



300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER ASSISTANCE  
517 373 9808

WWW.MICHIGAN.ORG

**MEMORANDUM**

**DATE:** September 11, 2002  
**TO:** Michigan Economic Growth Authority  
**FROM:** James Donaldson, Vice President  
Michigan Business Development  
**SUBJECT:** Briefing Memo – DELMIA Corporation  
High Tech Credit

**EXECUTIVE COMMITTEE**  
GOVERNOR JOHN ENGLER  
General Chair

MATTHEW P. CULLEN  
Chair  
General Motors

PHILIP H. POWER  
Vice-Chair  
HomeTown Communications  
Network

FACUNDO BRAVO  
Uni Boring Co., Inc.

JOHN W. BROWN  
Stryker Corporation

DR. DAVID E. COLE  
Center for  
Automotive Research

JOANN CRARY  
Saginaw Future Inc.

STEVEN K. HAMP  
Henry Ford Museum &  
Greenfield Village

HAYDEN H. HARRIS  
EDF Ventures

DEWITT J. HENRY  
Wayne County

PAUL HILLEGONDS  
Detroit Renaissance

MAYOR DAVID HOLLISTER  
City of Lansing

MICHAEL J. JANDERNOA  
Perrigo Company

BIRGIT M. KLOHS  
The Right Place Program

DR. IRVIN D. REID  
Wayne State University

S. MARTIN TAYLOR  
DTE Energy Company

PETER S. WALTERS  
Guardian Industries  
Corporation

**PRESIDENT & CEO**  
DOUG ROTHWELL

**COMPANY NAME AND ADDRESS:**

DELMIA Corporation  
5500 New King Street  
Troy, Michigan 48098

**HISTORY OF COMPANY:**

DELMIA Corporation, formerly Deneb Robotics, was formed in June 2000 as the e-manufacturing brand for Dassault Systems, its French parent company. DELMIA is the leading provider of lean digital manufacturing solutions, targeting industry segments where continuous transformation and optimization of the manufacturing process are critical. The company focuses mainly on the development of software that can be used to streamline manufacturing processes. This includes automotive, aerospace, fabrication and assembly, electrical and electronic, consumer goods and shipbuilding. DELMIA currently has 154 employees in Michigan.

**PROJECT DESCRIPTION:**

DELMIA needs to expand their operations due to space limitations at their current site in Troy. The company would expand their activities by relocating to Auburn Hills, where they would lease 41,200 square feet of an existing building. A site in Columbia, South Carolina is also under consideration. The company would add 41 new jobs in the first year and 111 jobs over three years paying an average weekly wage of \$1,178. The company would also transfer approximately 154 current employees from Troy to the new facility.



Briefing Memo  
DELMIA Corporation  
September 11, 2002  
Page Two

Capital investment for the project would total \$9.2 million, including \$8.7 million for capitalized lease costs and building improvements and 500,000 for new machinery and equipment. The company expects the new facility to be operational by the end of this calendar year.

**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 328 jobs in the state by the year 2012. Total state government revenues through the year 2012, net of MEGA costs and adjusted for inflation, would be increased by \$14.7 million (2002 dollars) due to the presence of this facility.

**BUSINESS CASE:**

DELMIA has the option of locating this expansion in Auburn Hills or Columbia, South Carolina. The Columbia location is attractive to the company due to lower wage and benefit costs. This differential could be as much as \$600,000 per year once the project is fully staffed. In addition, the company will have minimal corporate income tax obligations in South Carolina due to the research and development nature of the expansion.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Auburn Hills will provide infrastructure improvements to Butler Road, which is adjacent to the property under consideration by the company. The project will be accelerated by the city due to the location of Delmia in Auburn Hills. The estimated cost of this project is \$1.9 million.

In addition, the City of Auburn Hills has proposed a 50 percent abatement of the company's new personal property for 2 years. The estimated value of this local abatement is \$5,200. The tax abatement will be approved at a November 2002 city council meeting.



Briefing Memo  
DELMIA Corporation  
September 11, 2002  
Page Three

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a high-technology employment credit of 75 percent for ten years for up to 111 net new employees.