



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: October 14, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging

WTH

Amy Deprez, Project Manager
Portfolio Management & Packaging

SUBJECT: Briefing Memo – NetEnrich, Inc.
High-Technology MEGA Credit

COMPANY NAME:

NetEnrich, Inc.
226 Airport Parkway, Ste. 550
San Jose, CA 95110

HISTORY OF COMPANY:

NetEnrich, Inc., which began operations in October 2003 in California, helps companies keep their business-critical applications and IT infrastructure running 24x7 while freeing up IT staff to focus on strategic business. NetEnrich is the trusted brand for Remote Infrastructure Management (RIM/IMS), business application support, data center management and NOC services, managing thousands of devices worldwide using its secure, auditable and award-winning remote management technology & services. NetEnrich's award winning remote management VPMG technology has been successfully deployed at customers such as Toyota, Charles Schwab, Trend Micro, Savvis, Fujitsu, Toshiba and many others.

Currently, the company does not have a presence in Michigan.

PROJECT DESCRIPTION:

NetEnrich, Inc. is planning to create a R&D and Network Operations Center (NOC) in the U.S. and Michigan is being considered. The company has identified and plans to lease office space in Washtenaw County.

Total capital investment associated with this project will be approximately \$2.7 million, of which \$1.7 million will be for the lease and leasehold improvements and approximately \$700,000 for machinery and equipment. The expansion will create approximately 225 new jobs, paying an average weekly wage of \$1,042. The company will also offer health care benefits and pay a portion of the benefit costs.

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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 435 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 \$9.6 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

NetEnrich is also considering locations in Florida and South Carolina. NetEnrich's customer base is primarily on the east coast making Florida and South Carolina a more central location. In addition, recruitment of new employees from around the world will be easier for NetEnrich if located in a warmer climate and cost of real estate and wages are higher in Ann Arbor than Florida and South Carolina. Further, NetEnrich's investors are influencing a California location due to close proximity to Venture Capitalists and potential investors.

OTHER STATE AND LOCAL ASSISTANCE:

Michigan has presented a unique site search challenge for NetEnrich who are accustomed to the availability of California class A, built out, fully equipped and furnished offices that are short term leases in order to allow for rapid growth. While NetEnrich is fully committed to locating in Michigan and specifically Washtenaw County, the company has not yet identified a specific site.

Recognizing the need for local commitment, Ann Arbor SPARK will work with the chosen local community to secure local support in the form of either a tax abatement (PA198) or reimbursement to NetEnrich of the \$5,000 application fee from either the local unit of government or by Ann Arbor SPARK.

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 10 year high technology employment tax credit for up to 225 net new employees.