



MESSAGE FROM THE CHIEF FINANCIAL OFFICER

As another challenging year comes to a close, I reflect on the Chief Financial Officer/Chief Administrative Officer (CFO/CAO) organization's ambition to adopt and implement commercial-like best practices. In this regard, I am proud to say that for a ninth consecutive year we received an unqualified opinion on our annual financial statements and for a fifth consecutive year the auditors noted no material weaknesses in our internal control structure.

We also channeled our efforts on customer responsiveness, e-Government, cost competitiveness, and sound management. The American Inventors Protection Act of 1999 provided impetus for electronic filing, maintenance, and publication of documents, clearing the way for major strides in improving customer satisfaction. To support our business units' goals, the CFO/CAO organization has worked diligently to enhance its financial management systems and integrate them with program systems to support the electronic filing of patents and trademarks. To improve responsiveness to our customers, we expanded our ability to process electronic payments, including credit cards and electronic fund transfers. These initiatives are integral to our business units' ability to continue meeting mission and customer service goals and objectives.

Our focus this year also has been on the President's Management and Performance Agenda. The USPTO's strategic business goals directly support the President's agenda. e-Government is one of five key elements of the President's plan. Our customers expect the same quality of electronic service from us that they now receive from successful private sector companies. To ensure security, we provide complete safety and privacy of payment information. Our vendors and prospective suppliers also benefit from electronic procurement processes. Progress was made on our e-Procurement pilot program, which, when fully implemented, will facilitate electronic processing for all phases of procurement. e-Government is not only about collecting fees and conducting contract solicitations over the Web; it is also about doing business in a whole new way. Our primary e-Government role is to support our business units as they transform their operations to a fully electronic environment. As we gradually automate all our operations, the CFO/CAO organization, along with the Office of the Chief Information Officer (CIO), will continue to provide full support by evaluating information technology needs, conducting cost benefit analyses, and providing management information and advice.

Another element of the President's agenda is to increase cost competitiveness and make the federal sector more market-based. The Federal Activities Inventory Reform Act requires agencies to maximize prudent resource management. The USPTO has strongly supported the use of private enterprise in our business activities. The USPTO currently has over 2,800 contract personnel performing a wide variety of clerical, technical and administrative duties. Over the last five years, our use of service contracts has increased significantly as we find ways to address more efficiently and effectively an increasing workload of patent and trademark filings. As more activities are considered for outsourcing, the CFO/CAO organization will continue to provide support in the form of cost analysis and evaluation, financial forecasts and projections, administration, and compliance reporting.

The use of performance-based contracts also is an element of the President's agenda. We introduced performance-based concepts into our procurement solicitations, which holds our contracting community to high standards of performance, cost control, and savings. We will continue to include performance-based standards in new solicitations and in existing contracts as they are modified, extended, and recompeted.

To ensure continued sound management practices, the CFO/CAO organization undertook a number of initiatives this past year. We facilitated strategic planning efforts to drive budget development and assisted, along with the CIO organization, in technology needs assessments. We provided activity-based cost and management reports to our business units and conducted a variety of audits, cost-benefit analyses, return on investment studies, and business cases to ensure careful use of resources and more informed decision-making. We continued to refine our balanced scorecard to better plan, manage, and assess performance. A critical component allowing us to perform these tasks is the quality of our accounting system. We accelerated our transition to a Web-based, client-server core accounting software, with a wide variety of integrated program and administrative applications to support an electronic work environment.

We believe our employees ultimately determine our success. To enhance our employees' well-being, we emphasize empowerment combined with clear expectations. Our goal of increasing employee satisfaction complements our larger goals of improving business performance and customer satisfaction. Our focus on employee retention, skills improvement, and career development opportunities will continue. The planned move to our state-of-the-art complex in Alexandria, Virginia, supports our mission and will help attract and retain the very best people. The move is progressing well and has been firmly supported by the General Accounting Office, which stated that the consolidated facilities will save money and provide for greatly improved security.

Integrating advanced technology with a highly skilled dedicated workforce makes for exciting times. And the USPTO, in particular, is an exciting business. We will continue to assist the USPTO in accomplishing its work by using sound financial information to drive financial requirements and to make strategic and day-to-day business decisions.



Clarence C. Crawford

Chief Financial Officer and Chief Administrative Officer