



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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**Date:** September 22, 2009

**To:** Michigan Economic Growth Authority

**From:** Amy Deprez, Manager  
Packaging Team

Greg West, Project Specialist  
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**Subject:** Briefing Memo – Systems In Motion, LLC  
Standard MEGA Credit

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**COMPANY NAME**

Systems In Motion, LLC  
20380 Town Center Lane, Suite 205  
Cupertino, CA 95014

**HISTORY OF COMPANY**

Systems In Motion is developing a United States based information technology (IT) service company that will leverage global best practices of the offshore services industry. It will create a US service model that can compete effectively against India, China, and other lower-cost destinations by leveraging the combination of a more productive work-force, technology and automation, lean factory operations and local advantages to serve US customers.

The company plans to build a centralized campus that will enable a lower cost of operations and provide services to both the public and private sectors. Financial support is being provided by investors with strong operating credentials in the global services industry.

Systems In Motion currently has zero employees in Michigan.

**PROJECT DESCRIPTION**

For the project, Systems In Motion plans to create an IT service center in Pittsfield Charter Township that will focus on high end business process outsourcing services. The company is confident that the market will respond favorably to services being provided from a low cost US location at a price similar to offshore vendors. The company will address an area of need as the total costs to businesses that use off shore IT services are normally higher than expected and the quality is not always up to expected standards.

As part of the overall development of this center, Systems In Motion will create a software development training program where the company will invest in training both recent graduates and retraining experienced individuals. The new employees will work in the following areas, Software Development, IT Maintenance and Support, Help Desk Support, Software Testing, IT Operations, Business Analysis, Software Architecture and Engineering, and Project and Program Management.

Systems In Motion will invest approximately \$15.7 million and create 1,085 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$557. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

#### **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 1,901 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$26 million (current dollars) due to the presence of this facility.

#### **BUSINESS CASE**

Systems In Motion is considering San Antonio, Texas as an alternative location for this project, with Dayton, Ohio having also been considered. The major disadvantages that the company faces when looking at Ann Arbor versus San Antonio are that wages, worker's compensation, unemployment insurance and health care costs are lower in San Antonio. There are no state taxes for the company and its employees in Texas. In addition the sales tax is also lower in San Antonio.

#### **OTHER STATE AND LOCAL ASSISTANCE**

Pittsfield Charter Township is supportive of the project and anticipates approval of a PA 328 Tax Abatement. The estimated value of this incentive is not known at this time.

#### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 7 years for up to 1,085 net new employees in excess of the company's established base of zero, subject to the following:

- Provided that the company creates a minimum of 400 jobs, over the employment base of zero by the end of the fifth year of operations and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.