

MEMORANDUM

Date: July 20, 2010
To: Michigan Economic Growth Authority
From: Stacy Bowerman, Project Specialist
Packaging Team
Subject: Briefing Memo – Genesis Corp. D/B/A Genesis10
High-Technology MEGA Credit

COMPANY NAME

Genesis Corp. D/B/A Genesis10
950th Third Avenue, 26th Floor
New York, New York 10022

HISTORY OF COMPANY

Genesis Corp. D/B/A Genesis10 (“Genesis10”) is a privately-held business and technology firm headquartered in New York. The company has grown organically at an annualized rate of 38 percent since its establishment in 1999. Genesis10 provides resources and solutions that enable its clients to achieve strategic business and technology objectives. The company has a diverse client base including companies in various industries such as Financial Services, Insurance, Manufacturing, Healthcare, Energy, Consumer Retail, Telecommunications as well as State and Federal Governments. Genesis10 employs more than 2,000 professionals nationwide specializing in project management, business analysis and transformation, large-scale systems infrastructure, software development, testing, deployment and application integration.

The company currently has 1 employee in Michigan.

PROJECT DESCRIPTION

Genesis10 plans to open a new development center in the City of Troy, Oakland County. Initially, this center will provide business and technology services for major financial services client with the potential to add clients as the business grows. The facility will employ project managers, information technology professionals, developers, business analyst and program managers.

Genesis10 proposes to invest approximately \$2.2 million and create 296 jobs over the next five years, with 82 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$1,366. 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 594 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs, would be increased by \$8 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Genesis10 is also considering Kansas City, Missouri for this project. The company has an existing development center in Missouri that currently has over 150 employees. The company has experience with the workforce in that area and indicated it would be more efficient to hire and train new employees at that location. In addition to workforce, the existing real estate and incentives in Missouri would allow them to expand in a more cost effective way than opening a new facility in Michigan.

The MEGA tax credit will offset the costs associated with opening a new operation. The company has also been referred to the local Michigan Works! Agency to assist with their recruitment and training efforts.

OTHER STATE AND LOCAL ASSISTANCE

At this point there is no local support by the City of Troy for this project. However, the city did indicate they would consider a reduction of permit fees in the future if Genesis10 were to expand.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

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

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 60 percent high-technology employment tax credit for 5 years for up to 296 net new employees in excess of the company's established base of 1.