

Spring 2011

IRELAND AS A PREMIER LOCATION FOR INFORMATION AND COMMUNICATION TECHNOLOGIES

Intel Expands in Ireland



In January 2011, Intel announced a \$500 million investment at its Irish manufacturing operation.

"...Fidelity is making a strategic long term decision to invest in [Ireland], Julia Davenport, Senior Vice President, Fidelity Investments on the company's 100 person expansion in February 2011.

Michael Dell Positive About Ireland



Michael Dell, CEO, Dell Inc. spoke positively about Ireland in an interview with *The Irish Times* in Davos in January 2011.

"What we find in Ireland is an incredibly talented workforce - bright, well educated, eager and excited."

"I'm confident that [Ireland will] get its house in order because it's a place where we're confident investing [in]."

Dell, in Ireland since 1990, announced in 2010 a 100 person expansion of its shared services, technical/customer support and supply chain management operations.

2011 - Top Companies Investing in Ireland

2011 has begun very positively in Ireland with some significant new investments in the Information and Communication Technologies (ICT) sector. Intel, Fidelity Investments and Quest Software in January/February announced major projects, reflecting their confidence in Ireland as a location for international business.

Intel announced a \$500 million expansion of its manufacturing operation, which will initially create 200 new jobs. Intel, in Ireland since 1989, employs over 4,000 in advanced manufacturing, R&D and software development.

Fidelity Investments announced 100 new highly skilled technology positions at its 240 person technology operations in Galway and Dublin (€11 million investment).

Quest Software announced the establishment of a 150 person international shared services centre in Cork, which will focus on finance, inside sales, renewals and software development. Cork was selected following a comprehensive evaluation of potential global locations.

2010 was an excellent year for new investment in Ireland, with a large number of the world's top companies announcing significant projects (100+ jobs). These included HP, IBM, Dell, Telefónica, Google, eBay, Electronic Arts (EA), Facebook, Salesforce.com, Accenture, Stream Global Services and D&B. Their investments are testimony to their confidence in Ireland and the commercial and financial benefits that Ireland will bring to their companies. IDA Ireland is confident that 2011 will be another successful year and over the coming months a further number of high profile investments will be announced.

Ireland's track record, talent quality and availability, 12.5% corporate tax rate, and technology attributes, coupled with greatly enhanced competitiveness were central, and will continue to be central, to investment decisions.

12.5% Corporate Tax Rate Will Not Change

Over the last few months, the Irish Government, supported by all main political parties, reiterated Ireland's 100% commitment to the country's 12.5% corporate tax rate. It stated:

"The 12.5% Corporate Tax Rate will not change. It is here to stay...It is a cornerstone of our industrial policy."

The low tax rate is generally accepted by international economic experts as being important to Ireland's economic development. Ireland has had a low corporate tax policy since the 1950's, which it does not intend changing. The rate is one of the lowest global 'onshore' rates and is acknowledged by the OECD as being 'above board' and meeting its standards with respect to corporate tax rules.

In an EU context, the tax rate is protected by the 'Principle of Unanimity'; this protection was further enhanced by a legal guarantee in the most recent EU Lisbon Treaty; for these reasons, the Irish Government has total control over its corporate tax rate.



John Chambers, CEO, Cisco Systems spoke to *The Irish Times* in January 2011 about Cisco's ongoing commitment to Ireland.

"... we didn't hesitate to say we are completely committed to the country, past, present and future."

Ireland - Some Key Facts:

- Number of companies investing for first time in Ireland in 2010 up 20% on 2009
- 9 of the World's top 10 software companies have substantial operations in Ireland
- World's number 1 provider of employable graduates (EU Commission study Nov 2009)
- Ireland: 1st for FDI and Corporate Tax regime (2009 Global Innovation Survey)
- 1st for investment incentives¹
- 1st for immigration laws that do not prevent companies from employing foreign labour¹
- 1st in Eurozone countries for doing business (Forbes 2010)
- 2nd most globalised economy²

1. *IMD World Competitiveness Yearbook 2009/2010.*
2. *EU/Ernst & Young 2011. Measure reflects openness to trade, capital movements, exchange of technology and ideas, labour movement and cultural integration.*



Customer support facility in Waterford, available at €7/sq ft/ annum.

Office rental costs are down by up to 50% on 2007, with many premier properties available for renting at €6-15/sq ft annum in main cities, and as low as €3.50 in peripheral towns.

Key ICT Investors in 2009, 2010 and 2011

First Time	Expansions	R&D/Software Development
Electronic Arts (EA)	Microsoft	Intel
Quest Software	HP	HP
Maxim Integrated Products	Dell	IBM
LinkedIn	Google	AOL
Bentley Systems	SAP	Alcatel-Lucent (Bell Labs)
Aspect	eBay (incl PayPal)	Accenture
BSB	Citrix Systems	Analog Devices
Lumension Security	Facebook	Paypal (eBay)
Synchronoss Tech.	McAfee	Alps Electric
Big Fish Games	Activision Blizzard	Sophis Group
Webroot	Salesforce.com	Murex
GENBAND	Telefónica	Sajan

Increased Skills Availability

The ready availability of top quality talent has been an important contributing factor to the success of multinational companies in Ireland. Going forward, there will be a greater supply of high quality talent, particularly technical talent, for a number of reasons, which include:

- Numbers commencing undergraduate computer/software courses are up 40% since 2007, while numbers commencing electronic engineering courses are up 20%.
- Numbers commencing undergraduate language courses are up 50% since 2007.
- 2,500 software engineers/programmers/analysts, currently not working, are available for immediate employment (Source: CSO Q4 2010).
- As a member of the EU, Ireland is readily able to attract multilingual talent, including software and electronic engineers. Ireland now has a diverse multilingual community, where 22% of software developers are non Irish (13% in 2000) and many multilingual operations have capability in 15+ languages (including Nordics, Japanese and Chinese).

The greater availability of skilled personnel will ensure minimum wage inflation, competitive salaries, low attrition rates and candidate choice for investors.

ICT Multinationals with Significant Operations in Ireland

Global Leaders	Software	Telecoms	Semiconductors	Internet / Games
HP	Symantec	Ericsson	Analog Devices	Google
IBM	VMware	Cisco Systems	Texas Instruments	eBay
Microsoft	Adobe Systems	Alcatel Lucent	Infineon Technologies	Yahoo
Intel	Citrix Systems	Avaya	Cypress Semiconductor	Facebook
SAP	Red Hat	Qualcomm	Xilinx	AOL
Dell	Novell	Telefónica	Synopsys	LinkedIn
Apple	Sage	APC by Schneider	Cadence Design Systems	Amazon.com
Oracle	Salesforce.com	Intec	Maxim Integrated Products	Electronic Arts (EA)
EMC	McAfee	QLogic	Synopsys	Activision Blizzard
Siemens	Bentley Systems	GENBAND	LAM Research	Big Fish Games

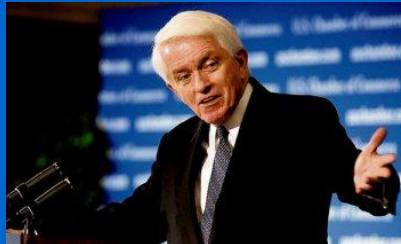
Quest Software Invests



Doug Garn, President and CEO of Quest Software at the announcement in January 2011 of a 150 person international shared services centre in Cork.

"Ireland was chosen due to the significant presence of other software technology companies, the high quality infrastructure, the availability of experienced and highly qualified professionals, multilingual talent and a pro-business environment."

US Chamber of Commerce Positive About Ireland



Thomas Donohue, President and CEO US Chamber of Commerce (based in Washington DC), spoke positively about Ireland in an interview with *The Irish Times* in January 2011.

"The Irish have what it takes. They have a good tax system, a great workforce, a good geographic location, good partners and investors. I think they are going to come out of this [recession] just fine."

"[American business people] were not worried about Ireland because it had the fundamentals of a strong economy. It had an improved infrastructure, a trained & educated workforce, a good location and good management. It also had an English speaking workforce who had a wholesome and healthy work ethic."

Software Skills:

Numbers commencing undergraduate computer/software courses are up 40% since 2007, which is positive for skills availability.

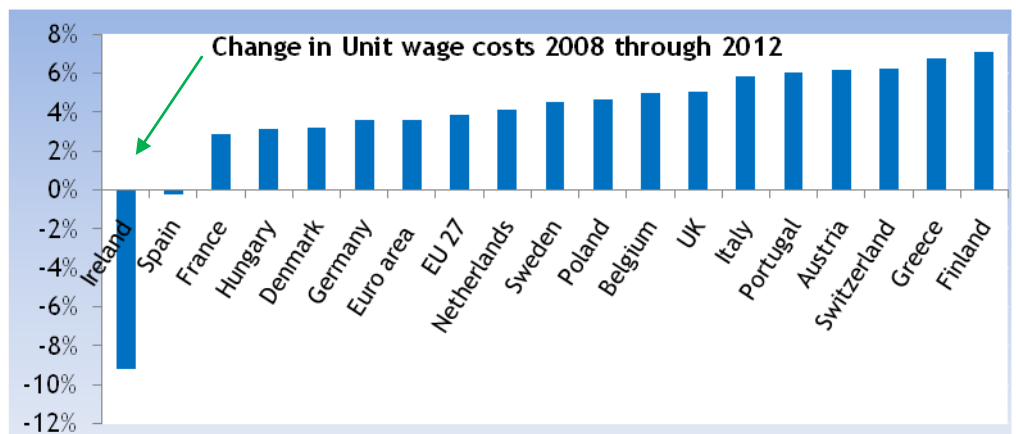
Competitiveness Stronger

Ireland's competitiveness has improved considerably since 2008, with significant reductions occurring in salary and rental costs. The cost of hiring new personnel in the ICT sector is generally lower by up to 20% on 2008, with costs for individual positions lower by up to:

- 20-25% for management (senior, R&D, etc)
- 20% for finance (accountants, accounts payable, etc)
- 15% for sales (inside sales/account managers, etc) (30%-35% OTE's)
- 20% for technical support, customer support, localization and testing
- 0-10% for software development
- 15% for electronic engineers

Competitiveness is expected to continue to improve, supported by the increasing availability of highly skilled personnel, ongoing downward pressure on salaries, and associated costs (e.g. bonuses), and low inflation. Stronger competitiveness is benefiting Ireland, with the country in 2010 winning a higher number of greenfield software development projects against competition from lower cost locations. IDA Ireland expects this trend to continue.

According to the EU Commission, Irish unit wage costs are projected to improve by 13% relative to the EU average between 2008 and 2012, thereby making Ireland a more attractive location for inward investment within Europe.



Source: EU Commission (September 2010)

Ireland - Europe's Number 1 Location for R&D

Ireland is one of the world's leading R&D locations and in 2010 was rated by Mazars¹ as Number 1 in Europe and Number 2 worldwide from an after-tax cost perspective. Ireland's 25% R&D tax credit and 12.5% corporate tax rate were key factors.

According to Mazars, Ireland also rates highly for R&D on a number of critical non tax factors, which include the availability of qualified research institutions, the education level of available workforce, the cost and availability of resources, facilities, equipment and materials, intellectual property (IP) laws on ownership and protection, and political stability.

Ireland's 25% R&D tax credit can be availed of through a reduction in a company's Irish corporate tax liability or, in certain circumstances, through a cash refund from the Revenue Commissioners. IDA Ireland provides generous grant support for corporate R&D, with enhanced support for collaborative research projects with research institutions.

1. Mazars 'Review of Global R&D Tax Incentives' study, involving 20 countries, including US, UK, Netherlands, France and Israel. The study determined the countries with the most effective tax rates, from an R&D investment perspective, using a given level of R&D expenditure.

Why Ireland for ICT Investment

- 10 of the world's top ICT companies have a substantial base in Ireland
- Growing population ... young, well educated, flexible & multilingual
- One of the most attractive tax systems with a 12.5% corporate tax rate and 25% R&D tax credit
- Competitive costs, with ongoing improvements
- Flexible and pro-business environment
- The only English speaking member of the Euro-zone
- Access to an EU market of 500 million people
- An advanced telecommunications infrastructure



Limerick City - Significant grant support is available for new investments.

Dell, Analog Devices, Intel, Symantec, EMC and QAD all have a sizeable presence in the Limerick area.

20% of Ireland's software/computer university graduates emanate from the University of Limerick (UL).

HOW IDA IRELAND CAN HELP

- Start up assistance and advice for foreign investors
- Provision of grant aid (Employment and R&D) for investments
- Provision of information on tax, skills, education and research programmes, labour law, investment opportunities, operating costs, infrastructure, support services, etc
- Introductions to peer companies, industry groups and educational / research institutions
- Itinerary planning and execution
- Single point of contact for foreign investors

Some Key Investments in 2010

HP, which employs 4,000+ in Ireland, announced in December 2010 an expansion of its European Software Centre in Galway, with plans to hire 105 highly technically qualified software engineers.

The announcement follows a 500+ person expansion of HP's Kildare based multilingual Global Service Desk operation in 2009 and a 60 person expansion of its Dublin based Global Solutions Centre in early 2010.

Accenture, which employs 1,300 people in Ireland, announced in December 2010 plans to open, with the support of IDA Ireland, a highly technical 100 person R&D centre to develop advanced predictive analytics solutions for global clients.

Aspect announced in December 2010 the setting up of a customer/technical support, software production/distribution, and shared services operation in Galway. Customer support will include EMEA and some parts of Asia Pacific.

Facebook: In December 2010, Facebook confirmed plans to increase its 200 person EMEA HQ workforce by 100 during 2011.

LinkedIn: In March 2010, LinkedIn established its international HQ in Dublin, which will have sales, marketing, finance and customer support responsibilities.

Electronic Arts (EA) announced in May 2010 the opening, with the support of IDA Ireland, of a multilingual European Customer Service and Operations Centre in Galway, which is expected to initially employ 200 multilingual personnel in 2011.

What Investors Say

IBM

"Today's [R&D] announcement is yet another step in the evolution [of IBM in Ireland] and follows on from a number of announcements over the past three years [7 R&D in total] which have ensured that Ireland continues to play a critical role in IBM's success."

(Michael Daly, Country General Manager IBM Irl., March 2010, on IBM's first Smarter Cities Technology Centre, involving a €66 million investment and the creation of 200 jobs)

Microsoft

"The opening of the data centre is a milestone in our ongoing investment in Europe and provides the critical infrastructure to support the local delivery of our next generation of online services...The opening also celebrates Microsoft's long-term commitment to Ireland..."

(Jean-Philippe Courtois, President, Microsoft International at the official opening in Dublin in September 2009 of Microsoft's first EMEA Cloud Computing Services Centre)

Google

"This [Ireland] is still a very good place to be hiring on an incremental labour costs basis and I would prefer to put the people here. I've got the workforce. They are well-educated. I've got the management team and I've got the infrastructure here already. We actually do the math very carefully."

(Eric Schmidt, Chairman & CEO, Google on a visit to Ireland in October 2009. Google employs 1,600+ in Ireland, from 40+ countries, and announced a 200 person expansion during 2010)

Salesforce.com

"Salesforce.com has been investing in Ireland since 2001...Ireland has played a key role in the success of Salesforce.com. We have been delighted with the calibre, flexibility and commitment of our Irish employees and we believe that Ireland continues to be a highly attractive location for high tech industries."

(Dr Steve Garnett, Chairman EMEA, Salesforce.com on the announcement in October 2010 of a 100 person expansion of the company's 300 person multilingual European Sales Headquarters)

For further information on investing in Ireland, please contact:

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