

COMMENTS FOR PLANNING MEETING RE:
ADVANCED INTEGRATED MANUFACTURING SERVICE CENTERS
MARCH 2, 1987

MY COMMENTS WILL BE BRIEF AT THIS TIME AND RELATE TO THREE SUBJECTS. SEMATECH IS ONE OF THEM. AS YOU KNOW, SEMATECH IS THE NAME OF THE CONSORTIUM OF COMPANIES BEING PLANNED TO DEVELOP AND MANUFACTURE ON A PILOT BASIS THE NEXT GENERATION OF COMPUTER MEMORY CHIPS. A GOVERNMENT SUBSIDY OF APPROXIMATELY \$2 BILLION DOLLARS HAS BEEN RECOMMENDED.

AT THIS POINT, NO ONE KNOWS IF SEMATECH WILL GO FORWARD, ALTHOUGH DOD HAS ALLOCATED \$50 MILLION IN PLANNING FUNDS FOR EACH OF THE NEXT TWO YEARS.

OBVIOUSLY, CONSIDERATIONS REGARDING SEMATECH ARE USEFUL IN HELPING TO GAIN SUPPORT FOR THE CONCEPT OF ADVANCED INTEGRATED MANUFACTURING SERVICE CENTERS BECAUSE OF THE NON-TRADITIONAL USE OF GOVERNMENT SUBSIDIES AND EXTENDING COOPERATION BEYOND R&D. SUCH COOPERATION HAS BECOME CONVENTIONAL WISDOM DURING THE PAST FIVE YEARS WHERE ITS MERITS IN CONNECTION WITH MANUFACTURING ARE NOT SO CLEARLY PERCEIVED.

LAST WEEK I WAS IN WASHINGTON AND ONE OF MY MEETINGS WAS WITH A DOD OFFICIAL WHO BROUGHT UP THE SUBJECT OF SEMATECH. I GATHERED FROM OUR DISCUSSION THAT THE IDEA OF THE NEED TO SUBSIDIZE A COOPERATIVE EFFORT HAD BEEN ACCEPTED WITH SCOPE AND FORM OF ORGANIZATION, THE MAJOR REMAINING ITEMS FOR DISCUSSION.

ALTHOUGH IT WAS NOT MY INTENT TO DISCUSS OUR ADVANCED MANUFACTURING PROGRAM, I DID MENTION IT BRIEFLY AND LEARNED THAT A NEW ASSISTANT SECRETARY FOR LOGISTICS AND ACQUISITION IS COMING ABOARD SOON, AND HE WOULD BE THE APPROPRIATE OFFICIAL TO CONTACT RE DOD SUPPORT. HERE IS A COPY OF ONE OF THE LATEST ARTICLES ON SEMATECH.

EIA: THE SECOND SUBJECT THAT I WILL MENTION IS THE SUPPORT FOR OUR PROGRAM BY PETE MCCLOSKEY, PRESIDENT OF EIA, ELECTRONICS INDUSTRIES ASSOCIATION. I'VE HAD TWO RECENT MEETINGS WITH PETE, ONE IN EARLY DECEMBER OF LAST YEAR AND THEN LAST WEEK. AT THE DECEMBER MEETING, HE INVITED ME TO THE NEXT MEETING OF HIS BOARD OF DIRECTORS IN JANUARY TO REVIEW THE PLAN FOR ADVANCED INTEGRATED MANUFACTURING SERVICE

CENTERS.

~~CENTERS~~. BECAUSE OF A SCHEDULE CONFLICT, I COULDN'T ACCEPT THE INVITATION. SOON AFTER OUR DECEMBER MEETING, PETE HAD AN INTERVIEW WITH MANUFACTURING WEEK IN WHICH HE CAME ON STRONG IN SUPPORT OF THE CONCEPT. HERE IS A COPY OF THE ARTICLE.

DURING OUR MEETING LAST WEEK, PETE REPEATED THE INVITATION TO MAKE A PRESENTATION BEFORE THE EIA BOARD, AND THIS WILL BE ARRANGED AS SOON AS SCHEDULES PERMIT. HOPEFULLY, WE CAN GET SUPPORT FOR LEGISLATION BY EIA WHICH HAS A MEMBERSHIP OF AROUND 750 COMPANIES.

for comment
NE-MIDWEST: THE THIRD ITEM IS IN CONNECTION WITH THE NORTHEAST-MIDWEST CONGRESSIONAL COALITION WHICH WAS FOUNDED BY MEMBERS OF CONGRESS IN 1976 IN ORDER TO PROPOSE LEGISLATIVE SOLUTIONS TO THE ECONOMIC PROBLEMS OF THE NEW ENGLAND, MID-ATLANTIC AND MIDWEST STATES. IT HAS 200 MEMBERS. THE REGION'S SENATORS ESTABLISHED ITS COUNTERPART, WHICH NOW HAS 38 MEMBERS. A YEAR LATER THE NORTHEAST-MIDWEST INSTITUTE WAS FORMED TO PROVIDE A SOURCE OF RESEARCH AND ANALYSIS.

THE TWO COALITIONS HAVE BEEN QUITE EFFECTIVE IN GETTING LEGISLATION PASSED SUPPORTIVE OF THE REGION.

ABOUT A YEAR AGO, ILLINOIS SENATOR DIXON SUGGESTED TO ME THAT THE MIDWEST TECHNOLOGY DEVELOPMENT INSTITUTE SHOULD WORK CLOSELY WITH THE NE-MIDWEST COALITION. THE SUGGESTION WAS TAKEN SERIOUSLY, HOWEVER, MTDI COULDN'T FOLLOWUP EFFECTIVELY UNTIL ITS PROGRAM WAS DEFINED. SINCE THIS HAS NOW OCCURRED, I MET RECENTLY WITH NEW YORK CONGRESSMAN HORTON, WHO IS THE PRESENT CHAIRMAN OF THE CONGRESSIONAL COALITION. THE MEETING WAS ARRANGED BY JIM OBERSTAR, WHO WAS ONE OF THE FOUNDERS AND A PAST CHAIRMAN.

THE IDEA OF WORKING TOGETHER WAS MUTUALLY ATTRACTIVE. ONE OUTCOME WAS MY ATTENDING A MEETING LAST WEEK IN WASHINGTON SPONSORED BY THE COALITION TO DISCUSS A REGIONAL AGENDA FOR THE 100th CONGRESS. PREPARATORY WORK HAD BEEN DONE BY TASK FORCES ON ECONOMIC DEVELOPMENT AND INFRASTRUCTURE, REGIONAL COMPETITIVENESS AND EDUCATION AND TRAINING.

I ATTENDED THE WORKING GROUP MEETING ON REGIONAL COMPETITIVENESS WHICH WAS MOSTLY A REVIEW OF SOME PRELIMINARY PROPOSALS FOR LEGISLATION. CONSIDERABLE MORE WORK IS REQUIRED BEFORE THEY CAN BE USED AS A BASIS FOR LEGISLATION. I'LL BE HELPING THE GROUP DO THAT -- IN FACT, A MAJOR PART OF THE ^{TR}AGENDA CAN BE THE MTDI PROGRAM.

IN FACT, A SECOND OUTCOME OF THE MEETING WITH CONGRESSMAN HORTON WAS AN AGREEMENT THAT THE NE-MIDWEST CONGRESSIONAL COALITION WOULD SPONSOR A HALF-DAY SEMINAR IN CONGRESS ON MTDI'S COMPETITIVENESS PROGRAM. HERE IS A COPY OF A SUMMARY OF THE MTDI PROGRAM.

(comment briefly on each part)

FINALLY, I WANT TO GIVE YOU A COPY OF A RECENT AND INFORMATIVE ARTICLE "MANAGING AUTOMATION," WHICH CAROLYNN HIATT BROUGHT TO MY ATTENTION. IT CONTAINS A GOOD SUMMARY ON THE ATTENTION OR RATHER LACK OF ATTENTION BEING GIVEN TO ADVANCED MANUFACTURING IN WASHINGTON.

NEXT STEPS

LET ME MAKE A FEW COMMENTS FIRST IN CONNECTION WITH NEXT STEPS. THE OVERRIDING PRIORITY NOW IS FUNDING. OUR STRATEGY HAS TO PROVIDE SIMULTANEOUS EFFORTS TO OBTAIN FUNDING AT BOTH STATE AND FEDERAL GOVERNMENT LEVELS AS WELL AS PRIVATE SOURCES. LET'S DISCUSS EACH ONE.

PRIVATE: GETTING SUBSTANTIAL CORPORATE PARTICIPATION IS GOING TO BE DAMN DIFFICULT, CONSIDERING TODAY'S ^{Tough} BUSINESS ENVIRONMENT; HOWEVER, I BELIEVE THAT THE SERVICES APPROACH CAN BE A VALUABLE ADJUNCT MANUFACTURING RESOURCE TO EVEN A

LARGE CORPORATION WITH ITS OWN ADVANCED MANUFACTURING SYSTEM. IN ADDITION, OF COURSE, IS THE TRAINING OF PEOPLE WHICH IS VERY IMPORTANT TO ALL COMPANIES. SO WE MUST ARTICULATE THE POTENTIAL BENEFITS TO ALL SIZES OF COMPANIES.

SO WHAT IS AN APPROPRIATE LEVEL OF ANNUAL FUNDING BY COMPANIES? E.G., IN THE ADVANCED CERAMICS & COMPOSITES PARTNERSHIP, CORPORATE SPONSORSHIP LEVELS ARE SET AT \$100,000 FOR LARGE COMPANIES THE FIRST YEAR, WITH MEDIUM-SIZED AND SMALLER COMPANIES ~~ASSURED~~ ^{ASSESSED} FROM \$50,000 TO ~~\$15,000~~ ^{\$50,000}. THE COMMITMENT BY LARGE COMPANIES WILL INCREASE TO \$200,000 THE SECOND YEAR AND \$300,000 IN SUBSEQUENT YEARS.

ARE THOSE NUMBERS SUITABLE FOR OUR ADVANCED ^{INTEGRATED} MANUFACTURING SERVICES CONSORTIUM.

Engineering Research Centers cannot
some sections contained to
NSF funding

FED GOV

DO D

NSF

CONGRESS

Science & Technology Centers

STATE :

Emphasis on ^{integration of many technologies}
& training. ^{Only way people can be properly}
trained is to have access to ^{complete facilities}
Engineering ^{many centers} ---