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DDA 86-1465X

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86-1405X



The Helicon Group, Ltd.

Box 317B, R.D. 1, Upper Black Eddy, Pa. 18972

215-982-9125

**NEW ADDRESS: 741 Cedar Hill Drive, Allentown, PA 18103
215-264-1175**

August 4, 1986

Deputy Director
Directorate For Information
Central Intelligence Agency
Washington, DC 20505

Dear Sir:

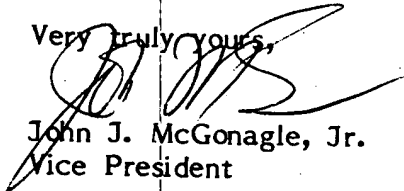
UNSOLICITED PROPOSAL

The enclosed proposal deals with some applications of Competitive Intelligence (CI) of potential interest to the Agency. This proposal reflects Helicon's skills and experience in this area and as well as discussions with Joseph Tierney and James Ohlson of the Federal Bureau of Investigation's Intelligence Division, with James Nealis of the FBI's counter-intelligence unit in the Philadelphia Office, and with Thomas McCormick, Chief of the Operations Division of the Defense Investigative Service's Philadelphia Area Office. The proposal is being forwarded to your office at the suggestion of Mr. T. Burns of the FBI.

We are also enclosing some basic background information on Helicon and its personnel to acquaint you with our activities in the area of CI. In addition to the articles and interviews listed, we expect additional articles on CI written by Helicon personnel to appear in a number of publications including TODAY'S OFFICE and TRIAL in the future.

We hope that the Agency will look favorably on this Proposal and we await your response.

Very truly yours,


John J. McGonagle, Jr.
Vice President

UNSOLICITED PROPOSAL

1. The Situation.

A. With the emergence of thousands public computerized data bases, anyone with the equipment, money, time, and skill to access the data bases has a wealth of information at his fingertips. Due to the ease of access, information which would previously have taken 2-3 years to track down can now be accessed in 1 day. One reason for this is the increasing number and scope of computerized data bases. Starting from lists of titles and subjects in publications of general interest, they now include vast numbers of subjects including defense and aerospace, communications, and computer technology of all kinds.

B. In order to make this data into a usable commodity, a specialty called "Competitive Intelligence Research" has been developing. This commercial service translates and interprets data into a form that can be used advantageously by businesses.

Competitive intelligence is the use of public sources to obtain information on competition, competitors, and the market environment. It relies on public sources only, but, skilled use of public data bases (of which there are over 3,000 at this time) has changed the way research is done and in so doing has enabled more research time to be spent in analysis since less time is needed to collect data. In the past, almost 90% of the time spent in research involved finding information, and about 10% was spent in reviewing it, analyzing it, and drawing conclusions from it. This has reversed. In addition, the use of on-line bases not only provides data, but also provides leads to further data.

C. CI specialists use only public information, largely that which can be accessed through the use of on-line data bases, bypassing the need for any security clearances. To the extent that classified reports may rely upon unclassified facts, so too a CI specialist may well find himself preparing a report which is eligible to be classified even though he has relied upon unclassified data for his report. It is in the analysis of the facts that the classified conclusion can be found. The self-evident nature of this conclusion can be seen by reference to a recent set of interviews with the Associated Press <"Spy Chiefs: Reporting of secrets dangerous", Michael J. Sniffen, Associated Press, June 1, 1986.> as well as to the Department of Defense report noting the public availability of key defense technology for the U.S.S.R. <U.S. Department of Defense, SOVIET ACQUISITION OF MILITARILY SIGNIFICANT WESTERN TECHNOLOGY: AN UPDATE, Sept. 1985.>

Everything you can collect through CI is not necessarily true. One constant problem is disinformation. Disinformation may be compared to a magician's misdirection. In general, disinformation is aimed at establishing false value judgments, creating erroneous impressions, diverting attention from defects or problems,

or hiding facts. A mild form of disinformation can be practiced just by permitting erroneous information which is in the public domain to continue to circulate, when that information is favorable or when the response to that information is viewed to be positive or beneficial.

D. In order to separate information from disinformation, the source of the data is rated according to its reliability. Many factors go into this rating including the ultimate source of funding. The source of funding for a project is very helpful to the CI specialist as can be seen in the following example.

***"EXAMPLE: A new, experimental pesticide "Killer" (not a real product) is formulated by the U.S. Pesticide Company (not a real company) and is ready for field testing. It is being tested at U.S. University (not a real university) under a grant from the U.S. Department of Agriculture. It is also being tested at America University (not a real university) under contract from U.S. Pesticide Company, its manufacturer. The data accessed also gives the name of the principal researchers, any pertinent articles they have written, and their academic affiliations. These researchers can then be cross-checked in other bibliographic data bases. In addition, U.S. Pesticide Company can be checked in business-oriented data bases as well as in general media data bases. In checking on U.S. Pesticide, articles are found following a story that U.S. Pesticide has been accused of bribing a government official of the EPA. The data extracted from the testing of the pesticide "Killer" will ultimately go to the EPA. A CI researcher could conclude that the data resulting from the contract testing of "Killer" by America University might well be tainted data. If it differs from the data released by U.S. University, the conclusions drawn will be based primarily on that data extracted by U.S. University."

As this shows, CI does not merely accept the information as given. Information is produced for a reason and for an audience, and it has a source. Find out these facts about your information and then review it in light of what you now know. The information may have been collected to advocate a point of view, i.e. this place is the best place to establish your new business. Treat it with the appropriate degree of skepticism. Also, where did the data actually come from? Those involved in CI find that when research seems to provide consistent estimates, it can mean that the data is valid, that no one ever questions "revealed truth" in an industry, or that all the data has a common source, so there is no real confirmation. CI requires that the data be viewed and analyzed with these possibilities in mind.

E. Proposal

Helicon proposes to evaluate the capability of non-classified public sources, primarily on-line data

bases, to be used to develop information and conclusions which are capable of being classified. Helicon's personnel already possess current security clearances at the secret level.

A particular focus will be to determine if there are a few key public sources which permit the accurate production of classified conclusions from public sources.

THE HELICON GROUP, LTD.
741 Cedar Hill Drive
Allentown, PA 18103
215/264-1175

Helicon and/or Golden Bridle Research, its on-line research division, are listed in numerous trade directories, including the most current editions of the following:

DIRECTORY OF FEE-BASED INFORMATION SERVICES
DIRECTORY OF MANAGEMENT CONSULTANTS
ENCYCLOPEDIA OF INFORMATION SYSTEMS AND SERVICES
RESEARCH SERVICES DIRECTORY

Articles about Helicon or interviews with Helicon personnel have appeared or will shortly appear in the following publications:

BOARDROOM REPORTS
BUCKS COUNTY COURIER TIMES
BUSINESS DIGEST
BUSINESS DIGEST OF THE LEHIGH VALLEY
BUSINESS KOREA
CORPORATE MONTHLY
DAILY INTELLIGENCER/MONTGOMERY COUNTY RECORD
INDUSTRY WEEK
PURCHASING
THE BUSINESS OWNER
THE MORNING CALL
THE PHILADELPHIA INQUIRER
THE SUNDAY INTELLIGENCER/MONTGOMERY COUNTY RECORD

Helicon personnel are listed in the following National directories:

OUTSTANDING YOUNG WOMEN OF AMERICA (19th Ed. 1983)
MARQUIS WHO'S WHO DIRECTORY OF ONLINE PROFESSIONALS (1984)
WHO'S WHO IN AMERICAN LAW (4th Ed. 1985)
WHO'S WHO IN SOCIETY (1986 Ed.)

The Helicon Group Specializes in Competitive Intelligence

By John Leming

The words "intelligence work" often conjure the image of a KGB agent tapping a phone, but legal intelligence gathering is becoming more and more accepted in the business community as companies seek information on the competition.

In fact, some large corporations like IBM have set up intelligence divisions to gain information about the competition, but most businesses don't have that kind of money, even though they might have a pressing need in the area.

An Upper Black Eddy firm called The Helicon Group Ltd. hopes to fill that gap. Not by spying, but by analyzing the large amounts of data in the public record to glean clues about economic, business and other trends.

Founded in 1980, the company is run by a husband-and-wife team made up of Carolyn Vella, owner and president, and Vice President John McGonagle Jr.

Helicon, says Vella, has access to over 2,500 computer databases, and company literature claims that 90% of the information a business needs for informed decision-making is available somewhere.

"This field has become perfect for us," says Vella, who notes that the company got started by doing "routine data searches" and gradually expanded "into research and analysis."

The two bring an interesting mix of talents to the firm. Vella is a member of the C.J. Jung Foundation for Analytical Psychology and McGonagle is an attorney and economist who recently served on the Grace Commission, also known as the President's private Sector Survey on Cost Control. They have co-authored several books and are currently under contract to prepare another book called "Competitive Intelligence in the Computer Age."

Because of the amount of information available, "You have to force them (the clients) to ask very tight questions," —

Besides knowing how and where to locate information, McGonagle says, "You have to evaluate biases." For instance, he says, "Japanese (production) estimates are always on the high side."

And because of the huge amount of information available, notes McGonagle, "You have to force them (the clients) to ask very tight questions." All work is done



Carolyn Vella and John McGonagle Jr. are the brains behind The Helicon Group.

on a confidential basis, Vella adds.

One of the more interesting projects Helicon undertook, says McGonagle,

was for the Department of Defense, which wanted to find out if there would be shortage of engineers in the future and, if so, should it hire them immediately.

In addition to this general directive, McGonagle comments, the DOD had restrictions on the hiring of foreign nationals and was concerned with federal minority hiring guidelines.

One problem that emerged from the Helicon study was that there was few minority engineers being graduated in the disciplines the DOD was seeking.

In one case, says McGonagle, Helicon was hired by a company which wanted to determine how much was known about it by the public. "Businesses themselves don't know how much information they put out to the public," McGonagle comments.

To broaden the information search, the company is hooked up to European databases, many of which publish summaries in English, even though Carolyn adds that both of them have working knowledges of several common European languages.

The ability to read a foreign language, McGonagle notes, is often important in reading contracts because translations sometimes get distorted, either accidentally or deliberately.

Helicon's work goes beyond accessing other databases, and Carolyn is currently developing a database on genetics for cat breeding, a field she is personally interested in.

In the case of cats, Carolyn says, "You have to max-

imize, genetically, the changes of getting high-quality animals." She feels that such a database could be useful in livestock and plant breeding programs.

Besides federal and corporate work, Helicon did some of the basic research for a state legislative committee which was exploring the ramifications of the AT&T breakup. "We didn't write the final report," McGonagle comments, but he feels that the information the company provided helped Pennsylvania profit from other states' experience.

Locally, the company is working on a project for the Lehigh County Area Agency on Aging, which is currently confronting the complex task of taking over the guardianship of older people who are no longer competent to manage their own affairs.

"There are legal issues involved," McGonagle says, and Helicon is studying some of the "different approaches" similar agencies have used in other areas to help the local organization make sound decisions.

The entire field, Vella says, "is lucrative — we're expanding." And, she adds, the company will soon be seeking larger quarters in the near future.

COMPETITIVE INTELLIGENCE BOOK IN PREPARATION - September 30, 1985

The Helicon Group, Ltd. announces that Carolyn M. Vella and John J. McGonagle, Jr. have signed a contract to write **COMPETITIVE INTELLIGENCE IN THE COMPUTER AGE** for Quorum Books.

The book explains competitive intelligence, the use of public sources to obtain information on competition and competitors. 90% of the information a business needs to decide on action such as litigation, expansion, contraction or financing is available somewhere in the public record. Effective competitive intelligence gathering can produce more information about markets, businesses, and businesspersons than most people imagine. The book will be aimed at all businesses, with emphasis on the needs of chief financial officers, chief planners and marketing officers, and attorneys, both in and out of corporations.

The Helicon Group, Ltd. is a think-tank style management consulting company in Lehigh County, Pennsylvania, working in various areas of expertise and consulting for private individuals, governmental bodies and corporations. Helicon provides competitive intelligence services for businesses in the Delaware and Lehigh Valleys as well as throughout the United States.

Carolyn M. Vella is President and founder of The Helicon Group, Ltd. She is a member of the C. G. Jung Foundation For Analytical Psychology. Miss Vella has written numerous articles on business topics for publications ranging from **SENIOR EXCHANGE** to **SUPERVISION** and been interviewed by publications including **THE BUSINESS OWNER** and **BUSINESS DIGEST**. She is co-author of 2 books including **INCORPORATING - A GUIDE FOR SMALL-BUSINESS OWNERS**, 1984, published by a division of the American Management Associations. Miss Vella has served as an elected auditor. She is listed in **CUTSTANDING YOUNG WOMEN OF AMERICA** (19th Ed. 1983).

John J. McGonagle, Jr. is Vice President of Helicon. He is an attorney at law and economist. Mr. McGonagle is the author or co-author of over a dozen articles and 4 books, including **MASTER GUIDE TO CONTROL OF CORPORATIONS**, Institute for Business Planning, 1985. He served with President Reagan's Private Sector Survey on Cost Control (the Grace Commission) in 1982-83 and is trustee of the Society for the Advancement of Behavioral Economics. Mr. McGonagle is listed in **WHO'S WHO IN AMERICAN LAW** (4th Ed. 1985) and in **MARQUIS WHO'S WHO DIRECTORY OF ONLINE PROFESSIONALS** (1984).

Quorum Books is an imprint of The Greenwood Press, Westport, Connecticut, a division of Congressional Information Service, Inc.

ARTICLES AND INTERVIEWS ON COMPETITIVE INTELLIGENCE AND
COMPUTERIZED RESEARCH

Carolyn M. Vella and John J. McGonagle, Jr., "Competitive Intelligence: An Edge In The Merger Search", *MERGERS & ACQUISITIONS*, July/August 1986.

____ "Just Call Your Computer '007'", *BANK MARKETING MAGAZINE*, June 1986.

John J. McGonagle, Jr., "Competitive Intelligence: A New Tool For Lawyers", *LEGAL TIMES*, May 19, 1986.

"Want A Peek At Your Competitors' Data Base?", *PHILADELPHIA INQUIRER*, May 4, 1986.

"Information Gathering For Corporate America", *CORPORATE MONTHLY* (March 1986).

"The Helicon Group Specializes In Competitive Intelligence", *BUSINESS DIGEST OF LEHIGH VALLEY* (March 1986).

"Firm Serves Companies' Info Needs", *THE MORNING CALL* (March 4, 1986).

"Information Please...Helicon Group has the answers", *SUNDAY INTELLIGENCER/MONTGOMERY COUNTY RECORD* (February 9, 1986).

Carolyn M. Vella, "Computerized Genetic Matching", *PURE-BRED DOGS AMERICAN KENNEL GAZETTE* (November 1983).

John J. McGonagle, Jr., "The Electronic Law Library: The Expanding Role of Computerized Research", *TRIAL* (September 1983).

John J. McGonagle, Jr., "Computerized Research", *THE BARRISTER* Vol IX., No.2 (Summer 1983).

John J. McGonagle, Jr., "Getting The Facts On Computerized Data Bases", *BUSINESS INSURANCE* (April 11, 1983).

"Tap This Bucks Firm For Data", *BUCKS COUNTY COURIER TIMES* (November 22, 1982).

"Information For Sale", *THE SUNDAY INTELLIGENCER* (August 22, 1982).