



## MEMORANDUM

**DATE:** December 12, 2000

**TO:** Michigan Economic Growth Authority

**FROM:** David Jeup, Vice President  
Global Business Development

**SUBJECT:** Briefing Memo – Vastera Solution Services Corporation

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### COMPANY NAME AND ADDRESS:

Vastera Solution Services Corporation  
45025 Aviation Drive, Suite 300  
Dulles, Virginia 20166

### HISTORY OF COMPANY:

Vastera Solution Services, founded in June 2000, is a wholly owned subsidiary of Vastera, Inc., which was founded in 1991. Vastera is a leading provider of web-based software products and services that facilitate international buying and selling of goods through the streamlining and optimizing of global trade processes. Vastera Solution Services provides products and services to these clients ranging from management of a specific global trade function to providing complete management of a company's entire global trade process. Recently, Vastera entered into an agreement with Ford to manage their global trade operations including supporting Ford's import/export custom operations. As part of this agreement, Vastera acquired 31 employees from Ford. Vastera has no other employees in Michigan.

### PROJECT DESCRIPTION:

Vastera is considering two sites for the long-term location of the newly acquired Ford personnel and the significant number of future employees and consultants that will be part of the expansion. Vastera narrowed the locations to Southfield, Michigan and Longmont, Colorado, where the company has an existing facility. The proposed expansion involves leasing an existing facility with at least 40,000 square feet of office space. The project would require a capital investment of \$10.0 million, including \$7.1 million in building costs (capitalized leased and leasehold improvements) and \$2.9 million in

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new equipment. The company would hire up to 150 new full-time employees with an average weekly wage of \$1,100 and an employee benefit package worth approximately 20 percent of wages.

### **BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 233 jobs in the state by the year 2005. Total state government revenues through the year 2005, net of MEGA costs and adjusted for inflation, would be increased by \$3,195,000 (2000 dollars) due to the presence of this facility.

### **BUSINESS CASE:**

As part of the company's decision-making process, Vastera has undertaken a comprehensive analysis between Longmont, Colorado and Southfield, Michigan. Although it is a major customer's influence (Ford Motor Company) that is behind it's consideration of Michigan, Colorado has competitive advantages. Vastera provides its clients services by managing their data electronically over the Internet with its own proprietary software product. Therefore, proximity to its customer is not a significant factor in deciding a location for its operations. Considering customer proximity, the presence of an existing facility controlled by Vastera combined with a supply of "high-tech" workers; a Colorado location creates an attractive option.

Although Colorado offers advantages, Vastera's future plans are to grow their company by attracting automotive and globally orientated customers. Based upon the significant presence of automotive headquarters and large companies, a Michigan location will assist them in accomplishing those plans.

Our use of the High-Tech MEGA to attract this project to Michigan is commensurate with our business attraction strategy thus, attracting high-tech jobs and high-tech workers.

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**OTHER STATE AND LOCAL ASSISTANCE:**

The state of Michigan will provide Vastera with a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local property tax abatement. This abatement is estimated to be worth \$11,800.

The City of Southfield has proposed a 50 percent personal property tax abatement for a period of three years. The value of the local abatement totals approximately \$47,800.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a high-technology employment credit of 90 percent for up to 150 net new jobs for a period of five years