Software & Technology Trends

MIPIM
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Global trends in R&D FDI

• Software & Technology has been the most resilient sector to global economic conditions – accounts for nearly 30% of FDI

Source: fDi Markets database, fDi Intelligence, from Financial Times Ltd
### Global market shares (2013)

<table>
<thead>
<tr>
<th>ORIGIN</th>
<th>LOCATION</th>
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</thead>
<tbody>
<tr>
<td><strong>Top Regions</strong></td>
<td><strong>Top Regions</strong></td>
</tr>
<tr>
<td>1. Western Europe (38%)</td>
<td>1. Western Europe (33%)</td>
</tr>
<tr>
<td>2. North America (37%)</td>
<td>2. Asia Pacific (25%)</td>
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<tr>
<td>3. Asia Pacific (15%)</td>
<td>3. North America (16%)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Top Countries</strong></th>
<th><strong>Top Countries</strong></th>
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<tbody>
<tr>
<td>1. USA (34%)</td>
<td>1. USA (14%)</td>
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<tr>
<td>2. UK (11%)</td>
<td>2. UK (11%)</td>
</tr>
<tr>
<td>3. France (5%)</td>
<td>3. Germany (7%)</td>
</tr>
<tr>
<td>4. Germany (4%)</td>
<td>4. Australia (5%)</td>
</tr>
<tr>
<td>5. Canada/Sweden/India/Japan/China (3%)</td>
<td>5. Singapore/India (4%)</td>
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</tbody>
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<table>
<thead>
<tr>
<th><strong>Top States</strong></th>
<th><strong>Top Cities</strong></th>
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<tbody>
<tr>
<td>1. California (13%)</td>
<td>1. London (6%)</td>
</tr>
<tr>
<td>2. South East UK (8%)</td>
<td>2. NYC (3%)</td>
</tr>
<tr>
<td>3. Ile-de-France (4%)</td>
<td>3. Sydney (3%)</td>
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<tr>
<td>4. New York (4%)</td>
<td>4. Dubai/Dublin/Paris/HK (2%)</td>
</tr>
</tbody>
</table>
Location determinants

1. **Skills**
2. Market and customer needs
3. University/researchers - knowledge/talent
4. Specialist industry clusters

Source: fDi Markets database, fDi Intelligence, from Financial Times Ltd, based on >1,000 projects with motives specified
#1 location determinant
Size of R&D labour force

Source: WAVTEQ analysis based on fDi Markets and fDi Benchmark databases for Canada cities
#2/3 location determinants
Markets and customers

Source: WAVTEQ analysis based on fDi Markets and fDi Benchmark databases for Canada cities
FDI #3 location determinant
Size of talent pool and research

Source: WAVTEQ analysis based on fDi Markets and fDi Benchmark databases for Canada cities
FDI #4 location determinant
Size of R&D cluster

Source: WAVTEQ analysis based on fDi Markets and fDi Benchmark databases for Canada cities
FDI #7 location determinant
Costs are negatively correlated!!

Source: WAVTEQ analysis based on fDi Markets and fDi Benchmark databases for Canada cities
How to attract Software & Technology FDI?

- Forecast 8% p.a. growth in FDI in Software & Technology
- Microsoft estimates 1 job it creates = 30 spin-off jobs (1:3 ratio is typical in manufacturing)
- 70% of FDI is serving regional (not domestic) markets = FDI is high value but very competitive
- The average incentives given by governments for investment projects is $19,000 per job created*
- Need to demonstrate your skills, market opportunities, university research/talent and clusters and ability to serve the regional market from your location

Source: [www.icaincentives.com](http://www.icaincentives.com) (based on 720 software & technology incentives deals)
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