



MEMORANDUM

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DATE: March 18, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging
Steve Haakenson, Project Manager SJA
Portfolio Management & Packaging
SUBJECT: Briefing Memo – MyBuys, Inc.
High-Technology Look Back MEGA Credit

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COMPANY NAME AND ADDRESS:

MyBuys, Inc.
One Lagoon Drive #120
Redwood City, CA 94065

HISTORY OF COMPANY:

MyBuys is a privately funded enterprise that launched its services in October of 2006. MyBuys, Inc. began its operations under a different name "Rubicon". MyBuys, Inc has officially been in existence under its own name and new structure since August of 2006. Last year, \$10,000,000 was raised in venture capital funding with Lightspeed and Palomar Ventures to continue the development and expansion into new ecommerce markets.

MyBuys is a 1:1 personalized product recommendation service for online retailers. They build deep profiles of consumer preferences and apply advanced algorithms combined with optimization techniques to generate personalized recommendations for each consumer. MyBuys creates its own proprietary software that determines what individual consumers want in order to deliver the most precise and relevant product recommendations and offers for their ecommerce customers.

Their current operations are located in Redwood City, CA with 50 employees. The headquarters will remain in Redwood City. The proposed expansion is being evaluated to significantly expand their continued development of ecommerce information marketing.

PROJECT DESCRIPTION:

MyBuys is planning to develop new solutions that require new engineering of their current product, processes and marketing strategies to approach the Small Medium Business ecommerce market. This will require a significant expansion to support their expected growth into new markets.

The proposed project is expected to create a total of 250 jobs over the next five years, paying an average weekly wage of \$993. It would also include a total capital investment of over \$5.4 million during the next five years. This does not include the company's consideration to move its rapidly expanding server farm to the selected expansion site. They anticipate the cost of this expansion will be \$5 million within 3 years and create an additional 12 jobs to manage the server farm.

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 606 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs and adjusted for inflation, would be increased by \$11.8 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

MyBuys is considering locating their expansion in either Ann Arbor, Michigan or Austin, Texas. Austin has a large existing talent base for the work that is required in the development and servicing of their software. MyBuys has estimated a cost savings at greater than \$4 million associated with recruiting, hiring, and time to market expenses over the first 5 years of the expansion. The CEO of MyBuys is a University of Michigan alumnus and is considering Ann Arbor because of this connection and has been able to develop a relationship with the University that is expected to benefit their growth and help educate University students.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Ann Arbor will be providing local assistance by paying the \$1,000 application fee for this project. In order to accommodate this project, Ann Arbor Spark will also be providing free rent for 4 months to MyBuys, valued at \$4,740.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

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

LOOK BACK AGREEMENT REQUEST:

MyBuys has already hired two individuals to determine location for the expansion and as their sales management. Both were hired with the understanding that they may likely be moving to a new facility or the headquarters in Redwood City. Therefore the Michigan Economic Development Corporation recommends that the Board authorize a look back agreement, which will allow the company to count two additional jobs created since December 10, 2007, which is less than 120 days prior to the execution of the MEGA Agreement. The look back is factored into the first years job creation numbers and is requested in order to help aid the cash flow at MyBuys' in the their development stage of the business.

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RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high-technology look back employment tax credit for ten years, for up to 250 net new employees.