



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: October 14, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging
SUBJECT: Briefing Memo – Morley Companies, Inc. *UJH*
High Technology Credit (Look-Back)

COMPANY NAME:

Morley Companies, Inc.
One Morley Plaza
Saginaw, Michigan 48603

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HISTORY OF COMPANY:

Morley was established in 1863, and earned acclaim as the second largest hardware company in the country prior to 1900 and as one of the world's largest distributors of many products in the 1950s-'60s. For the last 40+ years, Morley has been providing the following types of service to its diverse group of Fortune 500 clients: Group Travel; Business Theater; Interactive; Research; Exhibits, Displays & Experiences; and Performance Improvement. In addition, in-house teams of information technology, creative and administrative experts work at the core of each program Morley operates.

To support its business model, Morley delivers legendary customer care while implementing sophisticated process management techniques. The company offers a unique set of services, each of which is designed to work as a singular solution or as part of an integrated approach to solve complex business challenges. Morley's Information Technology team will be developing several advanced application interfaces to meet the operational requirements outlined for their Market Research services agreements. Dialer Integration and Call Recording are two of the more advanced hardware and software interfaces that have been or will be accomplished.

Dialer Integration entails the integration of an automated dialer (hardware) with existing telephony infrastructure (hardware), and interfacing this hardware with existing CATI (Computer Aided Telephone Interviewing) software. This automation allows phone numbers to be automatically dialed by the system, enabling Customer Service Representatives to spend more time on the phone and less time dialing phone numbers. The development of sophisticated dialer algorithms will also be required to ensure maximum CSR productivity.

Call Recording is a requirement that entails the recording of the entire call or only individual portions of a call. These recordings are then indexed, cataloged and stored in a logical structure that facilitates ease of use in subsequent retrieval requests. Several advanced software and hardware interfaces were required to make this happen. These interfaces run from "Thin Clients" (hardware) where a Morley developed custom application was embedded into the operating system (software). Files are stored in flash memory on the thin

clients before being sent to a shared storage appliance upon completion of the recording. This embedded application interfaces with existing CATI software supplied from a third party, SPSS.

Morley Companies, Inc. currently employs 195 associates in Saginaw Township.

PROJECT DESCRIPTION:

The proposed project entails the iSKY market research project which involves collecting customer opinions regarding their sales or service experience related to specified automotive dealers and their associated sales and/or service operations. This application is designed to maintain database information, generate client derived statistics, associated reporting and phone/call center activities which include but are not limited to automated dialers, recording, call activity summaries and statistical analysis.

The company will invest approximately \$1.7 million at its existing facility in Saginaw Township. The project is anticipated to result in the creation of at least 90 new jobs initially with the potential to reach 350 if additional contracts are approved by Morley customers. The average weekly wage for all employees will be \$463, however, a large number of the new employees may need to utilize qualified health care benefits estimated at \$2.40 per hour in order to reach the 150% wage requirement to be eligible for the credit.

BENEFITS 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 create a total of 744 jobs in the state by the year 2013. We also estimate that the project would create total state government revenues through the year 2013, net of MEGA cost and adjusted for inflation, of \$4.8 million (2008 dollars) due to the creation of these new jobs.

BUSINESS CASE:

The iSKY project is currently being done in Texas, Oregon and Canada where taxes and wages are lower. To receive the contract, Morley must do the work better and cheaper than the other competitors. The MEGA tax credit will help the company reduce its overall operating expenses and allow it to compete globally not only for this contract but several others currently in the pipeline.

STATE AND OTHER LOCAL ASSISTANCE:

Saginaw, Bay, Midland Michigan Works will be providing up to \$20,000 in incumbent worker training for this project.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a five year high technology employment tax credit of 200% for the first three years and 100% for the remaining two years, for up to 350 net new employees with a look-back to September 23, 2008 on the newly created jobs.