

Autumn 2011

IRELAND AS A PREMIER LOCATION FOR INFORMATION AND COMMUNICATION TECHNOLOGIES INVESTMENT

## Google Investing in Ireland



Eric Schmidt, Chairman & CEO, Google Inc

"Ireland is a great place to run our business. We have a workforce of geographically diverse, speaking multiple languages, creative young people coming out of your [Irish] universities. This [Ireland] is a desirable place to work", Eric Schmidt, Google Inc speaking in Ireland June 2011 (Source: Irish Times).

Google, in Ireland since 2003, now employs at its EMEA HQ in Dublin over 2,000 people in multilingual customer support, online sales, financial shared services, engineering and data hosting, and continues to expand (e.g. new offices and datacentre).

"We're very happy to continue investing in Ireland", John Herlihy, Head of Google Ireland (Sept. 2011).



Scott Davidson, CFO Quest Software

"Now is not a bad time to go there [Ireland] if you are looking for opportunity.....there are a lot of highly educated people looking for work", Scott Davidson, Quest Software, June 2011 (Source: CFO).

Quest Software in January 2011 announced its International Shared Services Centre for Cork, and now employs 150 people in finance, inside sales and renewals.

## 2011 - Excellent Year for Investment

2011 is again proving to be very successful for Foreign Direct Investment (FDI) in Ireland, with investment levels currently at their highest since 2002. In the first six months of 2011, the number of new first time investors was up 40% on the same period in 2010. US companies invested almost \$18 billion in Ireland in the first six months of 2011, an increase of 49% on 2010 (Source: American Chamber of Commerce Ireland, September 2011).

Investments from Information and Communication Technologies (ICT) and internet companies are core to new FDI investments with Intel, HP, Dell, Symantec, EMC, eBay (PayPal), Google, VMware, Fidelity Investments, Quest Software, Citrix Systems, LinkedIn, Twitter, McAfee, Aruba Networks, HCL Technologies, SAP, Electronic Arts, Zynga, Marketo, Zenimax Online Studios, NEI, Gilt Groupe and BSB all announcing substantial investments. These investments reflect company confidence in Ireland. Some recent announcements include:

**Google** announced a €75 million investment in a new highly energy efficient, air cooled datacentre in Dublin. This follows its recent purchase of three large office buildings, including a 210,000 sq ft office to support future growth and expansion.

**Twitter** is to open an International office in Dublin. Twitter joins other internet companies such as Google, Facebook, LinkedIn, eBay/PayPal, Yahoo and Amazon.com, all of which have large operations in Ireland.

**VMware** announced that it is to expand its 550 person EMEA operation in Cork, by adding 250 new positions, mainly in customer support and sales.

**Analog Devices** confirmed plans for a €50 million R&D investment at its 1,000 person Manufacturing and R&D campus in Limerick. This will involve the creation of 100 jobs, the construction of a 140,000 sq ft R&D centre, and builds on the company's €23 million investment in 2010.

**Aruba Networks** announced the establishment of its International HQ and Shared Services Centre in Cork, which is expected to employ 40 people in finance, supply chain management, inside sales and customer support.

## Government Commitment to 12.5% Corporate Tax Rate

In May, the new Irish Government reaffirmed Ireland's long term commitment to a low corporate tax rate. Newly appointed Finance Minister Michael Noonan stated:

*"As a Government, we understand that certainty is essential for existing and prospective investors. Let me be absolutely clear on this issue: Our 12.5% rate of corporation tax is here to stay. It is central to our industrial policy and is an integral part of our national brand."*

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 EU Lisbon Treaty; for these reasons, Ireland has total control over its corporate tax rate.



Pictured at the opening in May 2011 of Accenture's new Analytics Innovation Centre (AAIC), which will employ 100 researchers and statisticians, are Minister for Jobs, Enterprise & Innovation, Richard Bruton, Edel Lynch, Senior Executive, Accenture Ireland and Chief Executive, IDA Ireland, Barry O'Leary.

### Ireland - Some Key Facts

- Ireland: 1<sup>st</sup> for real corporate taxes<sup>1</sup>
- 1<sup>st</sup> for skilled labour<sup>1</sup>
- 1<sup>st</sup> for investment incentives<sup>1</sup>
- 1<sup>st</sup> for business legislation for foreign investors<sup>1</sup>
- 1st in Eurozone countries for doing business (Forbes 2010)
- 1st for FDI & corporate tax regime (2009 Global Innovation Survey)
- World's number 1 provider of employable graduates (EU Commission 2009)
- 2nd most globalised economy<sup>2</sup>
- 3rd highest proportion of maths, science and computer graduates in the 20-29 age cohort in the EU<sup>3</sup>

1. IMD Competitiveness Yearbook 2011.
2. EIU/Ernst & Young 2011. *Measure reflects openness to trade, capital movements, exchange of technology and ideas, labour movement and cultural integration.*
3. 2010 Eurostat Yearbook.



Symantec President & CEO Enrique Salem, who was in Ireland in June 2011 to announce 60 new customer jobs at Symantec's European Operations Centre in Dublin.

"The IDA made Ireland the place where it was easy to come in and build big companies", Enrique Salem (Source: Irish Times).

### Key ICT Investors in 2010 and 2011

First Time	Expansions	R&D/Software Development
Twitter	Electronic Arts (BioWare)	Avaya
HCL Technologies	VMware	Dell
Aruba Networks	Citrix Systems	EMC
Marketo	Bentley	McAfee
Mycroft	Ericsson	Intel
NEI	Intel	Xilinx
Electronic Arts (BioWare)	LinkedIn	HP
ZeniMax Online	HP	IBM
Zynga	Symantec	AOL
Quest Software	Dell	Alcatel-Lucent (Bell Labs)
D&B	Google	Accenture
LinkedIn	SAP	Analog Devices
Aspect	eBay (incl PayPal)	D&B
Synchronoss Tech.	Facebook	Murex
JRI-America	McAfee	Sajan
Webroot	Salesforce.com	BSB
GENBAND	Telefónica	Fidelity Investments

### Talent Availability - Companies can 'Ramp-up' quickly in Ireland

The ready availability of top quality talent has allowed investors to 'ramp up' quickly in Ireland, as evident by some recent investments which include:

**Quest Software:** 150 people employed in *finance, inside sales* and *renewals* by October 2011, following an announcement in January 2011 to establish a 150 person International Shared Services Centre in Cork.

**D&B (Dun & Bradstreet):** Following its establishment in Dublin in February 2010, D&B, by September 2011, had recruited 150 *researchers, software developers, analysts* and *support* employees at its technology centre, when the company announced plans to employ a further 75 people by 2012.

**LinkedIn:** Opened its International HQ in Dublin in March 2010. 70 people employed by March 2011, when company announced plans to hire 100 additional people in *sales/marketing, customer support* and *finance*.

**PayPal:** 150 *multilingual customer support* employees recruited between February 2011 and August 2011, when company announced a further 200 person expansion of its 1,350 person European Operations Centre in Dublin.

**McAfee:** In September 2009, McAfee announced the establishment of a 120 person *inside sales* operation at its 170 person EMEA Operations HQ in Cork. By May 2010, the company had 280 employees.

### Ireland Renowned for Multilingual Talent

A key attraction of Ireland is the ability of companies to employ multilingual personnel. Examples of this include:

**Google:** EMEA HQ in Dublin has capability in over 50 languages.

**SAP:** Customer/technical support is available in 27 languages.

**HP:** Global Service desk in Kildare has capability in 16 European languages.

**Activision Blizzard:** Customer support is provided through 25 languages in Cork.

## Ireland - FDI Leader

Ireland was the second largest net recipient of foreign direct investment (FDI) from outside of the EU in 2010, receiving €21 billion (net) investment. The US was Ireland's biggest net investor. (Source: Eurostat 2011).

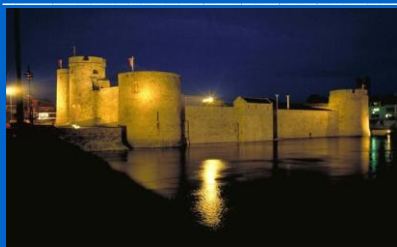


Waterford City - Significant grant support is available for investments.



Customer support office in Loughrea, Galway available for renting.

Office rental costs are down by 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.



Limerick City - Significant grant support is available for investments.

Dell, Analog Devices and Gilt Groupe in 2011 announced new investments in Limerick.

## Software Talent

Numbers commencing undergraduate computer/software courses are up 40% since 2007, which is positive for skills availability, particularly from 2012 onwards.

## Competitive Labour

"Unit labour costs in Ireland are down about 10% since 2008", Wells Fargo Securities, September 2011.

## 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 Mazars<sup>1</sup> 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.

## Competitiveness Stronger

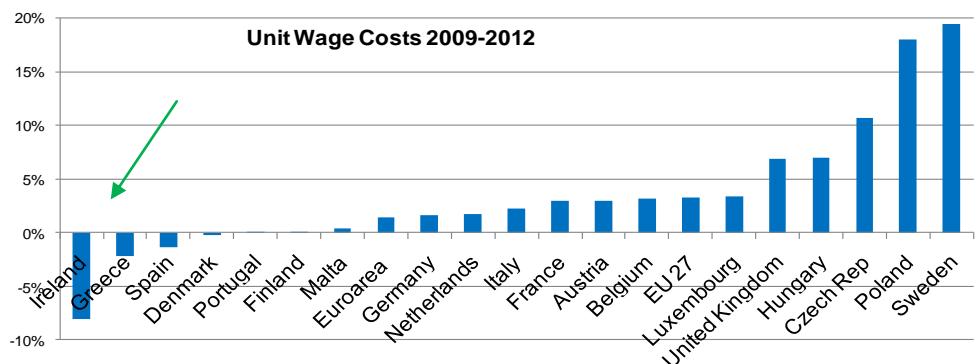
Ireland's competitiveness has improved considerably since 2008, with substantial reductions occurring in salary costs. The cost of hiring new personnel in the ICT sector is generally lower by up to 20%<sup>1</sup> on 2008, with costs for individual positions lower by up to:

- 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

1. Source: Irish Recruitment Agents' salary surveys.

Competitiveness is expected to continue to improve, supported by the increasing availability of skilled personnel, ongoing downward pressure on salaries and associated costs (e.g. bonuses), and low inflation.

According to the EU Commission, Irish unit wage costs are projected to improve by 11% relative to the EU average between 2009 and 2012, thereby making Ireland a more attractive location for inward investment within Europe.



Source: EU Commission.

## Ireland's Track Record

"When it comes to treating foreign investment well and welcoming foreign firms into the country, Ireland's track record is well established. The nation's reputation is triple A", American Chamber of Commerce Ireland, September 2011.

## Intel Expands



In January 2011, Intel announced a \$500 million, 200 person, investment at its Irish manufacturing operation.

Intel, in Ireland since 1989, employs over 4,000 in advanced manufacturing, R&D and software development.

### Why Ireland for ICT Investment

- 10 of the world's top ICT companies have a large 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/pro-business location
- The only English speaking member of the Euro-zone
- Access to an EU market of 500 million people
- An advanced telecommunications infrastructure

### HOW IDA IRELAND CAN HELP

- Start up assistance and advice for foreign investors
- Provision of grants (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

For further information on investing in Ireland, please contact:  
 IDA Ireland, Wilton Place, Dublin 2  
 Tel: +353 1 603 4000  
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## 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/PayPal
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 (BioWare)
EMC	McAfee	QLogic	Synopsys	Activision Blizzard
Siemens	Bentley	GENBAND	LAM Research	Big Fish Games

### Some other Investments in 2011

**Electronic Arts (BioWare)**, which established a major customer services centre in Galway in 2010, confirmed, in September, a 200 person expansion to bring total numbers to 400.

**Dell** in June announced a 150 person expansion of its Irish operations with the establishment of the company's first Cloud Research and Development Centre in Dublin and a Customer Technology Solutions centre in Limerick.

**HP**, which employs 4,000+ in Ireland, announced in April an expansion of its Cloud Services Centre in Galway, involving 50 new engineering positions.

**Zynga** in June officially opened in Dublin its biggest European Office and multilingual Operations Centre. Languages to include Korean and Turkish.

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

**NEI** in April announced the establishment of a manufacturing facility and technology support centre in Galway, involving 50 positions in manufacturing, logistics and customer support.

### Ireland - Strategic R&D Location for IBM

Between 2008 and 2010, IBM announced in Ireland 8 new investments, primarily in R&D. IBM's most recent announcement (2010) was its Smarter Cities Technology Centre, involving a €66 million investment and the employment of 200 people.

*"We look at it [Ireland] as one of the key places for [R&D] investment now and into the future"*, Dr John E. Kelly 111, Senior Vice President and Director IBM Research (2010).

### Ireland-Strong Proposition for Investors (FDI Survey 2011)

In a survey of US based Irish American leaders in May 2011, by law firm Matheson Ormsby Prentice (MOP), Ireland, when compared with other EMEA countries, scored best when it came to access to local skilled labour (at appropriate levels), relative ease of doing business, corporate tax rates, corporate tax regime, regulatory environment, ease of attracting key mobile international staff, Government incentives and physical infrastructure & IT environment.