

Corporate Support

The PTO's Corporate Support functions provide the framework by which the three businesses and Policy function carry out their mandates and meet their performance commitments. The corporate support functions are either enterprise resource management functions or enterprise information technology functions. The resource management functions are under the direction of the Chief Financial Officer, and include human resources, planning, financial management, procurement, space and facilities management, and file and mail services. The information technology infrastructure functions are under the direction of the Chief Information Officer.

These corporate support functions enable our business area to maximize the potential of human capital by:

- Enabling the recruitment and retention of patent and trademark examiners needed to process increasing number of applications filed each year;
- Creating a labor management environment that is conducive to effective growth management;
- Transitioning clerical and technical employees to knowledge work;
- Enhancing overall communications with employees;
- Enhancing diversity in the workplace;
- Responding to health and safety concerns; and
- Providing automated systems to enhance personnel-related decision making.

Corporate support functions also enable businesses to effectively account for the use of funds, to procure the tools their employees need to manage growth, and to provide logistics in terms of retrieving and filing, processing mail, and effectively managing facilities.

Information technology enterprise infrastructure encompasses all of the hardware, system and database software, communications, and related support services that are integral to all business and corporate operations. At the PTO, IT infrastructure includes the management of large and continually growing text and image databases, coupled with a requirement to process very large volumes of transactions to support application processing. We are focusing our efforts on merging our current infrastructure to a standards-based open system environment that will allow the addition of new products or infrastructure components or the replacement of existing ones as new technology enters the marketplace.

Fiscal year 2001 Increases

| PTO Priority | Activity | Dollars | FTE |
|---|--|---------------------|------------|
| Support PTO's Space Consolidation effort | Continue detailed planning efforts to ensure a smooth transition to the consolidated campus | \$10,000,000 | |
| Enable PTO businesses to meet performance commitments by effectively managing resources | Enhance personnel-related decision-making through the Human Resource Information System (HRIS) | \$1,400,000 | 0 |
| | Improve core financial data by enhancing the activity-based costing effort and distributing the data | \$1,200,000 | 0 |
| | Implement American Inventors Protection Act (see page 35) | \$38,000 | 0 |
| TOTAL – Resource Management Activities | | \$12,638,000 | 0 |
| Enhance PTO's information technology enterprise infrastructure | Replace PTONet | \$16,800,000 | 0 |
| | Improve information security | \$2,157,000 | 0 |
| | Meet the demands of an expanding user community | \$1,250,000 | 0 |
| TOTAL – Information Technology Activities | | \$20,207,000 | 0 |

Resource Management

PTO Space Consolidation

Since 1989, the General Services Administration (GSA) and PTO have worked together on plans to consolidate and update the PTO office complex. The 18 buildings in Crystal City that PTO currently occupies range in age from 10 to over 25 years. To meet long-term needs and Federal building standards, existing space requires alterations to: 1) facilitate the PTO's reengineered processes and automation programs, and 2) fully comply with current (as opposed to grandfathered) fire, life, safety and accessibility codes. Furthermore, the *Competition in Contracting Act* requires the PTO's long-term requirements be submitted for competition. In late 1995, the Administration recommended and Congress approved a competitive PTO lease of 2.17 to 2.39 million rentable square feet (depending on building efficiency) in a new or rehabilitated complex in Northern Virginia. The consolidation will result in:

- Workflow efficiencies;
- Reduced operation costs;
- Application of information technology improvements (required to implement IT enhancements not accommodated by existing facilities);
- Compliance with the Americans with Disabilities Act (ADA)/ Uniform Federal Accessibility Standards (UFAS), Life-safety, and Building Codes; and
- Improved amenities (childcare, auditorium, cafeteria).

On June 14, 1999, GSA issued a Record of Decision (pursuant to the National Environmental Policy Act's Environmental Impact Statement process) identifying LCOR Alexandria, L.L.C. and the Carlyle site in Alexandria, Virginia, as the best solution for meeting PTO's long-term housing needs. Of the three finalists in the competition, LCOR had the highest rated technical proposal and the lowest price. As a result, it was determined to be the greatest overall value to the Government, consistent with the evaluation criteria established in the Solicitation for Offers (SFO) issued for this project.¹

The Carlyle site is located on currently undeveloped land at Dulany Street and Eisenhower Avenue between Elizabeth Lane and Carlyle Street. The campus will be comprised of approximately 2 million square feet of occupiable space within five connected office buildings. Four buildings, 10 stories each, will line both sides of Dulany Street. The campus will be highlighted by an 18-story tower at the end of Dulany Street, with seven-story annexes on both sides of the tower. GSA expects to award a 20-year lease to LCOR Alexandria, L.L.C., in the second quarter of fiscal year 2000. Following the lease award, the developer will need to obtain local planning and construction approvals, arrange financing, and construct the base buildings. Concurrently, GSA/PTO will work with the developer's team to complete the interior design and fitout.

The space consolidation project has been challenged by several lawsuits, including:

- A lawsuit filed by the Charles E. Smith Companies, in the District Court for the Eastern District of Virginia, alleging violation of the Public Buildings Act and Competition in Contracting Act, was dismissed on July 29, 1999. The District Court granted the Government's motion for summary judgment in full, after concluding that the administrative record demonstrates the SFO requirements are reasonable and that the Government had complied with applicable law. The Charles E. Smith Companies appealed this case to the Fourth Circuit Court of Appeals in December 1999.
- A joint lawsuit filed by The Charles E. Smith Companies and three local citizens against GSA, PTO and DOC in the District Court in the District of Columbia alleging that the Government had failed to comply with the requirements of the National Environmental Policy Act

¹Technical factors included quality of facility design (45%), quality of site (35%), qualifications of the interior architect (10%), and qualifications of the O&M firm (10%).

(NEPA) with respect to the space consolidation project. Both the government and the plaintiffs have filed motions for summary judgment, and a hearing on the matter was held August 20, 1999. It is expected that a decision will be issued shortly.

Pending execution of a lease contract with LCOR, the price proposal and precise delivery schedule remains procurement sensitive. However, the cost to lease the space PTO will occupy is below the maximum annual cost limitation set by Congress in fiscal year 1996 of \$57,286,560 subject to escalation at 2.9 percent to the effective date of the lease. The SFO provides that the move will be into 8-10 phases of approximately 250,000 square feet each. The construction of the first 1,200,000 square feet of space must be completed within four years of the lease award, but may be earlier (no earlier than October 2001), with completion of all of the space within 18 months of delivery of the first block.

For the future consolidated campus, the PTO has adopted a modular approach to space planning and design in order to promote easy, cost-effective reuse and reassignment of our space over the term of the lease. The program of requirements identifies a universal office module, which uses a standard grid size to assign all spaces to promote fairness, uniformity and flexibility throughout the campus. The plan is to have two closed office sizes (120 square feet and 150 square feet) and two workstation sizes (75 square feet and 80 square feet). Most other office support areas and distributed spaces are sized as dimensional derivatives of these two closed office sizes. In an effort to better utilize the space, standard sized conference rooms, pantries, equipment and photocopy rooms will be distributed throughout the new campus. Joint-use spaces are sized based upon their special-purpose use. Some of the joint-use spaces include a consolidated training facility, a cafeteria, a fitness center, a health unit, an auditorium and a PTO child care center.

The Senate Committee Report accompanying Public Law 105-235, the Commerce Justice State Appropriations for fiscal year 1999, included language that the PTO must put cost control mechanisms in place to monitor every aspect of the space project and provide a quarterly status report to the Committee. The appropriations legislation for fiscal year 1999 also included language that capped the moving costs of the PTO at \$135 million, of which no more than \$29 million could be used for alterations that are above GSA-standard costs.

PTO obligations to date have been for program management services and the transfer of funds to GSA for disbursement subsequent to lease award and for above GSA-standard build-out items. To date, we have reserved all of the capped \$29 million for above standard grade items through an obligation with GSA. The GSA has not yet expended these funds pending award of the lease and notification by GSA to the successful lessor to proceed with interior construction.

PTO is requesting \$10 million for the consolidation project in fiscal year 2001 in addition to \$20 million in base funding. With occupancy beginning in fiscal year 2003, these funds will be needed for requirements in information technology, security systems, move planning, furniture, and project management. PTO will make use of the findings of a comprehensive inventory of existing furniture in finalizing furniture requirements for the project. Funds are required for the project in fiscal year 2001 to properly plan and coordinate different aspects of the project and to solicit and award contracts. For example, if construction proceeds without information technology, security, and initial furniture plans and orders in place, we will not be able to integrate these components properly and would risk costly delays and changes. According to the terms of any likely lease, delays in the project caused by the government would increase the period of dual rent and operations as we transition from the

current to the new location. The PTO furniture order will require a substantial production scheduling commitment from the selected vendor(s) and will require extensive planning and lead-time prior to production and several months dedicated to production.

PTO has funded the consolidation project incrementally in order to distribute the project costs over several years so as to not impact operations or our customers' fees all in one or two years. With this funding in FY 2001, PTO will have planned and obligated \$71,800,000 of the planned \$135,000,000 budget through Fiscal Year 2001. The remaining \$63,200,000 will be needed in FY 2002 to 2004, with the most significant requirements in FY 2002.

Enable PTO Businesses to Meet Performance Commitments by Effectively Managing Resources

Human Resources Information System (HRIS). An increase of \$1,400,000 is requested to continue phased implementation of the HRIS. HRIS will provide instant access to detailed records and on-line support for personnel-related decision-making, and will assist in tasks that once required the use of forms and time-consuming research. Additionally, it will provide for automated processing of work items from one processing station to the next without risk of having such items misplaced. The requested increase will allow the PTO to deploy an employee benefits administration module, deploy a training module, and implement the PeopleSoft commercial human resources software.

Financial Management Programs. An increase of \$1,200,000 is requested to strengthen two PTO financial management programs. First, we will continue migrating core financial systems to a client-server environment. This initiative directly supports the Vice President's Internet initiative by establishing the necessary infrastructure to allow customers (including PTO travelers) to submit invoices via the Internet and to check on status of payments via the Internet; to allow PTO business areas to access the core financial system through the Intranet; and to allow PTO business areas greater access to core financial system information, information that can now only be provided by centrally-generated reports. Second, we will support our activity-based costing (ABC) effort by maintaining PTO's existing cost models, performing fee costing via ABC, and automating and integrating the data input model. Lastly, analyses of business line processes will be provided to business line managers to support Activity Based Management.

Information Technology – Enterprise Infrastructure

All of the following requests are documented fully in the PTO's Strategic Information Technology Plan.

Replace PTONet. An increase of \$16,800,000 is requested to provide PTO's employees and contractors with an adequate computer network infrastructure (PTONet) that provides the services, bandwidth and the data exchange foundation necessary to maintain production. The replacement effort is part of the continued maintenance and enhancement of PTONet that is made necessary by the fact that growth and increased requirements levy increased demands on the network infrastructure; for example, the increase of bandwidth to the desktop for users to match technology advances in servers and workstations.

Improve Information Security. An increase of \$2,157,000 is requested to provide our businesses with secure communications network-wide, reducing the threats of hacking and exploitation of captured electronic data. The capacity of PTO's original Firewall has been reached. Also, some E-commerce initiatives were not anticipated when the original Firewall was designed, for example, ordering, delivery and payment through the Internet; enabling customers to browse PTO Web sites and databases; and allowing authorized examiners to research prior art located in data bases throughout the world. The Electronic Mail Room/Public Key Infrastructure (EMR/PKI) will provide an infrastructure capability that serves as an interface, available PTO-wide, for the secure exchange of structured documents between automated information systems operating on PTONet and external correspondents. This capability will support the use of electronic correspondence for the submission and processing of patent and trademark applications, the processing of patent and trademark copy sales, and other PTO business exchanges with external entities. The EMR/PKI also will provide an infrastructure that will support public key cryptography. This infrastructure will support the generally recognized security features, such as encryption and digital signatures, which are necessary to secure electronic transactions. This capability will be made available to automated information systems enterprise-wide, so they can have reliable encryption and authentication services.

Information Technology Workload. An increase of \$1,250,000 is requested to provide office automation and search tools for newly hired employees. This includes establishing PTONet capability (e.g., network jack, electronic mail capability); providing office automation capability (e.g., software and installing the workstation); and maintaining office automation capability (e.g., Help Desk support, maintaining software licenses). For patent and trademark examiners, this also includes providing access to search tools, tracking and monitoring systems (PALM and TRAM), and other miscellaneous and supporting systems.

Table 16

Key Objectives
1998 through 2000

| | <i>1999 Accomplishments</i> | <i>2000</i> | <i>2001</i> |
|--|--|--|--|
| RM - Human Resources: Alternative Compensation | <ul style="list-style-type: none"> Pursued demonstration authority and initiated a demonstration project in a pilot environment. | <ul style="list-style-type: none"> Evaluate the alternative compensation pilot. | |
| RM - Human Resources: Enhanced Labor Management | <ul style="list-style-type: none"> Established Partnership arrangements with PTO's three unions. Benchmarked successful labor relations in private and public sectors. | <ul style="list-style-type: none"> Train PTO managers on best practices, and achieve effective information sharing of pre-decisions/continuous improvement. | |
| RM - Human Resources: Career Transition | <ul style="list-style-type: none"> Pursued authorities for career transition alternatives. | <ul style="list-style-type: none"> Implement career transition alternatives and upskilling. | <ul style="list-style-type: none"> Continue implementation of career transition alternatives and upskilling. |
| RM - Financial Management: Financial: Policies and Practices | <ul style="list-style-type: none"> No material internal control weakness. No material violations of laws and regulations. No reportable conditions. | <ul style="list-style-type: none"> No material internal control weakness. No material violations of laws and regulations. No reportable conditions. | <ul style="list-style-type: none"> No material internal control weakness. No material violations of laws and regulations. No reportable conditions. |
| RM - Financial Management: Financial Statements and Reports | <ul style="list-style-type: none"> Unqualified opinion on financial statements. | <ul style="list-style-type: none"> Unqualified opinion on financial statements. | <ul style="list-style-type: none"> Unqualified opinion on financial statements. |
| RM - Financial Management: Financial Management Systems | <ul style="list-style-type: none"> Systems meet all JFMIP requirements. Systems are SGL compliant at the transaction level. Systems are year 2000 compliant. All delinquent debt is transferred to Treasury. 95% of vendor payments made by EFT. 97% of payroll made by EFT. | <ul style="list-style-type: none"> Systems meet all JFMIP requirements. Systems are SGL compliant at the transaction level. Systems are year 2000 compliant. All delinquent debt is transferred to Treasury. 95% of vendor payments made by EFT. 97% of payroll made by EFT. | <ul style="list-style-type: none"> Systems meet all JFMIP requirements. Systems are SGL compliant at the transaction level. All delinquent debt is transferred to Treasury. 95% of vendor payments made by EFT. 97% of payroll made by EFT. |
| RM – PTO Space Consolidation | <ul style="list-style-type: none"> Issued program of requirements. Completed furniture inventory. | <ul style="list-style-type: none"> Award lease for new PTO campus. Obligate sufficient funds within the planned budget to ensure project is on schedule. Commence design and construction. | <ul style="list-style-type: none"> Outyear milestones are dependent upon pending and expected litigation as a result of the June 14, 1999 announcement of the successful offeror. |

| | <i>1999 Accomplishments</i> | <i>2000</i> | <i>2001</i> |
|---------------------------|--|---|---|
| Enterprise Infrastructure | <ul style="list-style-type: none"> • Provided a secure PTOnet. • Completed installation of alternate routing and provide redundancy for PTOnet. • Established a pilot Electronic Mailroom. • Completed a <i>Y2K Business Contunity and Contingency Plan</i>. • Ensured all infrastructure components and applications are Y2K compliant. • Improved disaster-recovery capability by completing contingency plans for each major system. • Identified electronic records management requirements for all PTO business operations. • Upgraded PTOnet speed for select applications. • Standardized patent data elements. • Expanded access to PTO information repository. • Piloted enterprise requirements management. • Piloted automated process for system acceptance testing. | <ul style="list-style-type: none"> • Begin implementation of a program for routine replacement of office automation and application servers, high-speed printers, and production scanners. • Complete transition to an open system standards-based architecture. • Improve management of the PTO's physical information technology assets. • Improve monitoring of the PTO's distributed IT environment. • Institutionalize the Data Quality Program • Improve problem resolution for desktop services. • Streamline approach to handling contract and task order management. • Complete a data center archival and disaster recovery plan. • Improve enterprise requirements management. • Improve enterprise configuration management. • Implement an automated process for system acceptance testing. | <ul style="list-style-type: none"> • Establish electronic mailroom/public key infrastructure to improve information security. • Replace PTOnet. |