



UNITED STATES
PATENT AND
TRADEMARK OFFICE

Twelve Years and Counting...
**USPTO's Managerial Cost Accounting
Efforts, Uses, and Results**

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Agenda

- USPTO at a glance
- Managerial Cost Accounting at USPTO
 - Uses
 - Ongoing Efforts and Results
 - Challenges and Lessons Learned
 - Looking Forward
- Questions



Introduction to the USPTO

- Grant patents and register trademarks
- Fully fee-funded federal entity
- Alexandria, Virginia (Carlyle campus)
- FTE (including contractors): 11,000+
- Revenue: ~\$2 Billion (Patents 80%, Trademarks 20%)
- Production-oriented (issue patents and register trademarks)
- Performance-based organization (PBO)
- <http://www.uspto.gov>

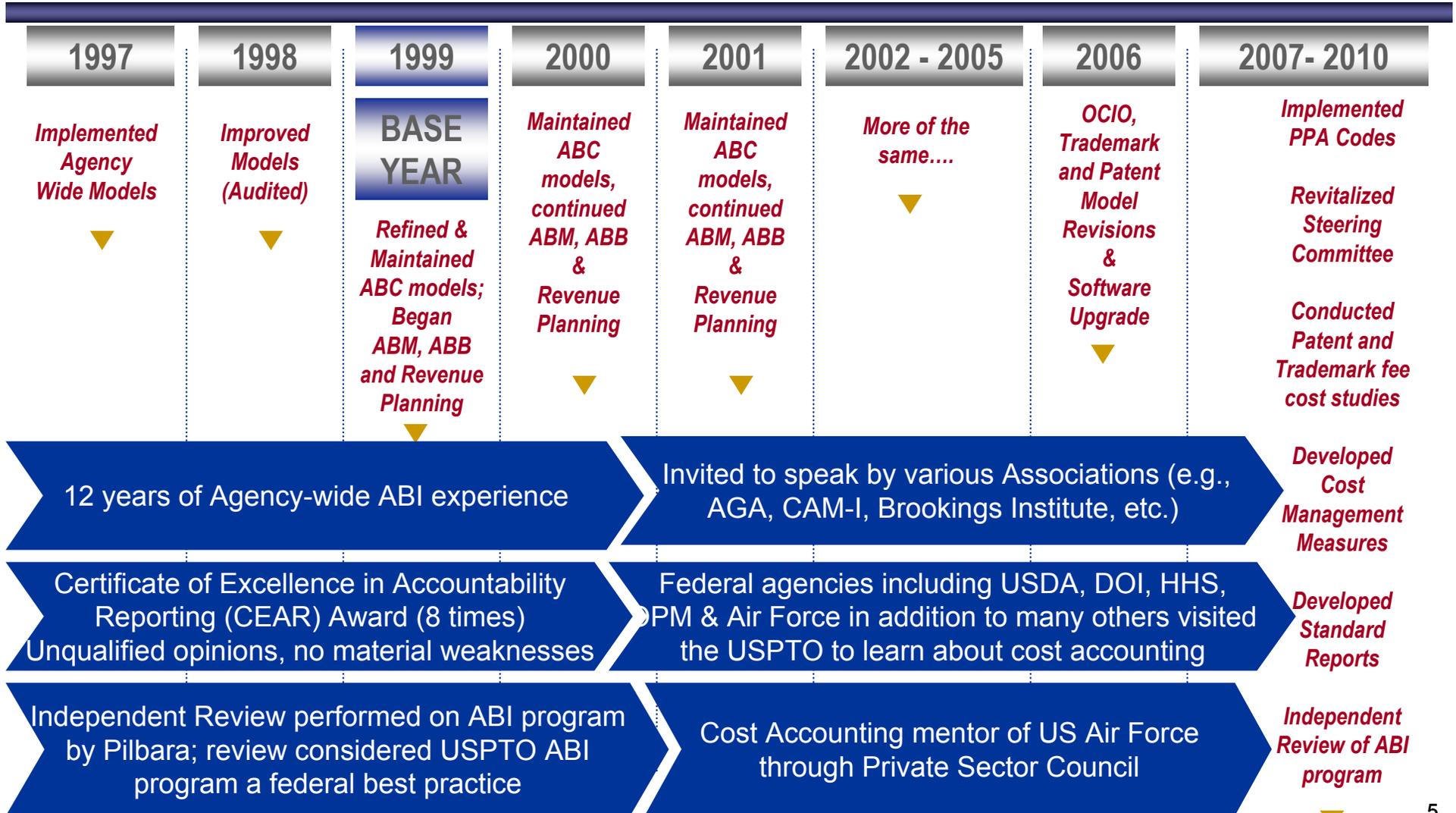


Current State of Affairs

- The Economic Downturn and Its Effects on the USPTO Budget
 - A Decline in Earned Revenue
 - A Halt in Hiring
 - Postponement of Critical Repairs to IT Infrastructure
- Fee Setting Authority
- Retention of Funds



Twelve Year History...





The Federal Cost Accounting Requirement

OMB A-136 says that financial statements shall include the Statement of Net Cost

Form and Content of the PAR
(OMB Circular A-136)

OMB Circular A-11 requires performance budgets to include full cost of a program and link strategic objectives with the costs of specific activities that contribute to the achievement of those goals

Managerial Cost Accounting Concepts and Standards (FASAB #4)

FASAB #4 requires full cost of outputs and reporting costs of activities on a regular basis for management information purposes

Managerial Cost Accounting Requirements

Government Performance and Results Act (GPRA)

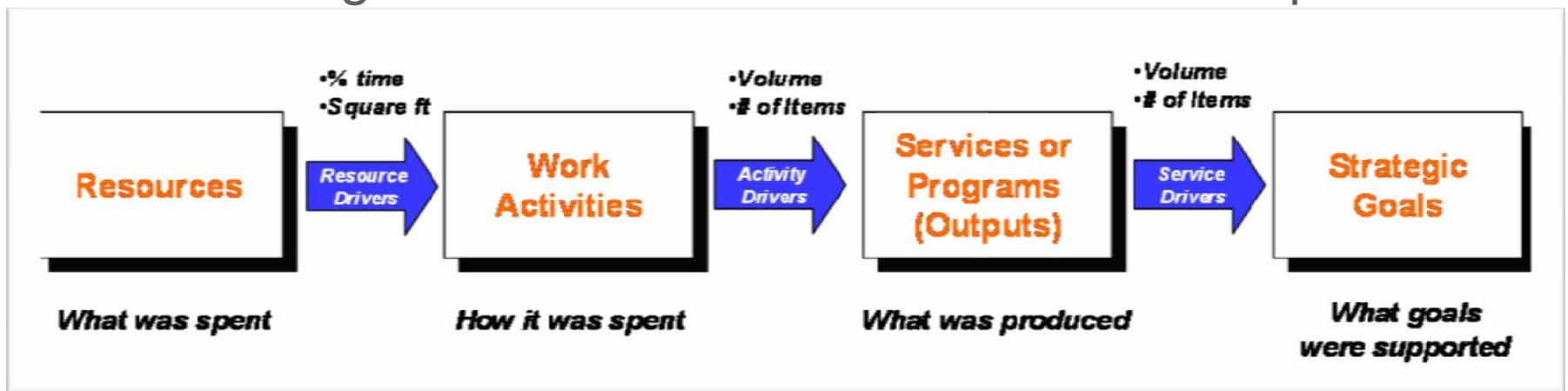
GPRA requires establishment of strategic planning and performance measurement

Preparation, Submission, and Execution of Budget (OMB Circular A-11)



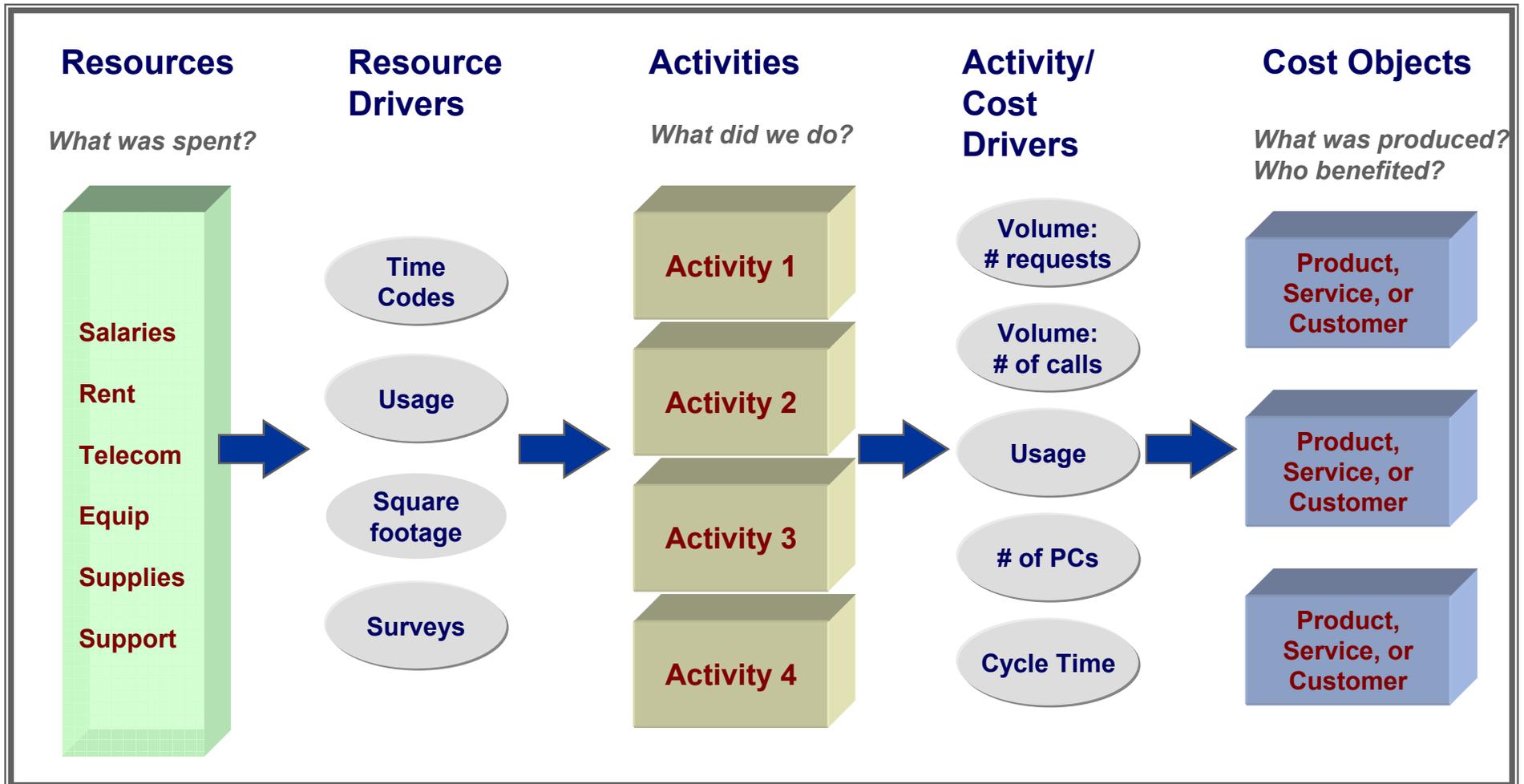
What is ABC?

- Activity-Based Costing (ABC) is a type of managerial cost accounting that measures the full cost and performance of work activities and outputs.
- ABC provides insight into the relationship between the cost of inputs (resources) and the level of outputs produced (cost objects) by quantifying the work performed (activities).
- ABC recognizes the cause-and-effect relationship





Understanding ABC





Benefits of ABC

- ABC assists managers to:
 - Determine an organization's activity and process costs
 - Determine the costs of an organization's products and services
 - Identify support activity costs and their relationship to mission activities or outputs
 - Improve resource planning and controlling
 - Make more informed decisions



Benefits of ABC

- Typical applications of ABC include:
 - Performance Measurement
 - Budgeting
 - Process Improvement
 - Resource Management
 - Cost Control
 - Fee/Price Setting
 - Strategic Sourcing
 - Operations Planning
 - Financial Reporting
 - Product /Service Costing



Foundation of ABI at USPTO

Benefits Realized

Single source for all cost information
Reduced cycle times
Traceability to source systems
Common business taxonomy
Greater user confidence
Ability to support complex cost studies

Key ABI Infrastructure

Executive Sponsorship
Steering Committee
CFO ABI Divisions
Dedicated Business
ABI Teams

People

Integrated with financial
statement preparation
Source for cost based
measures
Informs budgeting and
fee setting
Communication,
training and change
management

Process

Robust financial
accounting and T&A
system
Cost Accounting
System
Enterprise Data
Warehouse
Production/Workload
Systems

Technology



ABI Critical Success Factors

- **Cost Efficiency Measures tied to Executive Performance**
 - Director-level performance is tied to quarterly Service Level Agreements and/or deliverables
 - ABI data is the basis for certain metrics
- **ABI Steering Committee Management**
 - Members act as the liaison to the executives of the Business Unit and provide suggestions, guidance, and input on the types of information that would be valuable for executive and management decision-making.
- **Training, Communication and Change Management**
 - Continue to expand the understanding and application of ABC information beyond current users for budgeting, performance management, operations, and process improvement.
- **Public Advisory Committee Support**
 - Provide support and analysis to the Patent and Trademark Public Advisory Committees.

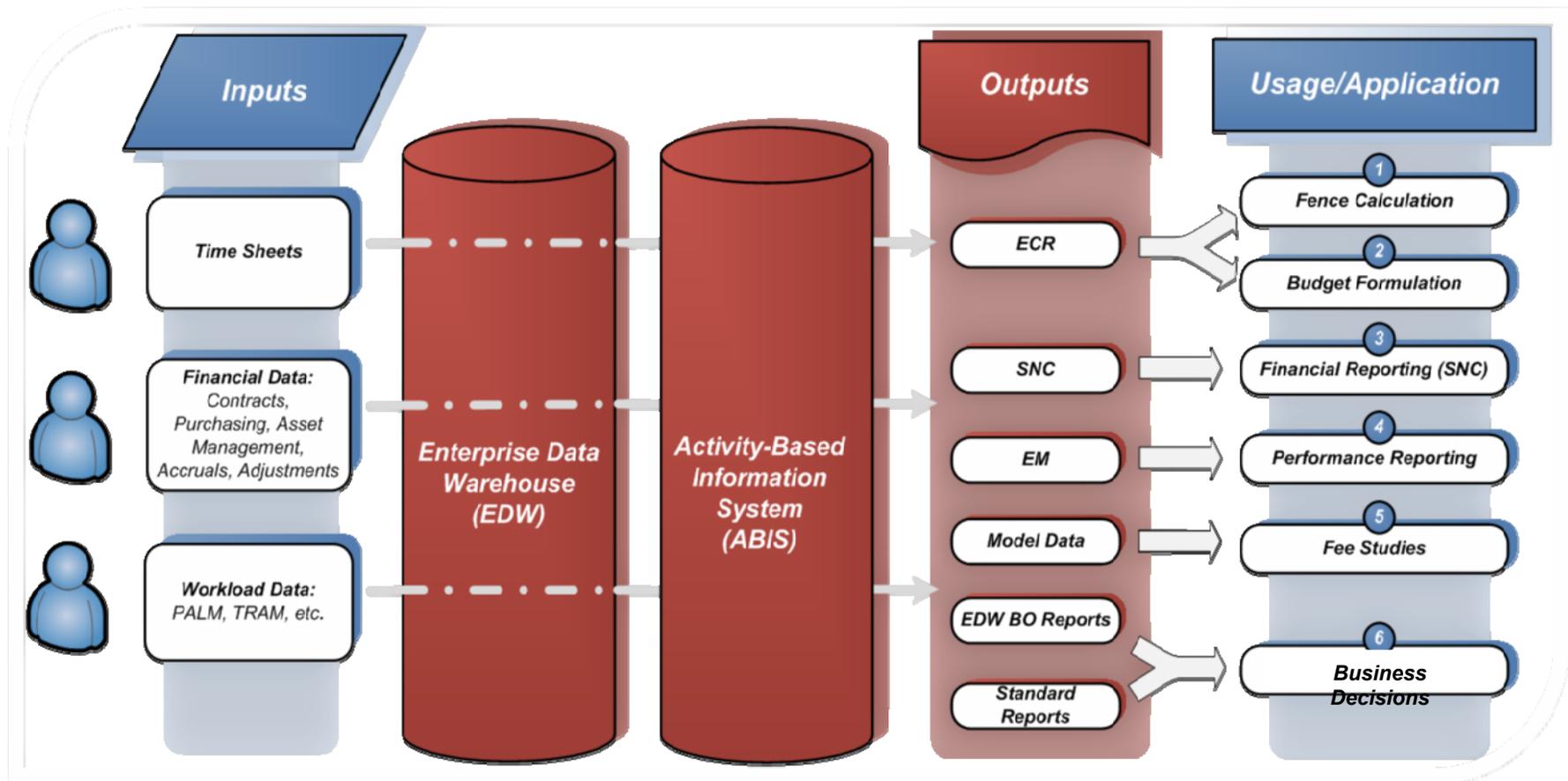


ABI Steering Committee

- USPTO's **rule making body** for managerial cost accounting
- Comprised of members designated to represent their organizations by the executives of their Business Unit
- Chaired by the Deputy CFO - meets every two weeks
- Steering Committee mandate includes:
 - Provide strategic direction to the ABI program
 - Review and approve allocation drivers
 - Promote the use of cost information for management decision making



The Flow of ABI Data





ABI uses at USPTO

- Quarterly Financial Statements
- Budget Formulation
- Fee Cost Studies
- Performance Reporting
- Business Decisions



Quarterly Financial Statements (Statement of Net Costs)

U.S. PATENT AND TRADEMARK OFFICE CONSOLIDATING STATEMENTS OF NET COST For FY09 Q3, June 30, 2009 (Dollars in Thousands)				
June 30, 2009				
	INTELLECTUAL PROPERTY			
	PATENT	TRADEMARK	PROTECTION	TOTAL
Goal I: Enhance Quality and Minimize Processing Time				
Intragovernmental Gross Cost	\$ 260,537	\$ -	\$ -	\$ 260,537
Gross Cost with the Public	\$ 1,028,383	\$ -	\$ -	\$ 1,028,383
Total Program Cost	\$ 1,288,919	\$ -	\$ -	\$ 1,288,919
Intragovernmental Earned Revenue	\$ (4,920)	\$ -	\$ -	\$ (4,920)
Earned Revenue from the Public	\$ (1,246,553)	\$ -	\$ -	\$ (1,246,553)
Total Program Earned Revenue	\$ (1,251,473)	\$ -	\$ -	\$ (1,251,473)
Net Program Cost/(Income)	\$ 37,446	\$ -	\$ -	\$ 37,446
Goal II: Enhance Quality and Minimize Processing Time				
Intragovernmental Gross Cost	\$ -	\$ 28,526	\$ -	\$ 28,526
Gross Cost with the Public	\$ -	\$ 112,598	\$ -	\$ 112,598
Total Program Cost	\$ -	\$ 141,124	\$ -	\$ 141,124
Intragovernmental Earned Revenue	\$ -	\$ (173)	\$ -	\$ (173)
Earned Revenue from the Public	\$ -	\$ (174,815)	\$ -	\$ (174,815)
Total Program Earned Revenue	\$ -	\$ (174,988)	\$ -	\$ (174,988)
Net Program Cost/(Income)	\$ -	\$ (33,864)	\$ -	\$ (33,864)
Goal III: Improve Intellectual Property Protection and Enforcement Domestically and Abroad				
Intragovernmental Gross Cost	\$ -	\$ -	\$ 6,396	\$ 6,396
Gross Cost with the Public	\$ -	\$ -	\$ 25,247	\$ 25,247
Total Program Cost	\$ -	\$ -	\$ 31,643	\$ 31,643
Net Program Cost/(Income)	\$ -	\$ -	\$ 31,643	\$ 31,643
Total Program Cost	\$ 1,288,919	\$ 141,124	\$ 31,643	\$ 1,461,687
Total Earned Revenue	\$ (1,251,473)	\$ (174,988)	\$ -	\$ (1,426,461)
	37,446	(33,864)	31,643	35,226

Large Note:

(Dollars in Thousands)

06/30/2009

DIRECT COSTS	PATENT	TRADEMARK	IIP	TOTAL
Personnel Services and Benefits	\$ 802,922	\$ 78,269	\$ 13,350	\$ 894,541
Travel and Transportation	\$ 306	\$ 81	\$ 1,280	\$ 1,667
Rent, Communications, and Utilities	\$ 55,905	\$ 5,454	\$ 1,865	\$ 63,225
Printing and Reproduction	\$ 41,571	\$ 389	\$ 7	\$ 41,967
Contractual Services	\$ 154,509	\$ 10,656	\$ 5,628	\$ 170,793
Training	\$ 2,893	\$ 282	\$ 47	\$ 3,221
Maintenance and Repairs	\$ 1,089	\$ 241	\$ 58	\$ 1,388
Supplies and Materials	\$ 5,900	\$ 139	\$ 182	\$ 6,222
Equipment not Capitalized	\$ 2,221	\$ 613	\$ 217	\$ 3,050
Insurance Claims	\$ 237	\$ 59	\$ 0	\$ 297
Depreciation, Amortization, or Loss on Asset Dispositions	\$ 26,396	\$ 3,066	\$ 341	\$ 29,803
Subtotal Direct Costs	\$ 1,093,950	\$ 99,248	\$ 22,974	\$ 1,216,172
ALLOCATED INDIRECT	PATENT	TRADEMARK	IIP	TOTAL
Automation	\$ 92,025	\$ 22,597	\$ 2,035	\$ 116,656
Resource Management	\$ 102,944	\$ 19,279	\$ 6,634	\$ 128,858
Subtotal Allocated Costs	\$ 194,969	\$ 41,876	\$ 8,669	\$ 245,514
Total Program Costs	\$ 1,288,919	\$ 141,124	\$ 31,643	\$ 1,461,687

Small Note:

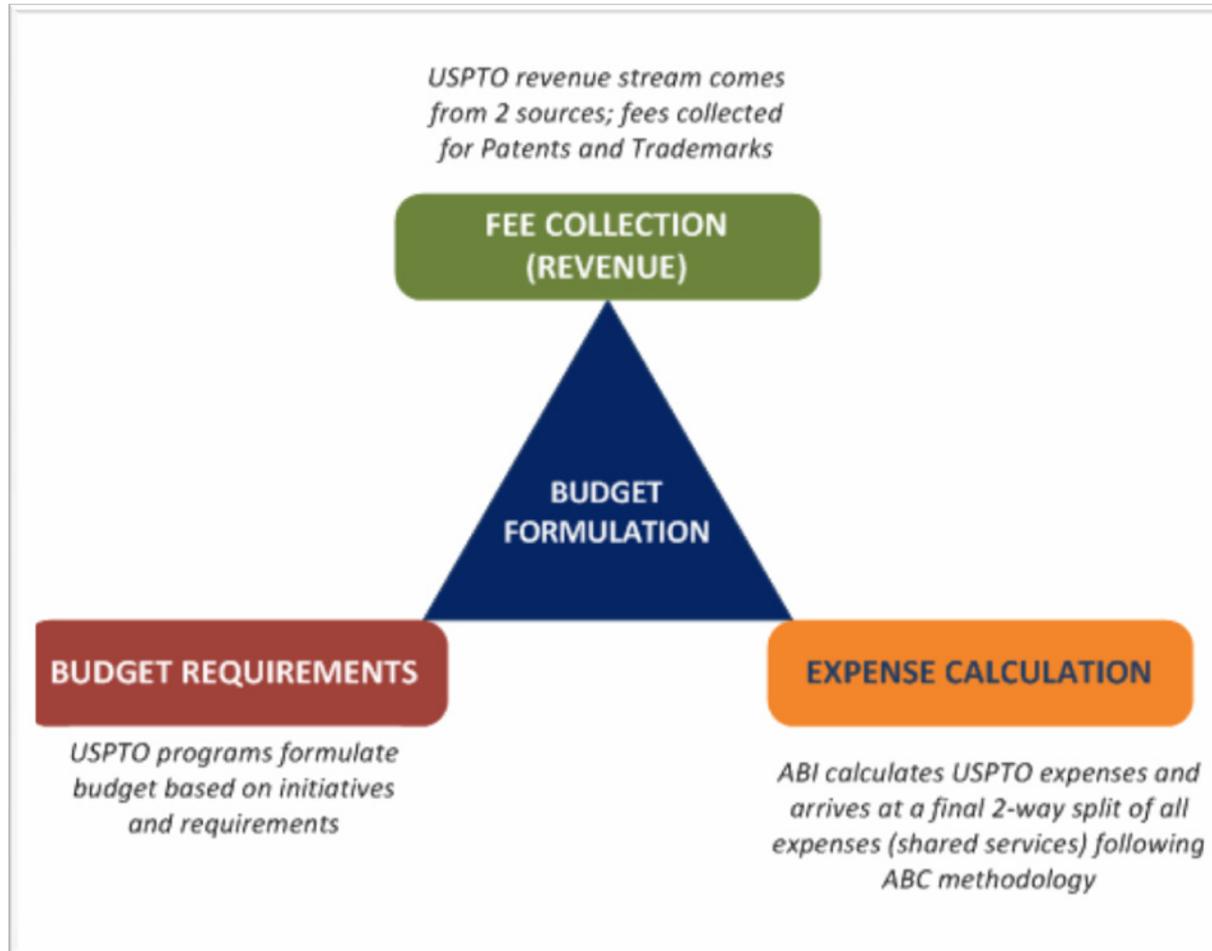
(Dollars in Thousands)

06/30/2009

	Direct	Allocated	Total
Personnel Services and Benefits	\$ 894,541	\$ 71,311	\$ 965,852
Travel and Transportation	\$ 1,667	\$ 609	\$ 2,275
Rent, Communications, and Utilities	\$ 63,225	\$ 24,707	\$ 87,932
Printing and Reproduction	\$ 41,967	\$ 204	\$ 42,172
Contractual Services	\$ 170,793	\$ 99,408	\$ 270,200
Training	\$ 3,221	\$ 1,060	\$ 4,281
Maintenance and Repairs	\$ 1,388	\$ 24,303	\$ 25,690
Supplies and Materials	\$ 6,222	\$ 663	\$ 6,885
Equipment not Capitalized	\$ 3,050	\$ 5,452	\$ 8,502
Insurance	\$ 297	\$ 12	\$ 309
Depreciation, Amortization, or Loss on	\$ 29,803	\$ 17,785	\$ 47,589
Total Program Costs	\$ 1,216,172	\$ 245,514	\$ 1,461,687



Budget Formulation





Fee Cost Studies

- Fee and Fee Cost Comparison

Fee Code	Fee Code Description	Fee Amount \$	Fee Unit Cost \$	Variance
6001	Application for registration, per international class (paper filing)	\$ 375	\$ -	\$ -
7001	Application for registration, per international class (electronic filing, TEAS	\$ 325	\$ -	\$ -
7007	Application for registration, per international class (electronic filing, TEAS Plus	\$ 275	\$ -	\$ -
6002	Filing an Amendment to Allege Use under §1(c), per class	\$ 100	\$ -	\$ -
7002	Filing an Amendment to Allege Use under §1(c), per class	\$ 100	\$ -	\$ -
6003	Filing a Statement of Use under §1(d)(1), per class	\$ 100	\$ -	\$ -
7003	Filing a Statement of Use under §1(d)(1), per class	\$ 100	\$ -	\$ -
6004	Filing a Request for a Six-month Extension of Time for Filing a Statement of Use under §1(d)(1), per class	\$ 150	\$ -	\$ -
7004	Filing a Request for a Six-month Extension of Time for Filing a Statement of Use under §1(d)(1), per class	\$ 150	\$ -	\$ -
6005	Petitions to the Director	\$ 100	\$ -	\$ -
7005	Petitions to the Director	\$ 100	\$ -	\$ -
6006	Dividing an application, per new application (file wrapper) created	\$ 100	\$ -	\$ -
6008	Additional fee for application that doesn't meet TEAS Plus filing requirements, per	\$ 50	\$ -	\$ -
7008	Additional fee for application that doesn't meet TEAS Plus filing requirements, per	\$ 50	\$ -	\$ -
6201	Application for renewal, per class	\$ 400	\$ -	\$ -
7201	Application for renewal, per class	\$ 400	\$ -	\$ -
6203	Additional fee for filing renewal application during grace period, per class	\$ 100	\$ -	\$ -
7203	Additional fee for filing renewal application during grace period, per class	\$ 100	\$ -	\$ -
6204	Correcting a deficiency in a renewal application	\$ 100	\$ -	\$ -
6205	Filing §8 affidavit, per class	\$ 100	\$ -	\$ -
7205	Filing §8 affidavit, per class	\$ 100	\$ -	\$ -
6206	Additional fee for filing §8 affidavit during grace period, per class	\$ 100	\$ -	\$ -



Fee Cost Studies - Detailed Fee Code Display

Fee Code	Activity Type	Contributing Activity	All Trademark Costs		Allocated		Driver Name	Workload	Direct UC	Allocated		Total	
			Direct	Indirect	Direct	Indirect				Direct UC	Indirect UC		
6003 - Filing a Statement of Use under §1(d) per class	Shared Services	RAM Distributed Cost	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	
	Systems - PPA and OCIO Cost	First Actions System for Trademarks - FAST 2.X	\$	\$	\$	\$	Fast 2. X Revised Driver	-	\$	\$	\$	\$	\$
		TECLO Systems Cost	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	\$
		245 non-production - system unavailable	\$	\$	\$	\$	Examination Workloads Driver	-	\$	\$	\$	\$	\$
	Trademarks Activity	Examine Statement of Use	\$	\$	\$	\$	# of SOUs Examined	-	\$	\$	\$	\$	\$
		Process Trademark mail	\$	\$	\$	\$	Composite Driver - Mail	-	\$	\$	\$	\$	\$
		Review for publication - ITU	\$	\$	\$	\$	# of Publications - Reviewed ITU	-	\$	\$	\$	\$	\$
		SOU	\$	\$	\$	\$	Examination Workloads - SOU	-	\$	\$	\$	\$	\$
		TM TPostal Activity	\$	\$	\$	\$	Tpostal Revised Driver	-	\$	\$	\$	\$	\$
	PPA and OCIO Shared Systems Cost	TM TradeUps Activity	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	\$
		Trademark Data Entry and Update System - TRADEUPS	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	\$
		Trademark Postal System - TPOSTAL	\$	\$	\$	\$	Tpostal Revised Driver	-	\$	\$	\$	\$	\$
		TM TICRS Activity	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	\$
		TM TRAM Activity	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	\$
		TM XS Activity	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	\$
		X-Search - XS	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	\$
		Trademark Image Capture and Retrieval System - TICRS	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	\$
		Trademark Reporting and Application Monitoring System - TRAM	\$	\$	\$	\$	Files Driver	-	\$	\$	\$	\$	\$
Final Unit Cost: \$													



Performance Reporting

Business Unit Total Cost
of Business Unit Completed Products



**Aggregate
Unit Cost**

Major Product Total Cost
of Completed Products



**Major Product
Unit Cost**

Activity & Product Unit Costs
- by Direct & Indirect
-by Contributing Organization

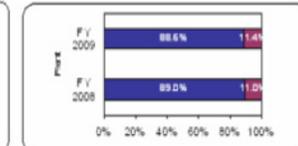
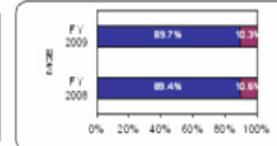
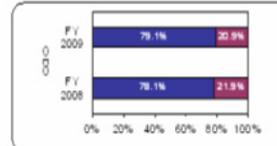
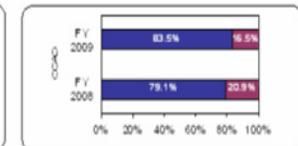
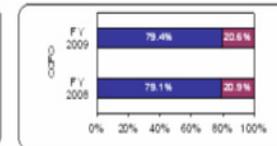
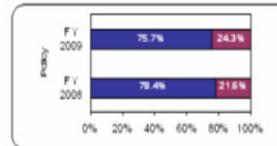
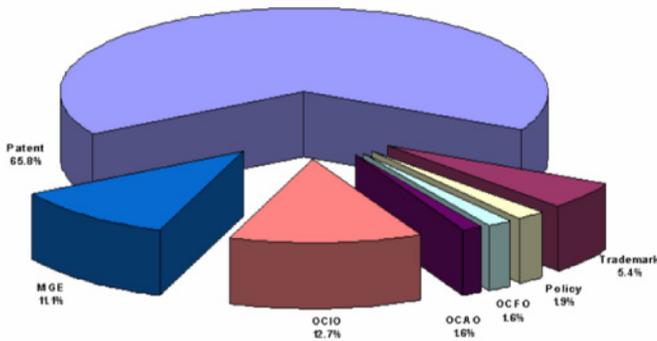


**Detailed Views of
Product and
Activity Costs**

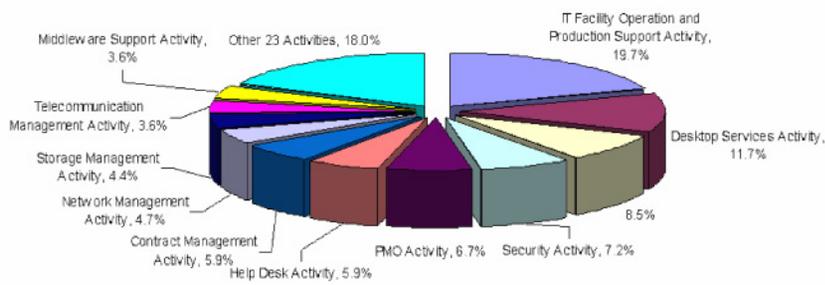


Standardized Quarterly Report Examples

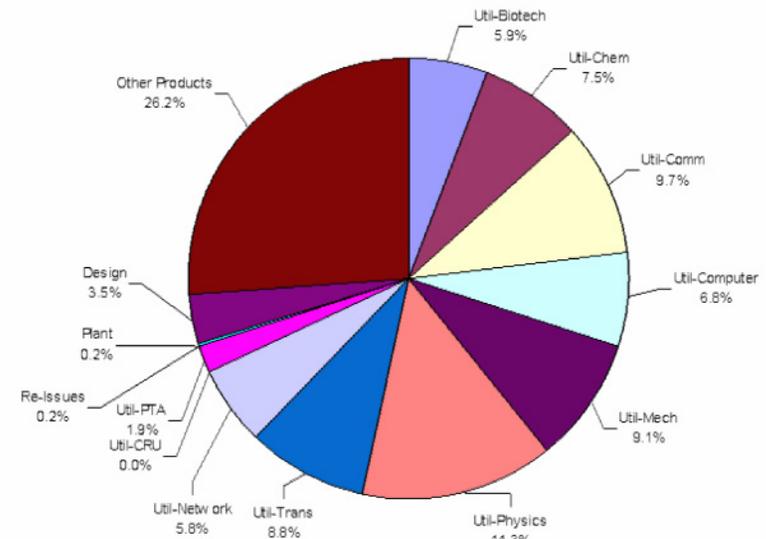
FY 2009 Q4 USPTO Expenses by Business Unit



AIS and Non-AIS Specific Operational Support Activity Breakdown



FY 2009 Q4 Products





Standardized Quarterly Reports - System Invoice

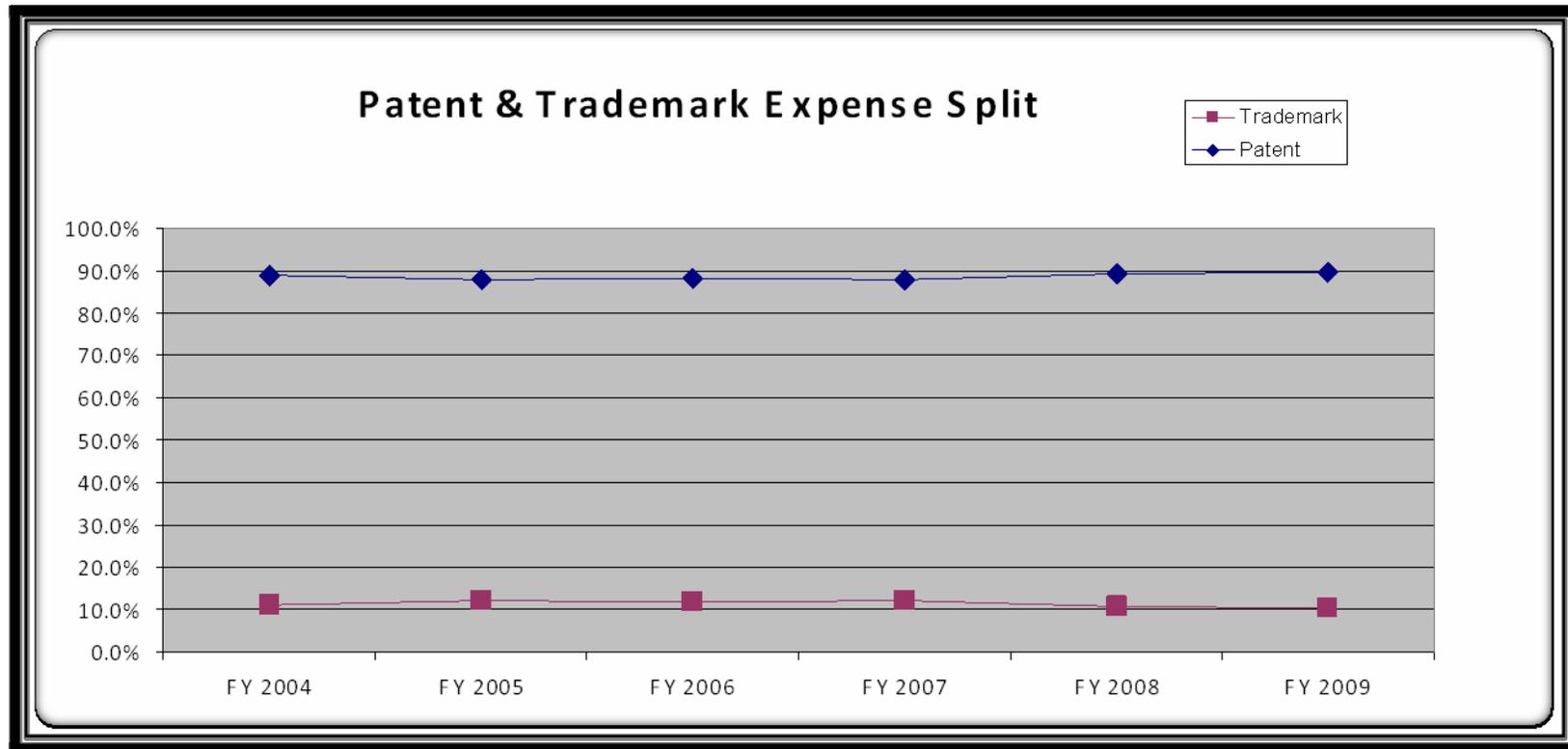
System Invoice

FY 2010 Expenses	Total	% to Total	Comp \$	Non-Comp \$	Comp %	Non-Comp %
Application Location & Monitoring System	\$ 19,802,880	100.0%	\$ 3,698,272	\$ 16,104,608	18.7%	81.3%
SDLC Phases	\$ 16,438,999	83.0%	\$ 2,374,240	\$ 14,064,759	14.4%	85.6%
Perform system definition	\$ 200,598	1.0%	\$ 130,234	\$ 70,365	64.9%	35.1%
Perform systems design	\$ 14,360,328	72.5%	\$ 1,872,548	\$ 12,487,780	13.0%	87.0%
Perform systems development	\$ 1,238,802	6.3%	\$ 19,454	\$ 1,219,349	1.6%	98.4%
Perform systems testing	\$ 262,536	1.3%	\$ 160,868	\$ 101,668	61.3%	38.7%
Perform systems deployment	\$ 141,795	0.7%	\$ 14,135	\$ 127,660	10.0%	90.0%
Perform systems operations and retirement	\$ 170,262	0.9%	\$ 153,060	\$ 17,202	89.9%	10.1%
Perform business systems operations support	\$ 64,678	0.3%	\$ 23,941	\$ 40,737	37.0%	63.0%
Projects	\$ 597,989	3.0%	\$ 174,643	\$ 423,346	29.2%	70.8%
Data Center Stabilization	\$ 86,264	0.4%	\$ 32,296	\$ 53,968	37.4%	62.6%
Enterprise Architecture	\$ 264,599	1.3%	\$ 116,168	\$ 148,431	43.9%	56.1%
IT Infrastructure Library (ITIL)	\$ 45,261	0.2%	\$ 16,925	\$ 28,336	37.4%	62.6%
OCIO Roadmap Plan	\$ 172,823	0.9%	\$ 4,198	\$ 168,625	2.4%	97.6%
Operational Redundancy and Aging Equipment Replacement	\$ 24,624	0.1%	\$ 2,519	\$ 22,105	10.2%	89.8%
Organizational Strengthening	\$ 3,900	0.0%	\$ 2,233	\$ 1,667	57.2%	42.8%
Service Desk	\$ 519	0.0%	\$ 305	\$ 214	58.7%	41.3%
Enterprise Infrastructure	\$ 1,485,393	7.5%	\$ 621,794	\$ 863,599	41.9%	58.1%
Perform Change Record Management	\$ 24,311	0.1%	\$ 18,624	\$ 5,687	76.6%	23.4%
Perform System Monitoring And Optimization	\$ 13,734	0.1%	\$ 3,384	\$ 10,350	24.6%	75.4%
Perform Program Project Portfolio And Performance Mgmt	\$ 7,726	0.0%	\$ 2,265	\$ 5,461	29.3%	70.7%
Provide Database Operations Services	\$ 7,522	0.0%	\$ 1,615	\$ 5,907	21.5%	78.5%
Provide Help Desk Services	\$ 10,552	0.1%	\$ 1,243	\$ 9,310	11.8%	88.2%
Provide IT Facility Operations Services	\$ 45,311	0.2%	\$ 58,872	\$ (13,562)	129.9%	-29.9%
Provide Server Administration Services	\$ 1,376,237	6.9%	\$ 535,790	\$ 840,446	38.9%	61.1%
Technology Sustaining	\$ 1,200,500	6.1%	\$ 476,346	\$ 724,154	39.7%	60.3%
Perform Technology Refresh	\$ 825,315	4.2%	\$ 313,161	\$ 512,154	37.9%	62.1%
Provide Data Architecture Operational Support	\$ 375,185	1.9%	\$ 163,185	\$ 212,000	43.5%	56.5%
Secondary Activities	\$ 80,000	0.4%	\$ 51,250	\$ 28,750	64.1%	35.9%
Employee Leave	\$ 80,000	0.4%	\$ 51,250	\$ 28,750	64.1%	35.9%

* Data for illustrative purposes only



Standardized Quarterly Reports - Mission Program 2-way Expense Split



Organization	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Patent	\$ 1,145,791,537	\$ 1,253,126,837	\$ 1,335,632,111	\$ 1,556,141,650	\$ 1,690,215,275	\$ 1,777,361,858
Trademark	\$ 143,389,178	\$ 170,900,919	\$ 178,536,989	\$ 213,516,263	\$ 202,375,309	\$ 204,578,029
USPTO Total Expense	\$ 1,289,180,715	\$ 1,424,027,756	\$ 1,514,169,100	\$ 1,769,657,913	\$ 1,892,590,584	\$ 1,981,939,886
Patent Split	88.9%	88.0%	88.2%	87.9%	89.3%	89.7%
Trademark Split	11.1%	12.0%	11.8%	12.1%	10.7%	10.3%



Standardized Quarterly Reports - Expense Contribution Report

USPTO 3-Digit Orgs	ECR ABI Model				
	FY0X Expenses	Patent	Trademark	PT %	TM %
USPTO	\$ 1,720,496,303	\$ 1,554,560,069	\$ 165,936,234	90.36%	9.64%
MGE	\$ 193,193,760	\$ 172,641,757	\$ 20,552,003	89.4%	10.6%
051-MGE - Corporate Planning	\$ 14,377,058	\$ 12,597,846	\$ 1,779,209	87.6%	12.4%
052-MGE - Corporate Services Building Operations	\$ 30,570,527	\$ 27,076,828	\$ 3,493,701	88.6%	11.4%
053-MGE - Enterprise Human Capital	\$ 761,232	\$ 687,984	\$ 73,248	90.4%	9.6%
054-MGE - Rental Payments GSA	\$ 91,376,087	\$ 80,981,198	\$ 10,394,888	88.6%	11.4%
057-MGE - OPM TRANSFER	\$ 55,701,340	\$ 50,939,682	\$ 4,761,659	91.5%	8.5%
CIO	\$ 225,842,822	\$ 178,849,500	\$ 46,993,322	79.2%	20.8%
298-Office of the Chief Information Officer	\$ 8,787	\$ 4,048	\$ 2,739	59.7%	40.3%
297-Office of the Deputy Chief Information Officer	\$ 225,838,035	\$ 178,845,452	\$ 46,992,583	79.2%	20.8%
CFO	\$ 14,546,881	\$ 10,846,618	\$ 3,700,262	74.6%	25.4%
182-Office of Corporate Planning	\$ 3,319,340	\$ 2,417,846	\$ 901,491	72.8%	27.2%
183-Office of Finance	\$ 8,482,484	\$ 6,258,382	\$ 2,224,112	73.9%	26.1%
184-Office of Procurement	\$ 2,765,048	\$ 2,172,588	\$ 592,459	78.6%	21.4%
CAO	\$ 27,593,133	\$ 22,850,478	\$ 4,742,655	82.8%	17.2%
272-Office of the Director of Human Resources	\$ 15,080,883	\$ 13,438,783	\$ 1,642,100	89.2%	10.8%
273-Office of the Director of Civil Rights	\$ 1,732,872	\$ 1,580,131	\$ 152,741	91.8%	8.2%
274-Office of the Director of Corporate Services	\$ 10,799,798	\$ 7,823,583	\$ 2,976,215	72.4%	27.6%
EA	\$ 18,207,429	\$ 12,962,696	\$ 5,244,733	71.2%	28.8%
140-Administrator for External Affairs	\$ 18,800,525	\$ 12,081,502	\$ 4,719,023	71.9%	28.1%
141-Office of Legislation and International Affairs	\$ 20,044	\$ 14,414	\$ 5,630	71.9%	28.1%
142-Office of Governmental Affairs	\$ 1,388,880	\$ 888,781	\$ 500,099	62.5%	37.5%
OGC	\$ 10,209,193	\$ 8,726,389	\$ 1,482,804	85.5%	14.5%
121-Office of the Solicitor	\$ 3,899,828	\$ 3,282,897	\$ 706,931	82.3%	17.7%
125-General Law Office	\$ 3,238,233	\$ 2,674,383	\$ 563,850	79.6%	20.4%
129-Office of Enrollment & Discipline	\$ 2,971,132	\$ 2,859,126	\$ 112,003	96.2%	3.8%
U/Sec	\$ 2,067,991	\$ 1,238,496	\$ 829,495	59.9%	40.1%
110-Representation Fund	\$ 1,131	\$ 600	\$ 531	53.0%	47.0%
111-Office of the Commissioner	\$ 1,010,918	\$ 662,103	\$ 348,813	63.0%	37.0%
112-Office of Public Affairs	\$ 1,014,670	\$ 679,826	\$ 334,841	67.0%	33.0%
114-Office of the Chief Performance Improvement Officer	\$ 11,216	\$ 6,984	\$ 4,231	63.0%	37.0%
Patent	\$ 1,146,444,134	\$ 1,146,444,134	\$ -	100.0%	0.0%
150-Patent Business Area	\$ 280,442,091	\$ 280,442,091	\$ -	100.0%	0.0%
162-Office of Patent Classification	\$ 3,880,459	\$ 3,880,459	\$ -	100.0%	0.0%
184-Office of Patent Authorization	\$ 14,288,483	\$ 14,288,483	\$ -	100.0%	0.0%
Trademark	\$ 82,390,960	\$ -	\$ 82,390,960	0.0%	100.0%
133-Trademark Examination	\$ 82,311,591	\$ -	\$ 82,311,591	0.0%	100.0%
134-Trademark Services	\$ 10,388,892	\$ -	\$ 10,388,892	0.0%	100.0%
135-Office of the D/C for TM Exam Policy	\$ 9,712,477	\$ -	\$ 9,712,477	0.0%	100.0%

* Data for illustrative purposes only



Standardized Quarterly Reports - Efficiency Measure

FY 2010 Q2	Patent Share		Trademark Share		Total	% of Total
Expenses by Organization						
Patent	\$ 636,332,539	100.0%			\$ 636,332,539	66.9%
<i>Patent Only</i>	\$ 621,332,742	100.0%			\$ 621,332,742	55.4%
<i>BPAI</i>	\$ 14,999,797	100.0%			\$ 14,999,797	1.6%
Trademark			\$ 52,596,979	100.0%	\$ 52,596,979	5.5%
<i>Trademark Only</i>			\$ 47,963,627	100.0%	\$ 47,963,627	5.0%
<i>TTAB</i>			\$ 4,633,352	100.0%	\$ 4,633,352	0.5%
U/Sec	\$ 714,692	50.6%	\$ 696,512	49.4%	\$ 1,411,204	0.1%
Office of Public Affairs	\$ 474,748	88.4%	\$ 62,593	11.6%	\$ 537,342	0.1%
External Affairs	\$ 7,576,561	71.7%	\$ 2,996,733	28.3%	\$ 10,573,294	1.1%
Office of General Counsel	\$ 5,177,891	83.0%	\$ 1,057,618	17.0%	\$ 6,235,509	0.7%
Rent	\$ 46,060,795	89.3%	\$ 5,515,370	10.7%	\$ 51,576,165	5.4%
MGE	\$ 42,271,732	88.7%	\$ 5,366,698	11.3%	\$ 47,638,430	5.0%
OCIO	\$ 91,568,058	79.3%	\$ 23,915,148	20.7%	\$ 115,483,206	12.1%
OCFO	\$ 10,950,418	78.8%	\$ 2,944,088	21.2%	\$ 13,894,506	1.5%
OCAO	\$ 12,418,139	87.3%	\$ 1,805,940	12.7%	\$ 14,224,079	1.5%
Total Expense	\$ 853,545,573	89.8%	\$ 96,957,679	10.2%	\$ 950,503,253	100.0%
Production Unit/Office Disposals	248,873		182,679			
Efficiency Measure	\$ 3,430		\$ 531			



Achievements and Major Deliverables

- Clean Audits
- Reporting Transparency
- Public Outreach
- Cost Analysis
- Fee Cost Analysis



Clean Audits

- Favorably reviewed by the Department of Commerce Office of Inspector General in 1998
- 8-time recipient of the Certificate of Excellence in Accountability Reporting (CEAR) Award
 - Unqualified opinions, no material weaknesses
- Independently reviewed by Pilbara in 2009
 - Recognized as a managerial cost accounting best practice
 - Excellent cost data is underutilized
 - Executive direction is needed to realize significant cost management opportunities



Information Dissemination – Reporting Transparency

- Instituted standardized reports for executives and managers
 - Expense by Business Unit
 - Expense by Object Class (Account)
 - Vendor Expense Contribution
 - Shared Services Expense Splits
 - Efficiency Measures
 - Top Ten Programs
 - Activity Expenses
 - Top Time Code (Program Code) Charges
- OCIO system reports
 - Expense by Investor
 - Top AIS expenses
 - Top OCIO Enterprise Infrastructure Activities
 - Expense by Transformation Projects



Public Outreach

- Federal agencies including USDA, DOI, HHS, OPM & Air Force in addition to many others visited the USPTO to learn about cost accounting
- Cost accounting mentor of US Air Force through Private Sector Council with Boeing & Northrop Grumman
- Invited to speak by various Associations (e.g., AGA, CAM-I, Brookings Institution, etc.)
- Partnered with the Canadian Intellectual Property Office (CIPO) in an cost information sharing program



Cost Analysis

- Provide annual analysis
 - Annual expense reports for inclusion in the USPTO Performance and Accountability Report (PAR)
- Provide quarterly analysis
 - Detailed expense reports by business unit
- Provide ad-hoc analysis
 - Program-specific analysis
 - System and major technological initiatives
 - OMB Exhibit 300s
 - Department of Commerce data calls
 - Budget justification



Fee Cost Analysis

- **Trademark Fee Cost Studies**
 - Completed FY08 and FY09 studies
 - Designed a new Trademark model that provides quarterly unit cost of 69 fee codes
- **Patent Fee Cost Studies**
 - Completed FY06, FY07, FY08, and FY09 studies
 - Revised the Patent model on an annual basis in order to reflect changes in the Patent workflow process
 - Patent ABI data has been used in discussions regarding fee setting authority (both in Congress and at the White House)
- **Office of Enrollment and Discipline Fee Cost Study**
 - Currently assisting OED with determining the cost associated with the Law School Clinic pilot program
 - This data will later be used in the fee setting process in addition to process improvement initiatives to control the cost of the activities related to the program
- **Dissemination Fee Cost Analysis for Service Fees**
 - Currently revising the OCIO model in order to produce the necessary IT cost information needed for the future analysis of dissemination service fees



Steps to Success and Pitfalls to Avoid

- Building Blocks for a Successful ABC Project
- Key Challenges
- Lessons Learned





Building Blocks for a Successful ABC Project

- Finding a 'Champion'
- Determining your target audience
- Avoiding the 'Death by Success' trap





Key Challenges at USPTO

- Complexity of the data and models
 - Nine ABI models containing hundreds of accounts, activities, drivers, and products
 - Approximately 3494 unique employee time codes
 - Annual survey of 500 examiners needed to allocate approximately \$750M in examination time charged to a single employee time code
 - Over \$570M in overhead costs requiring allocation to either Patents or Trademarks
 - Over 300 fee codes associated with the products and services offered
- Various timing issues
 - Time lag between fee collection and associated work
 - Shortened reporting deadlines (OMB, internal)
- Limited resources
 - USPTO is a fully fee-funded organization; it can only spend what it earns through fees.
 - Less fees collected equals less money for expenses
 - No reserve fund – extra revenue from one year cannot be set aside for future years



Some Lessons Learned

- As the demand for ABC analyses and deliverables increases, the quality and ability to provide timely responses may be overwhelmed by this demand.
- Providing expenses for work performed is relatively easy at the high-level for an organization; but as new objectives are added and more detailed information is required, difficulty can increase dramatically.
- As cost initiative becomes embedded in organization culture and visibility into cost becomes greater, animosity may increase
 - As costs are used in the budget process, interest in cost results ratchets up
 - As costs are used in performance measures – tension sky rockets.



Looking Forward

- Leverage the capacity and capability of the ABI models by continuing to expand the application and use of ABC data
 - On-demand Cost Information
 - Cost-Fee Data Integration
 - Expenditure Models
 - FTE Models
 - Benchmarking
 - Cost Control



Questions...



Thank you!