



*cutting through complexity™*

# GLS – Global Location and Expansion Services

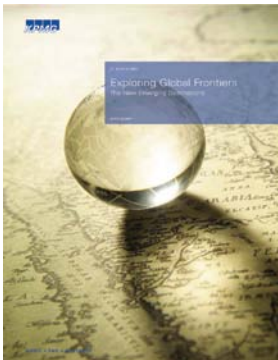


## Our Publications



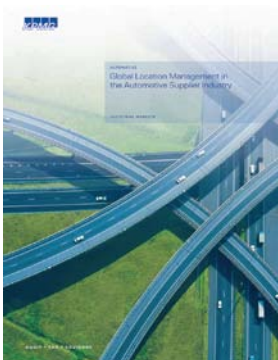
### Competitive Alternatives: KPMG's Guide to Global Business Costs

*Competitive Alternatives* is KPMG's guide to comparing business locations in North America, Europe, and Asia Pacific. This study contains valuable information for any company considering its international business location options. *Competitive Alternatives* measures the combined impact of 27 significant cost components that are most likely to vary by location, as applied to 17 different business operations in countries around the world. For more information, visit [www.competitivealternatives.com](http://www.competitivealternatives.com).



### Exploring Global Frontiers

As the existing outsourcing locations start to become saturated, newer cities are emerging, offering new and improved incentive packages and talent that is better geared for the outsourcing industry. Our choice of 31, though dominated by cities in developing countries, also includes some onshore or near-shore developed city-country pairs, which we believe may also be valid competitive alternatives to the existing favored locations such as Bangalore and Chennai.



### Global Location Management in the Automotive Supplier Industry

Focusing on the automotive supplier industry, this study explores the practical issues of how companies approach the overall coordination of their international locations. It addresses location trends and the actual methods and processes of location management.

## GLS Projects Around the World

The following are a few examples of projects member firms' professionals have recently completed:

### Information Technology

Advised one of the world's largest IT companies on the enhancement of its location footprint, and identified "next generation" locations in the EMA region, meeting the company's stringent requirements for future expansion.

### Data Storage

Worked with a leading provider of data storage solutions to compare several cities in Central and Eastern Europe and identify the optimal location for a European accounting and IT shared services center.

### Automotive

Assisted an Asian automotive OEM to identify the most favorable location and site, as well as secure government incentives for a US\$600 million automotive manufacturing plant in South America. Also, assisted in the site selection and incentive negotiation of the company's first U.S. manufacturing facility.

### Pharmaceuticals

Identified and visited suitable locations and sites for a new production facility of a US manufacturer of components and systems for drug packaging and delivery in Europe.

### Technology

Analyzed potential locations and sites in Europe, North America, and Asia for a North European technology company, and helped secure a significant incentive package in the chosen location for a new flexible display manufacturing facility.

### Manufacturing

Supported a US confectionary manufacturer in comparing locations and identifying potential greenfield sites, and conducting negotiations with local stakeholders for a new manufacturing plant in Russia.

# KPMG's Fundamental Business Principles

### Our Strengths

- Successful track record of supporting location and expansion projects Worldwide
- International group of professionals
- Demonstrated global approach and centralized project management
- Local presence, relationships, and knowledge of business conditions around the world
- Wide range of services
- Experienced team of professionals with thorough knowledge of federal and state tax law for securing statutory tax credit benefits

### Your Benefits

- Selected locations based on a thorough and objective analysis of alternatives
- Reduced up-front investment costs
- Reduced ongoing operating costs
- Realizing an efficient project and faster time to market
- Increased utilization of available incentives and grants
- Reduced risk
- Enhanced tax return benefits

KPMG's Global Location and Expansion Services (GLES) group was created to help companies locate and establish new operations around the world. From manufacturing to distribution, R&D to shared services, our professionals have experience across all types of operations and sectors.

We attribute much of the success of our GLES practice to our belief in certain fundamental business principles:

### Services

Our goal is to provide a wide-range of services for our clients that can help result in tax and non-tax savings. KPMG has one of the largest globally directed multi-disciplined team of professionals that offer these types of services. From assistance with site selection and logistic analysis to assistance with incentives and credit enhancement, we provide services to assist in various facets of a relocation, development, or expansion project. We work with our clients to design an approach to address a highly specific event or problem associated with a facilities project. Alternatively, we employ our full range of resources to develop a thorough approach throughout the facilities planning and deployment process.

### Experience

The GLES practice has over 40 full-time professionals in the United States and over 100 professionals globally who have experience working with federal, state, and local personnel who interpret and administer the laws, rules, and regulations applicable to existing credit, training, grant, and incentive programs.

### Full Implementation

KPMG knows improperly implemented ideas contain little value. Our services utilize a highly collaborative process to help provide tangible results and value to our clients.

### Minimal Disruption

We strive to provide services that do not interfere with day-to-day operations. Our services are designed around the business structure and direction of our clients.

## Our Global Presence

- |                      |             |               |                  |
|----------------------|-------------|---------------|------------------|
| • Argentina          | • Finland   | • Netherlands | • South Africa   |
| • Australia          | • France    | • New Zealand | • Spain          |
| • Belgium            | • Germany   | • Norway      | • Switzerland    |
| • Brazil             | • Hungary   | • Oman        | • Taiwan         |
| • Bulgaria           | • India     | • Panama      | • United Kingdom |
| • Canada             | • Indonesia | • Peru        | • USA            |
| • China              | • Ireland   | • Portugal    | • Venezuela      |
| • Colombia           | • Japan     | • Romania     | • Vietnam        |
| • Costa Rica         | • Korea     | • Russia      |                  |
| • Czech Republic     | • Malaysia  | • Singapore   |                  |
| • Dominican Republic | • Mexico    | • Slovakia    |                  |

## Our Services to Global Companies

In most industries today, companies have to operate internationally to stay successful and grow. The need to enter new markets, serve major customers, or reduce costs and risks are just some of the reasons why businesses decide to establish a presence overseas.

Whether your company is considering its first international expansion or is already operating successfully in different countries, the challenges to cross border expansion are the same: How do you decide which location is best for your business? Where can you find reliable data to compare alternative sites? Is the data really telling you everything you need to know? And once you have decided where to go, how do you establish your new operation in the quickest and most cost-effective way? Location decisions are difficult and costly to reverse; and, therefore, they should be based on a systematic and well thought out analysis of the available options.

### Our Global Approach

#### Solid Track Record

GLES services are delivered nationally and internationally by a diverse group of professionals with extensive federal, state, and local market experience and industry knowledge.

#### Wide Range of Services

GLES delivers assistance to companies with establishing, relocating, or expanding major operational facilities.

#### Industry Experience

GLES professionals carry experience in all industries and across all facility types (manufacturing plants, headquarters, shared service centers, call centers, R&D centers, distribution, and others).

#### Global Quality and Consistency

GLES capabilities and methodologies are consistent across the GLES global network.

### How we can help your company

- Develop an approach for international expansion that can support overall business objectives
- Determine the requirements of a new operation and translate these into criteria for evaluating locations
- Identify and compare countries, regions, and cities as potential locations for relocating or establishing new operations
- Select and evaluate potential properties, buildings, or sites for a new facility
- Negotiate and secure grants, tax benefits, and other types of government incentives and support
- Set up new operations in a tax-efficient manner

**Locations are official countries, regions, counties, cities, or other statistically distinct geographic areas**

**Sites are specific properties (buildings or land) within a location**

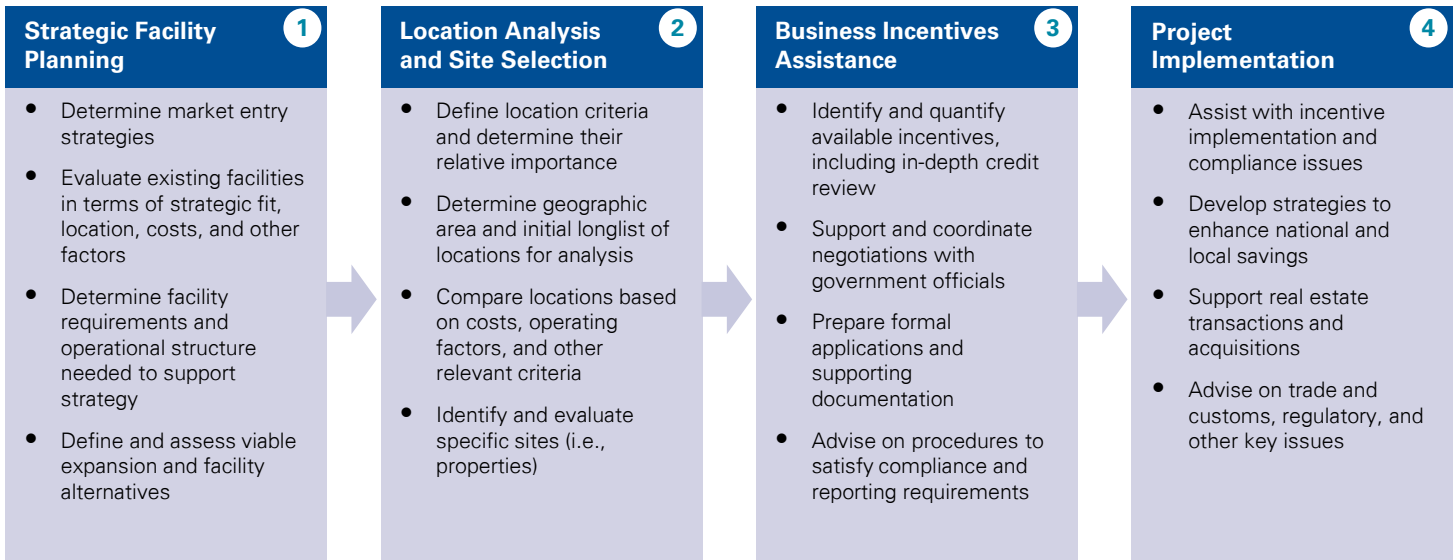




# Our Methodology

## 1 Strategic Planning

GLS can work with you to evaluate your company’s existing or planned facilities in the context of your overall business objectives and needs. We are able to assess the strategic fit, costs, capacity, and market proximity of your company’s current facilities, and identify alternatives that support your future plans. We can then help you determine the benefits and costs of the alternatives and identify a viable strategy for your international expansion, consolidation, or relocation



## 2 Location Analysis

For an international expansion, KPMG helps you identify and evaluate potential locations, including regions, countries, or cities, and determine properties or sites within those locations. By focusing on the specific requirements and objectives of consolidation, relocation, or expansion project, we can identify and compare the business conditions and costs of the top alternatives. We evaluate key elements such as labor availability and costs, and consider criteria such as permitting, infrastructure, and regulatory constraints, so they can be addressed and resolved before committing to a location.

Confirmation of Project and Strategy Objectives	<ul style="list-style-type: none"><li>Review of key project operating specifications and client location objectives.</li></ul>
Development and Weighting of Location Criteria	<ul style="list-style-type: none"><li>Conduct a primary search of areas to obtain a delineation of the geographic regions where location objectives can be maximized.</li></ul>
Quantitative and Qualitative Data Collection	<ul style="list-style-type: none"><li>Conduct location screening with detailed review of individual candidate locations, including the rationale on which they are based.</li></ul>
Completion of Cost Analyses and Incentive Measures	<ul style="list-style-type: none"><li>Conduct in-depth economic analysis with projection of annual operating costs of the proposed new facility for each of the recommended locations.</li></ul>
Assessment and Classification of Potential Locations	<ul style="list-style-type: none"><li>Conduct review of the business environment with detailed analysis of the labor market, demographics, support services, lifestyle characteristics, incentives, and other client-specific variables associated with each recommended community.</li></ul>

### 3 Business Incentives Assistance

Depending on the location, size, and type of project, governments may provide financial, tax, and other incentives to attract and develop investment. Incentives differ widely among locations. In most cases, the value and components of an incentive package are negotiable and can vary significantly based on the knowledge of those representing the company. Our familiarity with negotiating incentives and our experience working with government officials at all levels enable us to help you negotiate and implement highly beneficial agreements throughout the world.

#### Credit Review

KPMG's GLES practice provides a comprehensive approach for credit review services. Our professionals can identify significant credits available to corporations with multi-state operations. We utilize our technical knowledge and experience working with federal, state, and local program administrators for the benefit of our clients. We focus on:

- Identifying relevant and applicable statutory federal and states credits
- Identifying potentially refundable or transferable credits
- Identifying credits that can potentially be converted into cash
- Identifying the utilization of unused, misused, or overlooked credits

Our credit review services complement our site selection and business incentive negotiation services. The credit review process focuses on statutory credits resulting from current and prior business activity. Many of these credits may be claimed retroactively.

### 4 Project Implementation

Negotiating incentives is just the beginning of the process. Our experience shows that a majority of negotiated incentives are never actually received due to the challenges associated with application and reporting processes. We can address compliance issues and assist you with documentation requirements and other details to help your company receive the benefits.

After the initial commitments regarding the incentive package are received, the next critical step is to help secure the benefits. The client's implementation work plans will likely vary depending on the actual incentives secured through the negotiation process. During this phase, GLES will:

- Prepare and finalize for client review any necessary applications and documents.
- Evaluate operations and equipment for qualifying costs and assets.
- Assist the client to obtain final approval from state and local governments.
- Help the client establish internal documentation that satisfies ongoing compliance requirements.
- Monitor the process after contracts are finalized.

The post-implementation review is a vital component of any business incentive project. The review will be conducted 6 to 12 months after the implementation phase is complete. During post-implementation, we work with management to help determine that the savings resulting from agreements with state and local officials are operating appropriately in light of any business, structural, or tax law changes that might occur after the targeted implementation date.

Our review seeks to facilitate long-term savings by helping to determine that expenditure tracking and record keeping systems are implemented to satisfy tax audit or other reviews.

#### Potential Business Incentives

Incentive programs include:

- R&D Project Grants
- Job/Hiring Incentives
- Training Grants and Credits
- Location-based Incentives
- Property Tax Abatements and Rebates
- Industry-specific Tax Incentive Programs
- Refundable Payroll Tax Incentives
- Capital Investment Incentives
- Green Incentives (e.g., energy savings, recycling, pollution control)



#### Potential Tax Credits

- Work Opportunity Tax Credit (WOTC)
- Ports Credits
- Jobs Tax Credits
- Sales Tax Credits
- Enterprise Zone Credits
- Training Credits
- Investment Tax Credits
- Pollution Control Credits
- Alternative Energy Tax Credits
- Research and Development Tax Credits

# Economic Development Strategic Planning

Countries, states and regions collaborate and compete with each other. The drive to improve growth while providing quality services to communities requires introduction of new ways of trade promotion, increased efficiency, and robust governance arrangements. To deliver this agenda, governments around the world are developing new ways of attracting and managing investments.

GLS is active in this agenda:

- GLS has one of the largest global teams that provides developmental assistance to governments in stimulating economic growth and progress.
- We combine our global network of skills, experience, and relationships to provide flexible approaches that respond to local environments.

GLS can help you with:

- Industrial policy objectives, including attracting industrial investment into your state.
- Strengthening organizational capacity, policy framework, and implementation capabilities of different government bodies.
- Creating focused plans to help facilitate investments, and provide decision criteria around investments and deal making.

## Regional and Industry Strategies

The extensive experience gathered by our GLS practice through our private company clientele is used to assist for economic development professionals. GLS supports regional initiatives aimed at enhancing the overall profile of their cluster by offering strategic advisory services:

### Strategic Planning

- Consultation and development of regional and industry specific action plans
- Economic strategic development planning and marketing recommendations
- Development of Return on Investment (ROI) Model

### Industry Analysis

- Cluster development opportunity analysis
- Industry tailored strategies to promote growth
- Best practice benchmarking studies
- Target market analyses and lead generation

### Economic Development Structural Review

- Efficiency analysis of existing economic development policies
- Leading practices review and analysis of competitiveness
- Review and analysis of state and local tax credits and incentive programs
- State and local revenue enhancement

## **Contact us**

For further information about the services offered by KPMG's Global Location and Expansion Services practice, please contact:

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