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United States Industry Coalition, Inc.

President's Speech at Annual Meeting March 3, 2010 (full session)

Good morning. I am very pleased to see such a substantial turnout to this important Annual Meeting of the U.S. Industry Coalition. In this meeting you will hear from a wide range of speakers and panelists about what USIC has been doing and what USIC is becoming.

This process of change is now integral to our very existence at USIC. No longer can we assume comfortably that we can sustain ourselves as an organization on the basis of a single-client business model. USIC has done well over the past fifteen years in partnership with that client – and of course I refer here to the Department of Energy's Global Initiatives for Proliferation Prevention. But the world around us has changed, and so programs must change if they are to address the new needs that challenge us today. And for USIC that means that we must be versatile and agile as we pursue new opportunities and ways to engage our membership in them.

But let me begin by stating clearly my belief that the problem of proliferation – in our case, the spread of **knowledge** underlying weapons of mass destruction – is not likely to go away anytime soon. However, the proliferation problem is changing its face and we – both USIC and our larger nonproliferation community – must change with it. An approach that focuses on the former Soviet Union as the root of the problem might be replaced, for example, by one that focuses on addressing worldwide knowledge proliferation issues in cooperation **with** our colleagues in the former Soviet Union. We look forward to engaging vigorously with the Department of Energy to bring to bear the industry perspective in examining such issues in the near future.

Today I would like to direct your attention to the two emerging USICs. I will call them "USIC as we have known it" and "the new USIC." Both of these forms today stand side by side.

This year is the 15th anniversary of USIC, during which time USIC has supported the IPP program, later called GIPP, by being the professional association of the U.S. industry partners associated with GIPP projects. Additionally, we have provided essential functional support to DOE in project evaluation and monitoring of GIPP projects from the standpoint of their success in technology commercialization.

In doing so, USIC has demonstrated a key truth about the GIPP program: projects with strong industry participation – with substantial investment by the industry partner in form of a 100% cost-share – are the most effective not only from



standpoint of commercialization, but also in achieving the other policy goals of the program. The profit motive has been shown to be a powerful engine of creativity and tangible outcomes that have resulted in the engagement of thousands of the “best and brightest” of former Soviet Union science, sustainable jobs for many of them, and new technologies in a broad range of fields that can compete on the world market.

The GIPP model, in turn, has demonstrated that government funding for a public purpose, if imaginatively combined with funds and interest from the private sector, can not only leverage the public funds in an effective manner, but enhance the public purpose as well. In this sense GIPP has been a unique model of a true public-private partnership. It is a remarkable story. We will hear this afternoon of three of the most remarkable USIC and GIPP “success stories,” from our corporate members Numotech, ADMA, and Empire Magnetics.

Because we have seen this kind of success story unfold time and again, we at USIC are, first, vitally committed to continue to support and promote the GIPP program; and secondly, to bring to GIPP the principle of a USIC company in every GIPP project. We have worked with DOE very effectively to this end in the past, and in the present, even given the changing parameters of the GIPP program, we remain committed to making this happen because we know that an effective GIPP project means a project with company participation. And we are committed to work with DOE to develop new, practical funding models, in particular those involving cost-shares not only from U.S. industry but also from the host country.

In parallel, we have been diligently working to build “the new USIC.”

We have been driven by several factors:

First, we understand that to have been a single-client organization for so many years was a blessing, but that to expect that good fortune to continue indefinitely would be very unwise. The realities of federal budgets and shifting priorities of funding agencies tell us that we cannot remain only the “USIC as we have known it” forever.

Second, over this same period we have developed a suite of competencies that can be offered to many clients. This has been borne out, for example, by a contract we carried out for the Department of Homeland Security last year, which showed that we can call upon our network of companies and F.S.U. partners to achieve goals and priorities of diverse clients.

Third, as we have looked around to see what kinds of clients need our services for what ends, we have been very encouraged to find literally dozens, if not hundreds, of leads for us to pursue. Thus there is a rich network of potential customers for our skills and organizational resources. One of the key challenges, of course, is to pick priorities.



Fourth, not only have we been aggressively developing new leads, but we are also expanding our geographic reach while simultaneously providing access to additional innovative technologies as the result of this expansion. This has been happening in two ways. For one thing, we have changed the nature of our association by admitting international members who can participate in non-GIPP activities. And moreover we are considering opportunities for USIC and its members to work with specialists and industries in other countries, such as Iraq.

So, what is the “new USIC”? Here are some key points:

The new USIC is exploring and developing a number of modalities. John will go into this topic this afternoon. But briefly, these include:

- Continuing to support the GIPP program;
- Replicating the GIPP model with other funding partners, in particular U.S. government agencies;
- Promoting direct business-to-business or business-to-institute projects, or what some have dubbed “GIPP without GIPP”; and
- Contract or grant work from public or private sources in support of our public purposes.

You will hear this afternoon from two speakers who offer different perspectives on new opportunities for USIC members and new ways of thinking about the innovation process. Dr. Ronald Manning, of the Biomedical Advanced Research and Development Authority at the Department of Health and Human Services, will address new markets and opportunities for our members in biomedicine. And Dr. Michael Waldman, an expert on innovation, will discuss how the Open Innovation model can help forward-looking firms define their capabilities to fit the purchasing preferences of their customers.

The new USIC also focuses more attention on membership service, recruitment and retention. To this end, during the past year we have:

- Launched a series of short white papers on topics of interest to our members, followed up by telephone conferences with their authors. So far there have been three white papers; the next one, which should draw significant interest, will be on Export Controls and will be presented by Elina Teplinsky of the law firm Pillsbury Winthrop Shaw Pittman.
- We have circulated to our members a “member interest survey” which elicits information about the needs and wants of our members for knowledge, skills, and partnerships in specific areas of their activity. We actively use these surveys, which we administer under NDAs to ensure confidentiality, to seek out and design new programmatic opportunities for our members. In this regard, I want every USIC industry partner to complete that survey and accompanying non disclosure form while you are in town if you have not already done so. See Susan Simmons or John Peel for forms and details.



- We are building a members-only list of technologies of potential interest, compiled from discussion of needs with Federal agencies and commercial industries.
- We have initiated “opportunity alerts” to make membership aware of opportunities for new projects or programs in which they can engage together with USIC, and
- We have overhauled our website to make it more user-friendly and informative
- One new service that we plan to introduce this year is to include in the “members-only” area of our website news and articles about developments in international science, technology and innovation, at first focused on the FSU. This afternoon’s talk about recent developments in Russian Government R&D policies by Dr. Irina Dezhina can be viewed as an introduction to what we hope to achieve in this area, and it will be carried on our website.
- And by the way, I hope that those of you who attended yesterday evening’s seminar by Trevor Gunn on better business planning to obtain investment capital for ventures in the Former Soviet Union found it to be a helpful source of information and guidance as well.

In conclusion:

The GIPP program has been the bedrock of USIC for the past 15 years. We are committed to continue to work with DOE to both sustain the program and to develop new approaches in today’s changing environment.

USIC must now grow beyond the bounds of GIPP. GIPP has given us a successful model and strong working relationships with a rich network of companies, national laboratory partners and some of the best institutes and minds of the FSU. We can and will apply these resources to new opportunities.

USIC is developing a range of models, including replication of the GIPP model and new frameworks for working directly with companies to foster mutually beneficial relationships with other companies and institutes, in the U.S., the FSU, and elsewhere.

USIC has been hard at work on providing our members additional services and programs. We know that you will have many more ideas about what you, our members and our broader community, want to see in our association and we want to hear about them.

Thank you very much.