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L. Brooks Patterson
ITEC Keynote Address
Novi Expo Center
1:00 p.m., June 20, 2001

On behalf of our 1.2 million citizens, 52,000 businesses and the more than 300 member companies of Automation Alley, I welcome all of you to Oakland County for the Fourth Annual Detroit ITEC Show, which is billed as the largest gathering of corporate, government and education information technology professionals in the state.

Automation Alley is extremely proud to be the title sponsor for this year's event because it gives us an opportunity to fly our flag high over an event that attracts leading technology companies from all over Michigan and the nation. As the founder of Automation Alley, it also gives me a chance to brag a little bit about this dynamic technology cluster that was conceived just a little over three years ago.

For those of you who may be unfamiliar with Automation Alley, a brief history is in order. I first introduced the concept of Automation Alley in my 1998 State of the County Address, pointing out that Oakland County doesn't compete with Wayne County or Kent County but rather against California's Silicon Valley and Boston's Route 128.

It made sense to me, after taking inventory of our high-tech companies located here, that we should leverage our combined strength and begin marketing ourselves to the world.

The impetus and urgency behind Automation Alley was prompted by an annual employment forecast from the University of Michigan. After years of enjoying annual job growth in the 20,000 to 25,000 range a disturbing report from our team of economic forecasters raised a red flag. They predicted job growth of only 11,000 in 1999. Part of the problem was our inability to fill thousands of available jobs in the high-tech sector because of the lack of skilled talent. The number one goal of Automation Alley thus became retaining the skilled talent in our backyard while also beating the bushes to attract the best and brightest from all over the country.

Automation Alley began in 1998 with a nucleus of just 45 companies which were located in the general proximity of the I-75 and I-696 freeways. However the geographical landscape has since been extended beyond the borders of Oakland County and the number of companies belonging to Automation Alley has now increased to nearly 320.

That's the conceptual framework from which Automation Alley sprang. Now let's put some meat on the bones.

Over the past few months, in rather quick succession, Automation Alley has been awarded rather sizable federal and state grants which are earmarked for a wide range of important projects.

The \$400,000 grant received from the U.S. Department of Commerce, along with matching funds of \$400,000 from the county and another \$400,000 of in-kind services from Automation Alley, will provide \$1.2 million over the next three years with which to promote exports of information technology, auto parts and accessories, engineering services, electronics and

industrial process controls to Germany and Mexico.

The funding will allow Automation Alley to take 10 - 15 small to medium size companies to Dusseldorf, Germany in September for Interkamma which is one of the largest advanced manufacturing technology trade shows in the world. Our goal will be to assist these firms in gaining access to international markets by building relationships with potential clients and suppliers. Similar trips are planned in the near future to Hanover, Germany, Mexico City and China.

On the heels of this grant, came a windfall of \$80,000 from the Michigan Department of Environmental Quality, which coupled with a \$70,000 match from the County, is enabling us to move full steam ahead with plans to establish one of the first of its kind comprehensive waste electronics recycling facilities in the nation. Recycling computers, cell phones and pagers wasn't a big problem 20 years ago since only a small percentage of the population owned such electronic gadgets. But today 50 percent of American homes have computers and the number is growing rapidly. In addition, the life span of the average computer has dwindled from five years to just two years.

Disposing of these electronic gadgets in landfills is not the best answer since these products contain toxic materials like lead, cadmium and mercury which can seep into waste streams and contaminate ground water supplies, thus exposing people to unnecessary health risks.

The \$5 million to \$8 million recycling center we envision is a better solution. Our facility will be anchored by a top-flight processor of used electronics. The complex will house several companies each responsible for a separate phase of the recycling process, everything from extracting dangerous metals from equipment to rehabilitating items for continued use to finding newer and safer ways to build electronics equipment of the future utilizing non-toxic materials.

Our value as a society is often determined not by what we have, but rather by what we do with what we have. We have an obligation therefore to use the technology available to provide a cost efficient and safe method of getting rid of unwanted or obsolete electronic equipment. This facility, when completed, will accomplish that goal.

A third grant of \$100,000 bestowed on Automation Alley by the Michigan Economic Development Corporation, which we matched, gave us the necessary funding to develop and implement a collegiate workforce recruitment ad campaign. Starting this past April and continuing into December, a series of three ads are appearing in 31 student publications in Michigan and across the nation.

Last year we ran a similar campaign in more than two dozen college newspapers nationally with the focus on some of the better known groomers of high-tech talent like Massachusetts Institute of Technology, Stanford University and the University of Texas.

The ad campaign this year is geared more toward a local and regional audience that includes Ohio State University, Purdue University, Northwestern University and of course our home-grown gems of higher learning like MSU, the U of M, Oakland University, Lawrence Technological University, Eastern Michigan University, Central Michigan University, Western Michigan University and Wayne State.

A significant portion of the more than 800 job resumes placed on the Automation Alley website last year can be attributed to the student recruitment campaign and we're looking forward to even greater results this time around. Interestingly enough, 10 percent of the resumes posted last year came from California and another three percent were from Texas, two of the high-tech regions we are competing against for skilled talent.

In addition to the ad campaign, we're also initiating a direct mail effort aimed at college juniors majoring in engineering and computer science.

So why would a young, talented techie with opportunities galore choose Oakland County's Automation Alley as a career location?

Well just look around and the answer is obvious. How about 450 beautiful lakes, 80,000 acres of pristine parkland, more than 100 public and private golf courses, not to mention more golf holes per capita than any county in America. Other strong selling points include world class entertainment venues like the Palace of Auburn Hills, Meadowbrook, and DTE Energy Music Theater (formerly Pine Knob). There is also an abundance of top notch shopping experiences that range from Great Lakes Crossing, the retail mega giant in Auburn Hills, to the upscale Somerset Collection in Troy and everything in-between.

But perhaps the most compelling argument we can make to convince young college graduates they should seek career opportunities in Automation Alley is the dramatic comparison between Automation Alley and its two main rivals - Silicon Valley and Route 128.

Automation Alley offers lower median housing prices and cost of living and a higher per capita income than either of the other two high-tech regions. We also compare favorably with them in terms of unemployment rate, job growth, professional salaries, the number of universities and colleges located nearby and commute time.

Complementing Oakland County's unparalleled quality of life, affordable living and competitive salaries is another important element that favors Automation Alley - job security. Dr. Michael Porter of the Harvard Business School argues that a technology cluster, which Automation Alley is, reduces the risk for employee relocation because employees are offered the opportunity for career advancement upward within a particular company or laterally across a wide range of companies. According to Porter, this creates a high level of job stability within companies. What this means is that an individual with the requisite technical skills can feel fairly confident of a secure future in Automation Alley, whether with one company or several companies because that person has the skills which are very much in demand.

We saw this concept at play recently during a Job Fair Automation Alley co-sponsored for laid-off DaimlerChrysler exemployees. More than a thousand job seekers showed up for the event and an estimated 600 of them received job offers from eager employers who were in the market for the experience and expertise these workers possessed.

As we press forward with our Automation Alley marketing campaign, which by the way one local newspaper columnist called "arguably one of the most effective brand identity campaigns in the history of Michigan economic development," we hope to begin changing the smokestack, rustbelt image of this region. Our international image as a leader in the new economy of the 21st century would be greatly enhanced if we are successful in attracting Covisint, which is being touted as the world's largest business to business (B-2-B) internet portal. For more than a year now, Covisint has been shopping around for a place to locate its permanent world headquarters.

We have aggressively courted Covisint because we fully understand what their presence in Oakland County will mean. Initially, a number of locations were in the running, but the list narrowed considerably following Kevin English's selection as the organization's new CEO. He has said unequivocally that Covisint's permanent home will be located somewhere in southeast Michigan, which logically means either Oakland or Washtenaw County.

With an estimated \$250 billion to \$750 billion in annual purchasing power, Covisint represents the world's premier e-commerce automotive internet exchange whose Oakland County address would send a message to the world that Automation Alley has the goods to be a major player in the new and emerging high-tech marketplace of the future.

There's a strong business case to be made which favors Oakland County. For one thing,

Covisint temporary headquarters are already located in Southfield. But perhaps the more compelling reason is the fact their customers are located here.

An independent study conducted by the Anderson Economic Group of Lansing found that 42 of the top 100 suppliers to the North American auto industry have their headquarters within ten miles of Oakland County's Automation Alley. As the report stated - "No other location in North America comes close to this concentration of assembly plants and suppliers."

In fact the report noted that a Covisint location in San Jose, California, for instance, would be, on average, 2,075 miles away from a top 100 supplier while a location in Boston's famed Route 128 would be, again on average, 646 miles away from a major supplier.

But why in an age of high-speed internet communication is it so important where Covisint is physically located? A reasonable question for which I think I can provide a reasonable answer.

While it's true technology allows us to conduct business from anywhere in the world, there are those times when face-to-face meetings are necessary. By locating in Oakland County, Covisint will be able to maintain direct personal contact with a majority of its suppliers without incurring the added cost and inconvenience of cross country travel.

Bottom line: Covisint benefits from locating in Oakland County through close proximity to its customers and a superior technology infrastructure at its doorstep. For Oakland County and Automation Alley, Covisint is a key element that enables us to bridge the great divide between the old and new economies.

While Oakland County still proudly sits in the heart of the U.S. auto industry, we have evolved over the years into a more diversified economy that has made us increasingly recession-resistant. In fact, a recent study conducted by the Anderson Economic Group of Lansing - called "Economic Diversification and High-Tech Employment in Oakland County," supports that notion. For instance, the study found that the likely severity of a recession in Oakland County has declined steadily over the past decade as the county has become more diversified. Ten years ago, the manufacturing sector represented 19.6 percent of total employment. Today it comprises 16.9 percent, while the service sector has gone from 33.1 percent of total employment in 1988 to 40.2 percent in 1997.

The Anderson Report further dispels the myth that Oakland County is somehow not high-tech. Based on what the researchers found, nothing could be further from the truth. Previous studies excluded auto-manufacturing jobs from the definition of "high-tech", which obviously was a severe oversight since some of the most sophisticated and cutting-edge technology can be found in today's vehicles.

Noting that "Oakland County's manufacturing firms represent high wage, high skill and high output jobs - jobs that in many cases are better described as high-tech than anything else," Anderson concluded that Oakland County has more than 167,000 high-tech jobs which is the third largest high-tech employment base of any county in America, second only to Santa Clara County in Silicon Valley and Middlesex County in the heart of Boston's Route 128.

The Anderson Study also reported that even though Oakland County has a large number of high-tech workers, the county's percentage of high-tech employment is actually less than either Santa Clara or Middlesex Counties. Simply put - this fact makes Oakland County less susceptible to an economic downturn than either Silicon Valley or Route 128 because our economy, through diversification, is spread over a wide range of employment sectors while theirs is almost totally dependent on high-tech.

One of our long-range goals is to make Automation Alley as identifiable and respected worldwide as the other premier high-tech regions which have a 30 year head start in marketing. My confidence level is high that some day soon Automation Alley will be recognized globally as one of the premier technology centers, where innovation and imagination go hand in hand to

create the most technologically advanced products and services available anywhere in the world.

But Oakland County's recognition of the importance of cutting-edge technology in our lives extends beyond the parameters of Automation Alley. At Oakland County government, we have implemented state-of-the-art technology for the benefit of our citizens and communities.

Oakland County has ponied up nearly \$100 million for technology programs that directly or indirectly benefit our 61 cities, townships and villages at little or no cost to them.

The Courts and Law Enforcement Management Information System, our massive crime fighting network, has capabilities few other, if any, comparable systems in the nation can match. For one thing, CLEMIS as it's called, is linked to nearly 100 police agencies in southeast Michigan, making it the largest single consortium of police departments in the entire nation.

With the help of a \$17 million federal COPSMORE Grant, CLEMIS sports a new computer-aided dispatch and records management system, new mobile data computers in 900 police vehicles, a new 800 mega-hertz radio communications system, a regional fingerprint/mugshot system that is already two-thirds the size of Pennsylvania's system. Other features include a video arraignment capability and new Geographic Information System, or GIS, enabled crime reporting and analysis.

Speaking of GIS, we recently completed the arduous process of converting 4,500 manually maintained paper-base maps into a single digitized format which now provides one seamless map than can be used throughout the county. GIS has a broad range of applications, from tracking outbreaks of crime to charting the source of health related epidemics.

Oakland County's leadership nationally among governmental units in the sphere of technology has never been more visible than with our enhanced access program which we call @ccess Oakland. No other governmental entity in the nation, that we are aware of, has successfully developed and launched an enhanced access program, although many have tried and failed.

@ccess Oakland provides 24/7 access to government records along with several e-commerce products currently on our website. Our newest offerings include the Current Tax Profile which provides current property tax information by specific parcel and the Register of Deeds Recorded Document Profile which contains a search mechanism showing all document transfers for a specific parcel.

The giant pipeline through which our massive arsenal of technology is pumped is called OAKNet, 380 miles of fiber optic cable linked to 140 sites around the county. This high-speed communications network greatly enhances data sharing between the county and local units of government while also improving warrant teleconferencing and fingerprint and mugshot transmissions. OAKNet potentially can be used for voice communications and to provide internet services to our CVTs.

Always looking for new and better technology to improve service and cut costs, Oakland County recently purchased its own Private Branch Exchange, PBX if you will, to replace an Ameritech Centrex system that had been in use for years. More than 4,000 phones have been switched over and with the anticipated annual savings on local phone service, the new PBX System will pay for itself in four years.

Oakland County and Automation Alley are well positioned to become leaders in the new economy of the 21st century. Our future economic success - even survival - may depend on our willingness to explore new frontiers, challenge old concepts, expand our horizons and utilize the never ending stream of new technology for applications that will enhance opportunities for our businesses and the quality of life for the citizens we serve. As our world is constantly

changed by new technology, none of us can afford to be content with the status quo. We must keep pushing the envelope of progress as far as it will go to achieve those ends which will increase our competitive edge in a more competitive world.

The future belongs to those with the vision to look beyond the limitations of today and see the possibilities of tomorrow.

In closing, I would like to applaud IMARK Communications for doing such an extraordinary job of organizing a first-class event. As the largest producer of information technology trade events in the world, IMARK has more than lived up to its world-wide reputation of being among the best in the business.

And to everyone associated with the ITEC show - the participating companies, sponsors and support staff, I offer my sincere congratulations on an outstanding show. I hope to see all of you again real soon.

Thank you.