50 shades of FDI

by

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International Manager fDi Magazine

and

Henry Loewendahl
VP Canada, fDi Intelligence

10 shades of FDI

1. Favourite chat up line
2. I’m too sexy for my…
3. Best bang for my buck
4. Local talent
5. Online dating
6. High maintenance
7. Sugar Daddy
8. Size matters
9. Speed dating
10. APPreciate me
1. Favourite Chat up Line

Do you prefer reading 50 shades of grey or fDi Magazine?

Show of hands for who has read them

2. I’m too sexy for my...

What were the 3 leading states/provinces for FDI in North America in 2012?
FDI by leading state/province since 2003

• When looking at per capital basis, Ontario has 8.38 projects per 100,000 population, compared to 3.86 in California and 5.92 in New York.

FDI to Ontario

• While FDI to Ontario declined by 2.8% in 2012, this is much less that the global average of 15% or the Canada decline of 6.1%.
FDI to Ontario by sector

Projects trends - Top 10 Sectors

Ontario performance by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total FDI projects</th>
<th>Rank in NA</th>
<th>% Share</th>
<th>#1 State/Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>9</td>
<td>5</td>
<td>4%</td>
<td>Quebec</td>
</tr>
<tr>
<td>Automotive</td>
<td>112</td>
<td>2</td>
<td>10%</td>
<td>Michigan</td>
</tr>
<tr>
<td>Renewable energy</td>
<td>25</td>
<td>2</td>
<td>10%</td>
<td>California</td>
</tr>
<tr>
<td>Creative industries</td>
<td>65</td>
<td>3</td>
<td>8%</td>
<td>California</td>
</tr>
<tr>
<td>Financial services</td>
<td>81</td>
<td>3</td>
<td>9%</td>
<td>New York</td>
</tr>
<tr>
<td>Food &amp; beverage</td>
<td>49</td>
<td>2</td>
<td>8%</td>
<td>California</td>
</tr>
<tr>
<td>Software &amp; IT</td>
<td>162</td>
<td>3</td>
<td>10%</td>
<td>California</td>
</tr>
<tr>
<td>Life sciences</td>
<td>49</td>
<td>5</td>
<td>6%</td>
<td>Massachusetts</td>
</tr>
<tr>
<td>Coal, oil and gas</td>
<td>11</td>
<td>4</td>
<td>4%</td>
<td>Texas</td>
</tr>
<tr>
<td>Business services</td>
<td>129</td>
<td>2</td>
<td>12%</td>
<td>New York</td>
</tr>
</tbody>
</table>

Source: fDi Markets – fDi Intelligence 2013
3. Where can I get the best bang for my buck (or loonie)?

Which countries do you think will be the top sources of global FDI in next 5 years?

<table>
<thead>
<tr>
<th>Source country FDI forecasts</th>
<th>US and China to dominate outward FDI</th>
</tr>
</thead>
</table>

- The US is forecast to remain the dominant source of global FDI flows
- FDI from China is growing the fastest and it is expected to become the second largest source of FDI within 5 years
- FDI from Latin American countries is very low and is not expected to become a major source of FDI
USA investment in life sciences
Source market hotspots

• Several states dominate in terms of being the primary source of investing companies in the life science sector
• In large markets like the USA there is a need to focus on the strongest states for each sector being targeted

Source: fDi Markets databases, fDi Intelligence, Financial Times Ltd

Global and Canada FDI forecasts
FDI market is expected to grow strongly

• Global FDI flows are expected to recover in 2013 and grow strongly
• FDI flows in Canada are also expected to grow very strongly from an estimated $48 billion in 2013 to over $70 billion in 2017

Source: EIU, January 2013
4. What about the local talent?

How important are your existing investors?

Importance of expansions
Expansion FDI as % capex in Ontario

- Over one-third of FDI in Ontario is expansions of existing investors

Source: fDi Markets databases, fDi Intelligence, Financial Times Ltd
Importance of expansions

Sector differences in Ontario

• Over 60% of FDI in Ontario is expansions in:
  – Automotive (including components)
  – Pharma and Medical Devices
  – Aerospace
  – Metals
• Other manufacturing sectors expansions are around 50%
• But in software & IT only 18% of projects are expansions, in Financial Services 12% and almost all renewable energy projects (and related industrial projects) are new projects

Implication: investor development and supply chains likely to be much more important for some sectors

Source: fDi Markets databases, fDi Intelligence, Financial Times Ltd

Importance of expansions

Country differences in Ontario

• Over half of European and Japanese FDI in Ontario is expansions (excluding UK, which is only 8%)
• Almost all emerging market FDI is new
• Only 6% of Chinese FDI projects in Ontario from 2003-2012 were expansions

Implication: to attract new projects, key focus should be on UK, USA and emerging markets.

Source: fDi Markets databases, fDi Intelligence, Financial Times Ltd
5. Online dating – who should I meet?

Who are the biggest investors in Canada and North America?

Who is currently considering FDI in Canada?

Largest repeat investors in NA
Each over 30 projects in last decade

1. Toyota
2. Honda
3. HSBC
4. Deutsche Post
5. Nestle
6. Mitsubishi Corp
7. TD Bank
8. Siemens
9. BAE Systems
10. BP
11. Hyundai
12. Saint Gobain
13. Royal Dutch Shell
14. DaimlerChrysler

• 13 of the 14 are European or Japanese firms

Source: fDi Markets databases, fDi Intelligence, Financial Times Ltd
### Top 5 FDI projects in NA 2012

**Capital investment – all are EMs**

<table>
<thead>
<tr>
<th>Company</th>
<th>Origin</th>
<th>Location</th>
<th>Capex</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung</td>
<td>South Korea</td>
<td>Austin</td>
<td>$4 billion</td>
<td>Semiconductor</td>
</tr>
<tr>
<td>Beijing DQY Agriculture Technology</td>
<td>China</td>
<td>Multiple USA</td>
<td>$1.8 billion</td>
<td>Biogas farms</td>
</tr>
<tr>
<td>Korea East-West Power (EWP)</td>
<td>South Korea</td>
<td>Lincoln County (NV)</td>
<td>$1.8 billion</td>
<td>Gas plant</td>
</tr>
<tr>
<td>Formosa Plastics Group (FPG)</td>
<td>Taiwan</td>
<td>Calhoun County (TX)</td>
<td>$1.7 billion</td>
<td>Petrochemicals</td>
</tr>
<tr>
<td>Orascom Construction Industries</td>
<td>Egypt</td>
<td>Lee County (IA)</td>
<td>$1.3 billion</td>
<td>Fertilizer plant</td>
</tr>
</tbody>
</table>

Source: fDi Markets databases, fDi Intelligence, Financial Times Ltd

### Mega-projects in Canada

**Top job creators in 2012**

- Only 2 of the top 10 job creation projects in Canada went to Ontario in 2012 (Hitachi and Ford)
- Nova Scotia attracted the most mega projects (in ITO/BPO)
- Followed by Quebec (all in video games and life sciences)

<table>
<thead>
<tr>
<th>Company</th>
<th>Origin</th>
<th>Location</th>
<th>Jobs</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hitachi</td>
<td>Japan</td>
<td>Guelph</td>
<td>515</td>
<td>Truck mfg</td>
</tr>
<tr>
<td>IBM</td>
<td>USA</td>
<td>Halifax</td>
<td>500</td>
<td>ITO</td>
</tr>
<tr>
<td>Admiral</td>
<td>UK</td>
<td>Halifax</td>
<td>500</td>
<td>SSC</td>
</tr>
<tr>
<td>Stream</td>
<td>USA</td>
<td>Glace Bay</td>
<td>400</td>
<td>BPO</td>
</tr>
<tr>
<td>VMC</td>
<td>USA</td>
<td>Montreal</td>
<td>300</td>
<td>Video games</td>
</tr>
</tbody>
</table>

Source: fDi Markets databases, fDi Intelligence, Financial Times Ltd
Hot leads...  
Nearly 1,000 tracked for North America

Hot leads...  
NewVoiceMedia – new offices planned

Raised $20m for its expansion in North America – just announced this Monday...
Harmonic Energy, 60 plants, 3000 jobs

Currently looking at Canada...

Harmonic Energy

January 2013 - An Investor Signal has been identified for Harmonic Energy (UK) going into Asia-Pacific, North America, Rest of Europe and Western Europe in the Rubber Sector

UK-based Harmonic Energy, a company focused on tyre manufacturing and recycling, plans to open up to 60 new plants in North America, Asia and Europe by 2023. The new revolutionary end-to-end closed loop integrated facilities will create up to 6000 permanent green manufacturing jobs, utilizing the Tyrelyte recycling system to create the lowest carbon-foot print tyres possible. In North America 30 facilities will come into operation over the next decade, creating up to 2000 jobs. In the same time period, 19 facilities in Asia and 15 facilities in Europe will begin operations, creating up to 1500 green jobs in each.

Company contact: James Mann (Chief Executive Officer)

Investor Signals identified:
- New Investment Strategy: The company has a new investment plan or strategy for investment overseas or in another state (US on... more

Website: harmonicenergyinc.com

This Investor Signal was recorded Jan 29 2013

Source: fDi Markets databases, fDi Intelligence, Financial Times Ltd

Voestalpine - $660m

Currently looking at Canada...

Voestalpine Group

December 2012 - An Investor Signal has been identified for Voestalpine Group (Austria) going into North America in the Metals Sector

Austria-based Voestalpine, a steel and components maker, has announced plans for a $660m investment in North America. The company said it wanted to build a plant in the US or Canada to take advantage of the lower natural gas costs in North America. The plant will use natural gas to turn iron ore into iron sponge or iron briquettes. The intermediate material made through this method will then be used as a substitute for iron ore pellets in bringing down carbon dioxide pollution and production costs. Decision on the location will be made in 2013. The plant would employ 150 and is expected to become operational in late 2015 or early 2016.

Company contact: Wolfgang Eder (Chief Executive Officer, Voestalpine)

Investor Signals identified:
- Considering Project (New or Expansion): The company is considering a new investment project or an expansion/upgrading project at one of its ... more

Website: www.voestalpine.com

This Investor Signal was recorded Dec 30 2012

Source: fDi Markets databases, fDi Intelligence, Financial Times Ltd
Hot leads…
VW, $5 billion

Currently looking at Canada…

Volkswagen
January 2013 - An Investor Signal has been identified for Volkswagen (Germany) going into Canada, Mexico and United States in the Automotive Components and Automotive OEM Sectors
Germany-based Volkswagen will invest $5bn in US, Canada and Mexico during the next three years.
Company contact: Martin Winterkorn (Chief Executive)
Investor Signals identified:
- Considering Project (New or Expansion): The company is considering a new investment project or an expansion/upgrading project at one of its … more
Website: www.volkswagen.de
This Investor Signal was recorded Jan 17 2013

Source: fDi Markets databases, fDI Intelligence, Financial Times Ltd

6. Am I too high maintenance?

Which is the most expensive state in North America for labour costs?

What rank is Ontario?
Fully loaded labour costs
Software programmer

- Ontario is ranked 15th in North America in labour costs
- There are significance differences at the city level
- Ontario also has the 4th highest property costs

Source: fDi Benchmark database, fDi Intelligence, Financial Times Ltd

7. Am I a sugar Daddy?

Which of states/provinces in North America give the highest incentives?

What rank is Ontario?
Incentives
Who gives the most?

Top 10 states giving incentives (% capex) + Ontario & Quebec

New Jersey
Missouri
Connecticut
Alaska
Ohio
Vermont
Nova Scotia
Kentucky
Kansas
Indiana
Quebec
Ontario

Source: www.icaincentives.com. Based on over $80 billion deals tracked real time

8. Size matters

What determines the location of FDI in Canada?

Costs?
Market size?
Labour force?
Innovation?
Other?
Benchmarking and correlation of FDI projects into Canadian cities and location competitiveness at the city level

Includes data on FDI and competitiveness in 15 cities in Canada: Calgary, Edmonton, Halifax, London, Mississauga, Montreal, Oshawa, Ottawa, Quebec, Saint John, Saskatoon, Toronto, Vancouver, and Winnipeg.

FDI data from: www.fdimarkets.com
Competitiveness data from: www.fdbenchmark.com

Based on most recent data available.

FDI #1 location determinant
Market access

Source: FDi Markets and FDi Benchmark databases
FDI #2 location determinant
Customers/work force

FDI projects and Population

\[ R^2 = 0.9622 \]

Source: fDi Markets and fDi Benchmark databases

FDI #3 location determinant
Universities are important!

FDI projects and No. students

\[ R^2 = 0.63 \]

Source: fDi Markets and fDi Benchmark databases
FDI #4 location determinant
As is innovation

Source: fDi Markets and fDi Benchmark databases

FDI projects and patenting

R² = 0.6196

Source: fDi Markets and fDi Benchmark databases

FDI – least important factors
Costs!!

Source: fDi Markets and fDi Benchmark databases
FDI – least important factors

Incentives

Incentives per job and new FDI jobs per 1m population

Source: ICA Incentives, fDi Markets and fDi Benchmark databases based on 40 states and provinces in NA

Benchmarking and correlation of FDI projects into Canadian cities and location competitiveness at the city level

FDI in Research & Development

Includes data on FDI and competitiveness in 15 cities in Canada: Calgary, Edmonton, Halifax, London, Mississauga, Montreal, Oshawa, Ottawa, Quebec, Saint John, Saskatoon, Toronto, Vancouver, and Winnipeg.

FDI data from: www.fdimarkets.com
Competitiveness data from: www.fdibenchmark.com

Based on most recent data available.
FDI #1 location determinant
Size of talent pool and research

Source: fDi Markets and fDi Benchmark databases

FDI #2 location determinant
Size of R&D cluster

Source: fDi Markets and fDi Benchmark databases
FDI #3 location determinant
Size of R&D labour force

Source: fDi Markets and fDi Benchmark databases

FDI – least important factors
Costs are negatively correlated!!

Source: fDi Markets and fDi Benchmark databases
9. Speed dating

Using events and advertising to fast track lead generation and conversions

Events

- There are three main types of event which can be used for lead generation:
  - **Industry specific events:**
    - Typically major international trade shows
    - Excellent for networking with high numbers of investors
    - Most effective when combined with an investor targeting campaign in the sector/market
    - A meeting program can be developed with investors attending the event and in the country and surrounding countries
  - **Agency-specific events**
    - Often sector-specific and held around major sporting/economic events e.g. Olympics
    - Can include Breakfast Briefings to a small select number of potential investors or an Evening Event for a high number of potential investors
    - Similar approach to investor targeting – selecting strategic firms to invite to the event
    - Fast tracks LG in a specific market by meeting a high number of firms at once
    - The FT is the leading organizer of events for IPAs
  - **IPA events (such as WAIPA, IEDC)**
    - Very good for networking and learning best practices in the industry
    - Also a good opportunity to meet potential suppliers!
Advertising

- While advertising isn't direct lead generating – it is extremely important to raise your regions brand awareness globally.
- Identifying targeted publications is very important when doing this (fDi Magazine, Site Selection, Automotive Weekly, The Economist, The Banker etc)
- Examples of how advertising supports other LG activities
  - Entering new market
  - Promoting regions events
  - News of something new or amazing in region

10. APPreciate me

Who has a smart phone? Who has a tablet?

How many app downloads were there in 2012?

Who has a mobile app to promote their location and make sales pitches to investors?
### Mobile apps

**The stats**

- Mobile apps are the fastest adopting technology in history
- 30 billion app downloads in 2012
- 1.8 billion downloads on Christmas day (over half on tablets)
- 1 billion smart phones sold in China alone
- Canada is 5th largest market by revenue for app sales
- Canada is 8th largest market by no. smart devices
- Mobile internet search to overtake desktop search by 2014
- One in four enterprises will give tablets to staff by 2015

### Mobile apps

**Implications for FDI**

- Site selectors already do most of location screening using the web (and 60% of major companies use a location advisor)
- The website rated most important method of attracting FDI according to DCI study
- Investors and site selectors also likely to rapidly adopt mobile apps
Mobile apps
Implications for EDOs

- Mobile web version of the website absolutely critical
- 95% of European EDOs are planning mobile apps
- UK and Ireland EDOs the fastest current adopters
- Followed by emerging markets (e.g. Kuwait, Ecuador...)
- Mobile apps not only about marketing. They are a new way:
  - to make sales pitches
  - keep the whole organization, stakeholders, and investors continuously up-to-date

Mobile apps
Example – Invest NI and UKTI

Android, Universal iOS, and mobile web app suite Developed by Loco Software (Ireland) Ltd and Poco Apps (Ontario) Inc.
Mobile apps
Example – Invest NI

iPad specific app (WIP) developed by Loco Software (Ireland) Ltd and Poco Apps (Ontario) Inc.

Mobile apps
Example – UKTI

Website mapping developed by Loco Software Ltd
Mobile apps
Examples – Ireland First

Mobile web and PhoneGap App (WIP) developed by Loco Software Ltd

Mobile apps
Examples – Ireland First

Mobile web and PhoneGap App (WIP) developed by Loco Software Ltd
Mobile apps
Examples – Ireland First

Mobile web and PhoneGap App (WIP) developed by Loco Software Ltd
Mobile apps
IntertradeIreland research app

**COLLABORATE to INNOVATE**

Development of a rapid cellular characterisation technology

The proposed PRL-CELL project will result in the development of a rapid cellular characterisation technology that will facilitate the detection of key molecular markers in cancer cells. The technology will enable the identification of cancer cells and the monitoring of therapeutic responses, which can be used to accelerate drug development and reduce manufacture costs of biopharmaceuticals synthesised by mammalian cell lines.

Institute of Technology Tralee, Technological and University of Limerick

Histopathologic and Mechanistic Assessment of Angiogenesis Inhibitor Reactivity: A Micro-Sectional, Multidisciplinary Approach

Inhibitors of angiogenesis, the formation of new blood vessels from pre-existing vasculature, are a well-established therapeutic strategy against cancer. Inhibitors of angiogenesis have been developed to inhibit tumour growth and metastasis, and a number of these inhibitors are now clinically approved.

Royal College of Surgeons in Ireland, University College Dublin and OxfordMark Limited

Identification of Clinically Useful Biomarkers for IGF-I Receptor Signalling in Cancer

The Insulin-like Growth Factor I (Receptor IGF-I) is widely...
### FT study

**Most effective marketing initiatives**

**Evaluation by IPAs of lead generation techniques (1-12)**

<table>
<thead>
<tr>
<th>Most effective of 24 techniques</th>
<th>% Agencies using</th>
<th>Average effectiveness (1-5, 5=most effective)</th>
</tr>
</thead>
<tbody>
<tr>
<td>After-care services for existing firms</td>
<td>100%</td>
<td>4.1</td>
</tr>
<tr>
<td>Sales representatives overseas</td>
<td>75%</td>
<td>4.0</td>
</tr>
<tr>
<td>Outsourcing lead generation to consultancy firms</td>
<td>50%</td>
<td>3.5</td>
</tr>
<tr>
<td>Diaspora inward investment targeting</td>
<td>13%</td>
<td>3.5</td>
</tr>
<tr>
<td>Conferences, seminars, industry focused</td>
<td>100%</td>
<td>3.4</td>
</tr>
<tr>
<td>Inward investment website</td>
<td>100%</td>
<td>3.3</td>
</tr>
<tr>
<td>Inward FDI missions</td>
<td>63%</td>
<td>3.3</td>
</tr>
<tr>
<td>Outward FDI missions</td>
<td>63%</td>
<td>3.3</td>
</tr>
<tr>
<td>Referrals from the national IPA</td>
<td>38%</td>
<td>3.3</td>
</tr>
<tr>
<td>Conventions, exhibitions</td>
<td>100%</td>
<td>3.1</td>
</tr>
<tr>
<td>Direct mail to targeted companies</td>
<td>63%</td>
<td>3.0</td>
</tr>
<tr>
<td>Outward trade missions</td>
<td>38%</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: fDi Intelligence (Financial Times) survey

### DCI study

**Most effective marketing initiatives**

<table>
<thead>
<tr>
<th>Most effective marketing initiatives</th>
<th>Rating Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>82%</td>
</tr>
<tr>
<td>Out-of-Town Meetings with Businesses (i.e. direct visits)</td>
<td>74%</td>
</tr>
<tr>
<td>Site Selection Consultants and Familiarization Tours (i.e. intermediaries)</td>
<td>68%</td>
</tr>
<tr>
<td>Public Relations</td>
<td>65%</td>
</tr>
<tr>
<td>Special Events</td>
<td>60%</td>
</tr>
<tr>
<td>E-Mail</td>
<td>50%</td>
</tr>
<tr>
<td>Social Media</td>
<td>47%</td>
</tr>
<tr>
<td>Targeted Lead Development Databases</td>
<td>42%</td>
</tr>
<tr>
<td>Trade Shows and Conferences</td>
<td>42%</td>
</tr>
<tr>
<td>Slogans, Logo and Graphic Identity</td>
<td>41%</td>
</tr>
<tr>
<td>Online Videos (YouTube, etc.)</td>
<td>32%</td>
</tr>
<tr>
<td>Online Advertising</td>
<td>31%</td>
</tr>
<tr>
<td>Company Blog</td>
<td>21%</td>
</tr>
<tr>
<td>Brochures</td>
<td>21%</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>19%</td>
</tr>
<tr>
<td>Telemarketing</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: DCI, 2012
<table>
<thead>
<tr>
<th>Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Focus on existing investors as a major source of FDI – these are mostly from mature FDI source markets</td>
</tr>
<tr>
<td>▪ Focus on EMs for new FDI - on the highest quality, market-leading companies, who could be anywhere (not just China!)</td>
</tr>
<tr>
<td>▪ Utilize effective market and corporate intelligence to identify target companies and leads</td>
</tr>
<tr>
<td>▪ Ensure your offer (including incentives) is competitive and your value proposition well defined</td>
</tr>
<tr>
<td>▪ Look at how your efforts can be supported by direct reps overseas and/or specialist consulting firms</td>
</tr>
<tr>
<td>▪ Consider events to speed-date and fast track FDI</td>
</tr>
<tr>
<td>▪ Develop a mobile strategy ASAP if you don’t have one yet</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Propositioning you:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our current work in Canada</td>
</tr>
</tbody>
</table>
Canada experience

Examples

- Over 150 users of fDi Markets and fDi Benchmark in Canada
- Annual report on Ontario’s performance in attracting FDI
- Developing 18 sector brochures for Invest in Canada (14 complete)
  http://investincanada.gc.ca/eng/publications.aspx
- Run Invest Canada’s global FDI events
- BC event and video
- Conducted investor targeting projects for Invest Canada
- Developed Quebec’s FDI accounting system across Quebec agencies
- Advised Invest Canada on their FDI target setting
- Provided training workshops on FDI and investment promotion

FDI Events, Advertising, Videos, Marketing Brochures

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FDI Databases, Lead Generation, Incentives, Mobile Apps

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