

United States
Patent Application

Evaluation Results



Independent Review of the USPTO Activity Based Information Program and Methodology

Presented to TPAC - August 28, 2009

Introduction

- Pil-bara Group, Inc. was contracted by the USPTO to independently evaluate:
 - ◆ existing activity based cost (ABC) accounting practices, including methodologies in place to collect and allocate costs;
 - ◆ the usefulness of the activity based cost information (ABI), including uses for identifying the cost of activities, projects, programs, and work-in-process and its applicability for making management decisions;
 - ◆ the effectiveness and fairness of the USPTO's model compared to industry best practices and possibly benchmarking against other models; and
 - ◆ a best practice for validating model accuracy at creation and when significant changes occur.



Introduction

- The following slides are a subset of the briefing to USPTO senior management on July 20, 2009 by the Pil-bara Group, Inc.





Evaluation of Activity Based Information Program

Presented on July 20th, 2009

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Overview

- Summary of Findings
 - Key Findings
 - Application and Use
 - Technical Approach
- Specific Questions
 - Business Lines of Differing Size
 - Business Sustaining Costs
 - Trust in PPA Entry
 - Best Practice Modeling
- Way Forward
- Final Thoughts



Key Findings

Our Opinion

USPTO is definitely a leader in activity based costing in Government agencies.

- USPTO has a robust ABI modeling program that largely adheres to best practices in terms of technical approach and program management
- USPTO is not leveraging the wealth of information available through the ABI program
- Based on current application and use, the detail and complexity of the existing models are not necessary
- Way forward depends on explicitly defined USPTO business objectives as translated into desired model outputs



Program Evaluation: Management Approach

- ✓ Program is set up well with a strong organizational framework
 - Core ABI modeling team with business unit liaisons
 - Active Steering Committee
- ✓ Program is tied to critical business processes
 - Meets required financial and performance reporting
 - Model captures 100% of USPTO cost and is reconciled to the general ledger
- ✓ Existence of an enterprise-wide time capture system that touches every employee is a major achievement
- ✓ Process exists for checks and balances for quality control
- ✓ Model methodology is well documented



Program Evaluation: Application and Use of ABI Data

- ✓ Model data is used for selected key business processes and initiatives
 - Statement of Net Cost
 - Provide cost information to support external performance reporting
 - Provides cost information to support development of fees for Patents and Trademarks
 - Provides budget execution information in terms of maintaining the “Fence” by providing percentage cost splits
- ✓ Overall, USPTO is not fully realizing its potential in areas of typical application and use of model data and information
 - Key business unit personnel are often unaware of the ABI program’s scope and capability
 - Program is not well aligned with strategic and operational objectives



Way Forward: Three Options

- Option 1: Continue to use the system and models in their current capacity
- Option 2: Simplify the detail and complexity of the model
- ✓ Option 3: Leverage the capacity and capability of the model by expanding the application and use to support business needs
- Consideration: Weigh your needs against the level of detail versus the level of effort required



Option 3: Leverage Capacity and Capability of ABI Models

- **Advantages**
 - Realize the full extent of activity based costing and management (ABCM) value specifically tailored to USPTO business objectives
 - Move USPTO more toward a true performance organization
 - Meet business management information needs of key business lines
- **Disadvantages**
 - May require more resources
 - Success hinges on transforming business culture
 - Require more time to institutionalize new applications and use



Final Thoughts

- Scope was to identify opportunities through best practices
- Built a credible model in line with best practices
 - Great foundation to move forward
 - There is a lot of opportunity with application and use
- Focus on resolving the specific problems most organizations face (cultural)