

House Committee on Homeland Security
Subcommittee on Transportation Security and Infrastructure Protection
Hearing on the Future of the Registered Traveler Program
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Chairwoman Jackson-Lee, Ranking Member Dent, and Members of the Committee:
Thank you for inviting me here today to talk about the future of the Registered Traveler (RT) program. Thank you, too, for your continued leadership on RT.

I am a principal at Henry Incorporated, which has an agreement (the Letter of Intent) with Verified Identity Pass, Inc. (Verified) and Morgan Stanley, as Verified's senior lender, to purchase from Verified certain assets and liabilities associated with the Clear RT program. My background is in business and – specifically – launching, relaunching and running successful consumer brands at L'Oreal, MasterCard, Chevron, and Nestle (Haagen Dazs). My partners and I strongly believe that the new Clear will become a successful business, because our marketing and technology expertise and ideas will effectively build on the progress made by Clear to date to meet a very real and often-expressed consumer need for air-travel convenience. There is a large and vocal population of travelers who are seeking this kind of opportunity right now. Among them are Clear members who are asking for the service to come back.

Of course, more registered travelers means greater aviation security, which is a common goal of everyone involved in Registered Traveler – from travelers to government to airports to companies like Clear. Because this program is purely voluntary, we must attract members by delivering a program that is both compelling and economical. This is best accomplished through a robust public/private partnership. We do not want or need government funds, but we are eager to work with the TSA and our technology partners to deliver a program that is easy to join and even easier to use, while advancing aviation security. This is a win-win.

Notwithstanding the economic downturn – indeed, perhaps because of it – RT makes more sense than ever. First, RT can improve aviation security. With resources scarce, RT should be – at no cost to the government – an important tool for advancing risk management, by increasing the number of individuals passing through Transportation Security Administration (TSA) checkpoints who represent lower risks because their identities have been positively verified and because they have been vetted. No other program offers the same potential for accountability and certainty of those passing through checkpoints – all on a voluntary basis. Second, Clear serves a consumer demand. Even with air travel down (a trend which will necessarily reverse course as the economy improves), travelers still want the convenience. Just last month, Clear conducted a broad survey of existing customers and found that 70% of customers would

return to the service when re-launched and an additional 20% would return depending on which airports were reopened. That's a remarkable total of 90% of customers who expressed interest in returning to the program upon re-launch. Understandably, many of them were frustrated about Clear's shutdown in June, but ultimately they want it back. Third, Clear delivers revenue to airport partners. RT can continue to be a valuable source of revenues for the nation's airports at a time when concessions revenues are harder to come by and bond coverage ratios are under pressure. Through the history of the program, Clear has paid over \$6 million to airports, and we intend to continue as a very pro-airport company focused on traveler conveniences that are consistent with increased overall security.

Given that the case for RT continues to be a strong one, how do we work together to make it succeed? Most importantly, we must do exactly that: work together. We are eager to work together with Congress. Without the authorization provided by Congress in the Aviation and Transportation Security Act in the immediate wake of 9/11, there would be no RT. And, this Committee's continued bi-partisan leadership on RT, as legislatively expressed most recently in the strong RT provisions of H.R. 2200, the TSA Authorization Act, is absolutely vital.

We are also eager to continue working closely with Secretary Napolitano and, subject to his confirmation, the incoming TSA Administrator Erroll Southers, as well as their staffs. The Secretary's vision of an aviation security system that is made ever more secure and simultaneously more pleasant and convenient for the air traveler, achieved through the application of technology where possible, is a perfect fit with RT. Technological innovation is at the core of the new Clear's DNA. We have already identified areas where new technology can make the new Clear a more economically viable company, and a key part of our mission is to leverage the latest technology to deliver on our promise of security and convenience. That being said, the risk management potential of RT can only be realized with TSA's full embrace. We are grateful that the Department of Homeland Security (DHS) and TSA are engaged in a fresh look at RT's potential to help realize the Secretary's vision, and we have offered to support that effort in whatever way would be valuable to DHS and TSA.

We are also eager to work together with our airport partners, almost all of whom have given us positive feedback as we have met with them to discuss the re-launch of Clear. Those airports saw Clear in operation every day and heard from many of their customers – both before and after Clear shut down – that Clear was a service they valued. After all, Clear lanes were used more than three million times before operations ceased. And, airports saw that Clear made checkpoints more efficient for all travelers, not just registered travelers. Clear was able to do that because its concierges, both before and after the magnetometer, were able to speed throughput by as much as 30 percent at Clear's lanes. So Clear not only gave its members a predictably fast experience, but also made the lines slightly shorter for everyone else. This faster throughput, I should add, is what makes RT much more than a so-called "front of the line" program. In short, a happy Clear customer makes for a more satisfied airport customer, and we're committed to re-establishing that connection.

And, perhaps most importantly, we are eager to work together with Clear's customers (both existing and new). Let me address first how we are proposing to work with existing Clear customers, so many of whom are interested in joining a re-launched Clear program. We recognize the imperative to protect our members' personal identifiable information (PII). To that end, the PII of existing Clear members (including their biometrics) will only be transferred to the new Clear program with the express consent of existing Clear members – otherwise, they may choose to have their PII destroyed by Lockheed Martin's secure data storage facility (which is where Clear member PII is today, and was historically, stored). In addition, all existing Clear members who choose to continue with the re-launched program will be able to use at no additional cost the balance of the term of their membership that remained unused when Clear ceased operations in June. In other words, if a member had a year remaining on her membership when operations ceased, she will be able to use the new Clear service for a year at no charge before coming up for renewal.

Now, let me address how we're going to work with customers more broadly. It goes without saying that the success of RT on all fronts – public and private – is driven by customers. The more users, the more benefits will accrue to the benefit of aviation security. RT's potential as a powerful risk management tool for TSA depends on a critical mass of travelers volunteering to participate in the risk management process of RT, as that process is ultimately defined by DHS and TSA. And, RT's potential as a good business (that also allows for it to be cost-free to the government) depends on a critical mass of travelers volunteering to pay a reasonable fee to participate.

Before ceasing operations, Clear had made substantial progress towards the goal of a critical mass of customers, with nearly 200,000 active members whose satisfaction with Clear was demonstrated by remarkable renewal rates in excess of 80% even after the economic downturn took hold. Even with available airline seats down over 30%, Clear's subscriber base increased over 50% in the year before shutdown, and the old Clear was nearing break even. But, the market is much bigger. The key to attracting new customers is to deliver a compelling value proposition. That means continuing to provide a fast and predictable experience at airport security, while aligning the nature of the enrollment and membership verification process (and the associated costs) with the nature of the service we're able to provide.

How do we do that? First, I return to the imperative of a close partnership with TSA, DHS and Congress. We are, of course, eager to move RT to a new level by working with TSA and DHS, for example, on the development of an enhanced voluntary background check and vetting process for RT members and the continuing development of new, enhanced screening technologies at RT lanes, all at no cost to the taxpayer. The goal would be additional enhanced throughput benefits or conveniences at our lanes – beyond what Clear concierges can already provide. This is precisely the type of risk management to enhance checkpoint security that the 9/11 Commission called for.

And, we are also eager to work with DHS, TSA and other government agencies like the

Department of Defense (DOD) on leveraging the power of RT's biometric platform and the biometric platforms of other government agencies. We look forward to working with DHS to harmonize trusted traveler programs across the Department. And, we look forward to working with all interested government agencies to harmonize RT with appropriate credential programs across agencies, so that – for example – a DOD credential holder with top secret security clearance could access the Clear lane, just as H.R. 2200 envisions.

However, we recognize that the important analytical work at DHS and TSA to support the vision of RT as a valuable risk management tool, including appropriate enhanced throughput benefits from TSA for RT members, will not take place overnight. We stand ready to support this analytical work in whatever way we can – and believe we have much to offer.

In the meantime, because it is vital for us to maintain the momentum of Clear by re-launching the program, re-engaging existing customers and attracting new customers, we plan to pursue two parallel paths. On one path, we will ready ourselves to install and implement the secure biometric infrastructure required to support a robust, risk management vision. Simultaneously, we intend to launch a streamlined “fast pass” process which would allow innovations like “same day” in-airport sales and more pricing options, while still providing certain non-security-related conveniences for members.

The parallel introduction of this streamlined “fast pass” process will address one of the most frequent complaints Clear received from potential customers and actual customers alike – “why can't I sign up immediately?” Now, potential customers (like the approximately 30,000 travelers who had signed up for Clear but hadn't yet completed the challenging multi-step enrollment process at the time that Clear ceased operations) will be able to sign up immediately. And, once they sign up for a “fast pass”, it will become much easier to invite them to join the secure, biometric risk management program and to take the additional enrollment steps that entails.

And, that brings me to the role of technology. Both immediately and going forward, we believe that there are terrific opportunities to leverage technology to make the process at the RT checkpoint easier, more convenient and just as secure, if not more so. Wearing our Silicon Valley hats, we are excited by the prospect of identifying those technology opportunities and then incorporating them, to the benefit of customers, airports, as well as our partners at DHS and TSA.

Members of the Committee, thank you for your interest in Registered Traveler. We ask for your continued support and engagement as we pursue the promising initiatives that I've described in order to make RT a valuable security and facilitation programs to respond to the challenge of 9/11.