



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: March 13, 2007
TO: Michigan Economic Growth Authority
FROM: Jim Donaldson, Vice President
Business Development
SUBJECT: Briefing Memo – Netlink Software Group America, Inc.
High-Technology MEGA Credit

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COMPANY NAME AND ADDRESS:

Netlink Software Group America, Inc.
200 Galleria Officentre, Suite 109
Southfield, Michigan 48034

HISTORY OF COMPANY:

Netlink Software Group was founded in 1997. Netlink is a worldwide provider of professional information technology services. In January 2006, Netlink Software Group acquired Internet Operations Center, Inc., a Southfield based hosting and connectivity company servicing several large automotive clients in southeast Michigan. Some of Netlinks customers include: Starbucks, Avaya, Ford, Daimler Chrysler, GM, DTE Energy, Blue Cross Blue Shield and Lufthansa. Netlink currently employs 73 full-time highly trained individuals.

PROJECT DESCRIPTION:

Netlink is considering an expansion of its Information Technology operations. The company plans to expand and relocate its facilities to accommodate its aggressive growth. Over a 5-year period, Netlink would add up to 298 employees in the City of Madison Heights. Netlink will hire IT professionals who will earn an average weekly wage of \$1,116. Capital investment for this project is expected to be approximately \$4 million, which includes the lease and leasehold improvements of a building, and the purchase of furniture, fixtures, computers, and IT equipment.

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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 473 jobs in the state by the year 2013. Total state government revenues through the year 2013, net of MEGA costs and adjusted for inflation, would be increased by \$5.8 million (2007 dollars) due to the presence of this facility.

BUSINESS CASE:

Netlink Software Group America, Inc. is considering relocating its current Southfield operation to Madison Heights, Michigan, or moving it to Denver, Colorado. When comparing the Michigan and Colorado locations, the company estimates that wage rates in Denver are significantly lower.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Madison Heights has proposed a 50 percent abatement under PA 198 for 6 years for personal property. The estimated value of this abatement is \$41,000.

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:

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years, for up to 298 net new employees.