Published in *Issues in Science and Technology*, published in the Winter 2010 issue

As the U.S. economy evolves, intangible asset investments are becoming vital to economic growth and sustainability. But, as the paper outlines, intangible assets can also be the source of financial capital. As industry has invested capital in research and development (R&D) to create new technology and advance other creative activities, a niche market of firms specializing in intangibles-based financing is springing up. Some intangible assets—traditional IP consisting of patents, trademarks, and copyrights—have been used in sale, leasing, equity, equity–debt, debt, and sale–leaseback transactions to finance the next round of innovation. The paper outlines a number of public policy actions that can be taken to foster the use of intangible asset financing. These include streamlining the technology transfer process, developing underwriting standards to cover the use of intangible assets as collateral and making financial statements more transparent with respect to intangible assets. The paper is a summary of our two reports: [Intangible Asset Monetization: The Promise and the Reality](#) and [Maximizing Intellectual Property and Intangible Assets: Case Studies in Intangible Asset Finance](#).

[Intangible Assets in Capital Markets](#)

By Ian Ellis and Kenan Patrick Jarboe

IAM Magazine, published in the May/June 2010 issue (subscription required—free trials available with registration)

As intellectual capital has become a valuable asset class, firms specializing in intangible-based financing are springing up, using them to raise capital for the next round of innovation. But unlike some of the exotic financial vehicles, these new firms are using traditional financial techniques in new ways to help innovative companies. Some of those new mechanisms for intangible-based financing are discussed in this article published in the May/June issue of *IAM Magazine* (subscription required -- free trials available via registration), the material is take from Athena Alliance Working Paper #7 [Maximizing Intellectual Property and Intangible Assets: Case Studies in Intangible Asset Finance](#) by Ian Ellis.

Presentations

Dr. Jarboe was invited to make three presentations during 2010. In March, he served as guest speaker on Innovation Policy for the Intangible Asset Finance Society’s monthly [Mission: Intangible](#) briefing. In September, he gave an invited talk on “The I-Cubed Economy: Information-Innovation-Intangibles” at the Innovation Demands Boldness conference sponsored by Arizona State University’s Complex Adaptive Systems initiative. In December, Dr. Jarboe provided a similar talk on “Economic Growth and Competitiveness in the I-Cubed Economy: Information-Innovation-Intangibles” at the National Defense Industrial Association's Ground Robotics Quarterly Meeting.

Requests for Comments

Athena Alliance also submitted formal comments concerning the role of intangibles to the following federal agencies:

- **U.S. Small Business Administration (SBA), [Intellectual Capital Management and Entrepreneurial Mentoring and Education](#) (July 12, 2010).** The SBA in March published a request for information (RFI) through its Entrepreneurial Mentoring and Education initiative that asked for ways to promote entrepreneurship. In response, Dr. Jarboe of Athena Alliance and Mary Adams of I-Capital Advisors submitted a statement on the role of intellectual/intangible capital (IC) management in helping high-growth start-ups. The statement points out that, unlike large organizations, small start-ups are in the greatest need for IC management assistance yet because most of their value is intangible, they are unable to gain access to this vital support. The statement not only calls on SBA to promote IC management activities generally, it specifically recommends that SBA stand up an Intellectual Asset Management Center to assist start-ups.
- **Office of Science and Technology Policy (OSTP)/National Economic Council (NEC), [Commercialization of University Research: Using Intangible Asset Financing](#) (May 26, 2010).** Also in March, OSTP and NEC published an RFI on the Commercialization of University Research. The RFI included a question about alternative sources of private funding to overcome the “valley-of-death” problem, which refers to the financing gap between research and commercialization. Athena Alliance’s statement in response to the RFI describes how intangibles-based financing can help organizations survive the valley of death and thrive. The statement makes several public policy recommendations that are drawn from our earlier works covering [Intangible Assets in Capital Markets](#); [Intangible Assets: Innovative Financing for Innovation](#); [Intangible Asset Monetization: The Promise and the Reality](#); and [Maximizing Intellectual Property and Intangible Assets: Case Studies in Intangible Asset Finance](#).

Conference on Intangibles

In September, Athena Alliance signed a contract with the Organization for Economic Co-operation and Development (OECD) to organize a conference on New Building Blocks for Jobs and Economic Growth: Intangible Assets as Sources of Increased Productivity and Enterprise Value. This invitation-only conference will convene global business leaders, policymakers, and researchers to discuss ways to harness investments in innovation, intangible assets, and intellectual capital and generate sustainable growth, high-wage employment, and improved living standards. The conference will feature a keynote speech by Federal Reserve Board Chairman Ben Bernanke. Co-organizers of the conference include The Conference Board, The National Academies’ Science, Technology, and Economic Policy (STEP) Board, and the Ewing Marion Kauffman Foundation, which is providing additional funding. The conference, scheduled to take place in mid-May 2011, will be hosted by Georgetown University’s Center for Business and Public Policy.

Local Activities

Athena Alliance continued its work with the Emerging Technology Consortium (ETC) and Washington, DC Economic Partnership (WDCEP) to identify and assess emerging knowledge-intensive industries and gauge their role in the District of Columbia's economic development. To further these efforts, Dr. Jarboe served on the committee overseeing the development of the District's Comprehensive Economic Development Strategy (CEDS), an initiative spearheaded by the WDCEP and the city's Office of Planning. The CEDS is the basic planning document required to qualify for assistance from the U.S. Economic Development Administration. The CEDS outlines the economic development vision of the community and creates a roadmap to diversify and strengthen the city and regional economy.

Outreach Activities

The Athena Alliance blog, [The Intangible Economy](#), remained a vital communications and outreach tool. Articles were posted that highlighted new research reports and analyzed public policy issues affecting the intangible economy. We also continued our monthly analysis of U.S.–international trade in intangibles that is posted on the blog.

In 2010, Dr. Jarboe continued to serve as a core member of the International Economics Working Group, which focuses on international competitiveness. He also remained a member of the Tuesday Innovation Workshop at the Woodrow Wilson Center; attended the George Mason University/George Washington University Technology, Science, and Innovation Policy Research Seminar; and continued his activities with the Intangible Asset Finance Society (IAFS).

Throughout the year, Dr. Jarboe held discussions on intangible economic issues with various policymakers, including members of the Obama administration and congressional staff, and he attended numerous other meetings, conferences, presentations, and events throughout the year.

Organizational Activities

In 2010, Dr. Jarboe received media training from NewsCertified. He is now listed on NewsCertified's Exchange as an expert source for journalists.

Athena Alliance Officers

- Richard Cohon, President, C.N. Burman Company LLC—Chairman
- Kenan Patrick Jarboe, PhD—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
- Peter Harter, Vice President of Public Affairs, Intellectual Ventures LLC—Board Member

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