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DATE: August 19, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging
Amy Deprez, Project Manager
Portfolio Management & Packaging
SUBJECT: Briefing Memo – GDI Infotech, Inc.
High-Technology MEGA Credit

COMPANY NAME:
GDI Infotech, Inc.
3775 Varsity Drive
Ann Arbor, Michigan 48108

HISTORY OF COMPANY:
GDI Infotech, Inc., located in Ann Arbor, was established in 1993. GDI is focused on addressing challenges related to Information Silos in organizations. Business and technology leaders know that isolated information, fractured teams and incomplete requirements lead to Information Silos. GDI consultants work collaboratively with clients to develop effective solutions to overcome these issues. The company is unique in its focus on busting Information Silos using experienced, talented teams that synergistically apply the right technologies to achieve optimal business value for its clients.

Currently the company has 41 associates in Michigan.

PROJECT DESCRIPTION:
GDI is starting a new division, Solutions Division, to offer solutions to clients in Healthcare, Financial, Retail, Education and Technology sectors. The new division will develop new products and tools that will help organizations to build solid data foundations and new applications enabling the implementation of key industry-specific initiatives. The Solutions Division will be based in the company's existing facility in Ann Arbor. The company additionally plans to purchase an adjacent lot and further expand its operations in 2011 to further accommodate growth from this new division.

The company anticipates the creation of approximately 121 new jobs by the year 2013, paying an average weekly wage of \$1,186 and estimates that the total investment will be approximately \$1.9 million, not including the purchase and construction of the adjacent lot. The company will also offer health care benefits and pay a portion of the benefit costs.

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 233 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$3 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Alternatively GDI is considering Chapel Hill, North Carolina for this project and has identified both financial and geographic disadvantages for Michigan. The company estimates that taxes will be higher under the MBT and also identified health care, fringe benefits and relocation/recruitment expenses will be higher for Michigan.

Additionally, the Research Triangle area (North Carolina) offers a larger client pool due to its heavy concentration of large businesses that utilize technology-based services and products. As such, there is also a larger base of talented analysts, technology architects, and project managers to recruit from.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Ann Arbor supports this expansion and anticipates approval of a property tax abatement under PA198 of 1974. Approval of the tax abatement is expected to take place within 90 days of the MEGA Board meeting.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is advanced computing, as defined in the Act.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years, for up to 121 net new employees.