

**PRISM's 2003 EUROPEAN
INTANGIBLES SUMMIT**

PRESS PACK

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What is PRISM?

PRISM is a multi-disciplinary European policy initiative aimed at gaining a deeper understanding of the socio-economic issues resulting from the growing influence of intangibles in the modern economy.

The PRISM group believes that intangible investments – in areas such as R&D, know-how, software, brands, licenses, copyrights, and organizational design - are *the* drivers of both competitive advantage and economic value-creation. Our limited ability to effectively measure such assets, quasi-assets, commodities and competencies inhibits our ability to effectively influence and manage the process of value creation in the 21st century.

“Once you really understand intangibles , you’ll never run a company the same way again. You’ll operate by new rules. You’ll create and learn to track new performance measures. . . . You’ll keep your eye on aspects of your business that can’t easily be counted, but that are essential to the company’s future health” (Jonathan Low and Pam Cohen Kalafut, “Invisible Advantage”, 2002)

In traditional business economics, competitive advantage is often attributed to the successful exploitation of economies of scale underpinned by a set of physical assets, a unique technology or a dominance of geographical markets or supply-chains.

It is now widely accepted, however, that sustainable competitive advantage is more often grounded in the accumulation and creative exploitation of so-called intangibles.

What are Intangibles?

These intangibles are characterised by and would include

- research and development and proprietary know-how
- intellectual property
- human capital
- software
- brands
- leadership and quality of management
- reputation
- customer
- networks and the power of the ecology

The empirical evidence would suggest that successful players in competitive markets are those that have access to a range of such unique - or at least difficult-to-replicate - capabilities and competences.

The scope of today’s financial reporting set is severely lacking in the insights it provides into knowledge-intensive intangibles and how they do or do not create value and competitive advantage .

Management, analysts and investors alike are left to make judgements based on a mixture of guesswork and intuition, using history, experience and accounting-based measures as their compasses, unreliable and irrelevant as they may be.

PRISM and its goals

The European Commission is concerned with what it could be doing at a policy level to improve Europe's chances of delivering on the Lisbon objective of making the EU the most dynamic, competitive and knowledge-intensive economy in the world by 2010.

The PRISM research initiative started up in October 2001, backed by 2-year funding from the EC, is but one of a number of initiatives contributing to the European socio-economic agenda. The consortium is made up of eight business schools from seven EU states, and is led by the Cass Business School, City of London. PRISM has also been backed and helped by a strong advisory council, with representation and input from major organizations across Europe including Austrian Research Centers, BP, Barclays Bank, Deloitte & Touche, Ernst & Young, Hermes Investment Management, IASB, McDermott Will & Emery, OECD, PwC, Skandia, Summit, Telecom Italia, and Union Fenosa

Research has been undertaken into how national and corporate accounting could be improved to better reflect the realities of today's production of economic value; into how financial reporting and corporate disclosure could be improved in its relevance and timeliness; and into the needs of, and the implications for, key interest groups, such as corporate executives, accountants, bankers, and investors.

A key objective is to broaden the audience concerned with these issues. In particular, PRISM is keen to engage a business and managerial audience. This is to be partly achieved through an ongoing series of events, culminating in a major "public" conference in London on July 4th 2003.

"Although companies bang on a lot about "knowledge management" and "intangible assets" few are clear about what either concept means." (Frances Cairncross "The Company of the Future", 2002)

A new-look 21st century economy has emerged and yet we are still operating with institutions, frameworks and mindsets inherited and largely unchanged from a 19th century industrial context.

Work has begun through initiatives such as PRISM to address this problem

What is this conference on July 4th 2003?

PRISM's 2003 European Intangibles Summit - London, Friday July 4th 2003

"Accountability, Competitiveness and Productivity: Understanding and Communicating the Value of Intangibles in 21st Century Organisations"

Date: Friday July 4th, 2003

Time: 08:30 – 17:30 hrs

Location: Cass Business School, 106 Bunhill Row, City of London, EC1

Website : <http://www.euintangibles.net/index.html>

Significant changes have occurred in our economy. Value creation is poorly understood, reliant as it is on knowledge and other intangible elements. Our language, tools and market systems remain entrenched in an industrial-centric mindset, rooted in a world that no longer exists.

Academics have been discussing the issues for many years, with little apparent response from the markets. Various countries have been investigating regulatory solutions. The market malaise and the breakdown in trust means the time for enhanced and concerted action has arrived.

This is one of the greatest business challenges facing all of us in 21st century Europe and beyond.

Against this background, the EC-funded PRISM project is bringing together thought leaders and practitioners for an international conference to review pioneering initiatives, collate best practice and formulate possible ways forward as to how to incorporate intangibles into our management and measurement toolkits and mindsets. Value creation is at the centre of the day's agenda.

The aim of the event is to broaden the audience exposed to, and concerned with, these issues, with the longer-term aspiration of stimulating changes in working practices.

The speaker line-up includes leading international thinkers in this field such as Lars Kolind, Leif Edvinsson, Jan Mouritsen and Jonathan Low, as well as high-level representation from organizations such as BP, Barclays, Hermes Asset Management, IASB, OECD, and PwC.

The principal sessions are entitled:

- Understanding and Measuring Value Creation in the 21st century macro-economy
- Firms and the Management Agenda
- Firms, Intangibles, Measurement and Reporting
- Audit, Accountancy and Corporate Reporting
- Intangibles: Analysis and Interpretation of Corporate Information
- Organizations and society - Intellectual Property: who owns what? who benefits? where is the balance?

The event is free of charge, thanks to the EC's patronage.

For more information on the event, visit <http://www.euintangibles.net/conferences/>.

If you would like to attend as a press delegate, please register yourself at <http://www.euintangibles.net/conferences/register/>.

Abbreviated conference timetable

Time	Session
0900-0930	<p>Welcomes, Introductions and Scene-Setting</p> <ul style="list-style-type: none"> • David Rhind (Vice-Chancellor of City University) – “Intangibles and the challenges to our institutions” • Clark Eustace (Director of PRISM project) – “PRISM: today and the future” • Bror Salmelin (European Commission) – “The Lisbon Objective: the socio-economic challenges for Europe”
0930-1040	<p>Understanding and Measuring Value Creation in the 21st century macro-economy</p> <ul style="list-style-type: none"> • Dirk Pilat (OECD) – “Sources of productivity growth in the 21st century: findings from the OECD Growth Project” • Peter Hill (PRISM) – “Intangible Assets: how our macroeconomic measurement systems could be better aligned to the realities of economic production” • Patrizio Bianchi (PRISM and University of Ferrara) – “Taking account of intangibles: recommendations for where the policy set requires attention”
1110-1300	<p>Firms and the Management Agenda</p> <ul style="list-style-type: none"> • Jan Mouritsen (PRISM and Copenhagen Business School) – “21st century organizations: managing and measuring the sources and resources of competitive advantage” • Lars Kolind (Chairman of the board of PreVenture A/S, Denmark), - “Leadership in the Knowledge Economy: New ways of organizing value creation” • Nick Butler (Group Vice President, Policy Development, BP) – “Managing value creation in the 21st century context: a view from a major multi-national firm” • Sue Slipman (Chairman of the Financial Ombudsman Service; Advisor on CSR and Professional Development to the UK’s Department of Trade and Industry) – “Changing managerial mindsets”
<p>Please note the major part of the afternoon will run in two parallel sessions</p>	
1400-1540	<p>1. Firms, Intangibles, Measurement and Reporting</p> <ul style="list-style-type: none"> • Jon Low (Senior Research Fellow, Centre for Business Innovation, CGE&Y) – “Managing and Measuring your Invisible Advantage: gaining clarity on corporate value” • Daniel Andriessen (Nyenrode University and KPMG) – “Strategic decision-making: tools to evaluate the deployment of intangibles”

	<ul style="list-style-type: none"> • Brian Pearce (Forum for the Future) – “Managing intangibles for sustainability and competitiveness” • Franco D’Egidio (CEO, Summit Consulting) – “Experience gained and lessons learned from Italian corporates’ work with Intellectual Capital” <p>2. Audit, Accountancy and Corporate Reporting</p> <ul style="list-style-type: none"> • Jonathan Hayward (Independent Audit Ltd) – “Auditing in the 21st century” • Kurt Ramin (IASB) – “The changing role of the accounting regulator and the future IASB agenda” • Alison Thomas (PwC) – “The future corporate reporting model and the capital markets” • Sean Gilbert (Global Reporting Initiative) – “The Global Reporting Initiative; the business case” • Tim Bush (Hermes Focus Asset Management) – “Corporate reporting: an investor’s perspective of language breakdown”
1600-1645	<p>1. Organizations and society - Intellectual Property: who owns what? who benefits? where is the balance?</p> <ul style="list-style-type: none"> • Edward Truch (Henley Management College) • Larry Cohen (Partner, McDermott Will & Emery) – “Intellectual Property: towards a credible and balanced IPR regime in Europe” • Stephen Merrill, Executive Director, National Academies’ Board on Science, Technology, and Economic Policy (STEP), Washington <p>2. Intangibles: Analysis and Interpretation of Corporate Information</p> <ul style="list-style-type: none"> • Tim Cooke (Barclays Bank) • Mike Hall (PRISM) • Frede Mørck (Dansk KapitalanlægAktieselskab) • Peter Wright (Fortis Bank) • Jonathan Moore (Thomson Financial)
1650-1730	<p>Wrap-up Panel – Synthesis: So what? What are the implications and ramifications? Where do we go from here?</p> <p>This session will be chaired by Goran Roos (Intellectual Capital Services). He will be joined by 2 or 3 other participants (names to be confirmed).</p>