



June 16, 2008

Dear Interested Party:

As co-chairs of Mass Insight's IT/Communications/Defense (ITCD) work group, we are pleased to release the third Global Mass 2015 report focused on how to grow the state's key innovation sectors. This report outlines specific strategies to help Massachusetts retain and expand its high-tech and defense leadership position and create more jobs.

With last week's passage of the historic life sciences legislation, the Commonwealth is positioned to be global leader in this critical area of the state's economy. However, the Mass Insight report, prepared with pro bono assistance from McKinsey & Co., shows that the state's ITDC sector contains 331,000 jobs – more than four times the jobs in the state's life sciences industry. Furthermore, it is responsible for 15 percent of the state's economic output, the most of any sector. It is imperative that the Commonwealth act now to protect the sector's economic strength and create growth opportunities for the future.

Since ITCD is a larger and more established industry in Massachusetts, an investment on the scale of the life science package is not needed. Instead, we believe a strategic investment package of \$64 million is required, targeted in the areas of talent retention and development, encouraging new businesses and creating partnerships between employers and public and private universities.

This investment should be based around creating strategic partnerships between universities and industry that tap into the core science and technology strengths of the Commonwealth. Through its Battelle Science & Technology Roadmap earlier this decade, Mass Insight initiated the debate over the both the importance of university-industry collaborative partnerships and the state's role in making them happen.

The 2004 S&T Roadmap report helped spur the state's first ever research matching grant investment the following year, when the Commonwealth put up \$5 million to help land the Collaborative Adaptive Sensing of the Atmosphere (CASA) research center at the University of Massachusetts. The CASA center, which is a program between UMass, other universities and Massachusetts technology employers, is an example of a Global Challenge Center – collaborative, multi-institution research facilities that help Massachusetts attract talent and create jobs.

The McKinsey ITDC takes the work of the S&T Roadmap to the next level and recommends a three-pronged growth strategy: **innovation initiative, talent initiative and ITCD sector attractiveness initiative**. Based on the findings of the report, the Mass Insight ITCD Working Group recommends the following policy initiatives:

- **TALENT INITIATIVE Create a Talent Development Bank to coordinate state's talent strategy (\$3 million)** – High level research talent and a deep technology workforce pool are the primary factors that have defined the Commonwealth's premier technology cluster. Still, Massachusetts has never had cohesive talent strategy and, as the McKinsey report shows, we are losing talented workers to other states and nations. The report recommends the creation of a Talent Development Bank, to be housed at the University of Massachusetts, to coordinate major talent retention and creation functions, including connecting university curriculum with employer needs and marketing Massachusetts careers to undergraduates.
- **INNOVATION INITIATIVE Recapitalize the Massachusetts Tech Transfer Center (MTTC) (\$10 million)** – The MTTC at the University of Massachusetts has been a quiet success story over the past few years. The MTTC offers a menu of services to help spur commercialization at all of the state's public and private universities, research labs and teaching hospitals. With additional funding and staff, the MTTC's services could be deployed more broadly to create economic opportunity across the state.
- **INNOVATION INITIATIVE Recapitalize the John Adams Innovation Institute Federal Matching Grant Program (\$50 million)** – This program is arguably the most effective creation from the economic stimulus bills earlier this decade. A \$30 million state investment has returned \$260 million in federal and private research funding, for the state's public and private universities. The JAI has allowed Massachusetts to get in the national S&T game and compete with other states that have made far larger financial commitments. But the fund is running dry and we will miss out on future opportunities unless it is recapitalized at the competitive level.
- **INNOVATION INTIATIVE Create a commission to study the creation of Massachusetts IT Security Research Center (\$250,000)** – Building on the current collaborative effort to bring the Air Force Cyber Command headquarters to Hanscom Air Force Base, Massachusetts should create a strategy to make Massachusetts the "World's IT Security Capital." The centerpiece of this effort would be an IT Security Research Center, a multi-institution research facility that draws on Massachusetts strengths in IT across a variety of sectors, including defense, health care and financial services.
- **ITCD ATTRACTIVENESS INTIATIVE Create new brand and marketing strategy for ITCD sector (\$1 million)** – As the report points out, the Route 128 brand has lost its luster. Massachusetts needs a new identity that reflects the diversity and dynamic nature of the state's high-tech and defense sector. The Commonwealth should work with the state's technology associations to create and implement a branding and marketing strategy to help the ITCD sector reach its full potential.



This modest list of priorities will help Massachusetts retain its status as a world-class center for high-tech and defense activity. We look forward to working with all of the stakeholders in university, industry and government on this important agenda.

Sincerely,

A handwritten signature in black ink that reads 'James Champy'.

James Champy  
Chairman  
Perot Systems Consulting

A handwritten signature in black ink that reads 'Annmarie Levins'.

Annmarie Levins  
Associate General Counsel  
Microsoft Corporation