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MEMORANDUM

Date: December 14, 2010

To: Michigan Economic Growth Authority

From: Phil Santer, Project Specialist
Packaging Team

Subject: Briefing Memo – Force By Design, Inc.
High Technology MEGA Credit – High Wage

COMPANY NAME

Force By Design, Inc.
330 Townsend Street, Suite 209
San Francisco, California 94107

www.forcebydesign.com

HISTORY OF COMPANY

Force By Design, Inc. is a computer services company that provides custom-based solutions using the Salesforce.com platform and other cloud-computing services. Force By Design's consultants have over 10 years of development experience with over 1,000 clients. Formed in 2008, the company is currently headquartered in San Francisco, California and has offices in San Luis Obispo, California.

The company currently has no presence in Michigan.

PROJECT DESCRIPTION

The company states that they expect to establish a new office providing professional services associated with the creation, implementation and customization of business applications to improve their processes in East Lansing, Michigan. Their new office will service underdeveloped markets for Salesforce.com and provide other new cloud-computing services. The office will be staffed with business analysts and developers that work directly with clients to implement business process solutions.

The company plans to invest approximately \$430,000 and create 50 jobs over the next three years. The average weekly wage for the newly created jobs is anticipated to be \$920. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost. The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 90 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$736,000 (current dollars) due to the presence of this facility.

BUSINESS CASE

While Michigan represents an attractive market for their new office, the company indicates that there are significant disadvantages with a Michigan location. As a result, the company is considering expanding in San Diego, California or Philadelphia, Pennsylvania. In Michigan, the company will face upfront costs associated with training employees in cloud computing and other available resources. In California, the industry is robust and will require less employee development. In addition, a Philadelphia location would allow the company better access to the growing east coast market for Salesforce.com products.

OTHER STATE AND LOCAL ASSISTANCE

The City of East Lansing is offering a property tax abatement through Public Act 328 of 1998 for up to 12 years at an estimated value of \$32,600. In addition, the company is pursuing training programs through the Michigan New Jobs Training Program and Lansing Community College.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high wage business as the company's existing employees are paid more than 300% of the federal minimum wage and wages of the new employees will exceed 300% of the state minimum wage.

The company is not qualifying with the 10 percent research and development requirement.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for three years for up to 50 net new employees in excess of the company's established base of 0. The company will have a two year ramp up of employment and is not expected to activate their credit until the tax year ending December 31, 2013.