

Amsterdam Metropolitan Area as Headquarter location

GlobalArenaRank competitive profile for Amsterdam Metropolitan Area

Date: February, 2010

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The logo for GlobalArena features the word "globalarena" in a lowercase, sans-serif font. The "g" is white, and the "lobalarena" is light blue. A stylized globe icon, composed of a grid of white and blue squares, is positioned behind the "o" in "global".

Global Arena's mandate

This Amsterdam Metropolitan Arena competitive profile provides the results from our tailor-made GlobalArenaRank® competitiveness study. The objective of this ranking study was to determine the competitiveness of the Amsterdam Metropolitan Area as headquarter location in Europe and benchmark the Netherlands with key competitors for headquarter allocation.

The calculated competitive profile is active on the Zuidas Amsterdam location, a key business and real estate development project in the Amsterdam Metropolitan Area.

Introduction Global-Arena.com

The unique advantage of our GlobalArenaRank® algorithm and our online competitive profiling methodology is that we can determine the optimal competitive position of the Amsterdam Metropolitan Arena from any unique company point of view. GlobalArenaRank® calculates both the competitive profile as well as the match-fit of any set of decision criteria's that is provided by a company searching for the best location for its headquarter resource allocation. The study report serves as The Matchmaker mechanism on the Global-Arena.com FDI Marketplace and is effective online through Google Search matching keyword searches with the key decision criteria applied in this competitive profile.

The GlobalArenaRank® algorithm has been developed by the University of Ghent in cooperation with leading global multinational companies. Global Arena offers a set of innovative and unique online services on the FDI Marketplace and guiding, implementation and training services.

GlobalArenaRank® is based on a scientific, statistical algorithm that can deal with a broad variety of data sources dynamically. Global Arena utilizes data from highly rated data sources that are consistently used for policy and strategy decision making in the Foreign Direct Investment market.

Global Arena's approach

Headquarter allocation decisions bring forward a specific set of client business requirements and related decision criteria that the Amsterdam Metropolitan Area should be able to deliver.

Global Arena has based the selection of headquarter location decision criteria on the choices made by the Innovatieplatform, our extensive experience with location analysis and research from OECD and Swissholdings. In our GlobalArenaRank® technology, these selected decision criteria have to be prioritised and a weight has to be determined for each of them. This statistical procedure provides us three different scenarios:

1. The best-case scenario: The priorities and weight settings are determined through goal-seeking calculations searching for the top-ranking position for the Netherlands for a headquarter location selection;
2. The worst-case scenario: The priorities and weight settings are determined through goal-seeking calculations searching for the worst-ranking position for the Netherlands for a headquarter location selection;
3. The optimal-case: The priorities and weight settings are determined by Global Arena experts to create a credible setup for prospect investors looking for headquarter locations.

The optimal-case scenario calculations have been determined through a manual selection of the priorities and weight settings. We have carefully chosen the decision criteria and priorities based on the fundamentals as indicated by the Innovatieplatform. As a consequence, Global Arena created a credible and most robust headquarter ranking to meet the clients' specific business requirements for a headquarter location selection procedure.

In this report we document the details of the best-case scenario and compare it with our recommended setup and ranking for headquarter acquisition; the optimal scenario.

The Netherlands as your business partner in the global arena.

Results on one page

The best-case consolidated ranking results are:

Priority	Decision criteria	Weight (%)	Rank	Country	Composite Index
1	Infrastructure	21	1	The Netherlands	89,10%
2	Labour productivity	19	2	Denmark	86,24%
3	Socio-political stability	16	3	Ireland	86,17%
4	Taxation	14	4	Sweden	85,76%
5	Labour force and education quality	11	5	Switzerland	83,73%
6	Living climate	8	6	United Kingdom	82,58%
7	Market labour costs	8	7	Austria	80,67%
8	Labour market regulations	3	8	Germany	80,32%
			9	Italy	79,08%
			10	France	78,70%
			11	Belgium	77,53%
			12	Spain	76,08%
			13	Czech Republic	72,40%
			14	Hungary	71,21%
			15	Poland	70,46%

The optimal consolidated ranking results for acquisition are:

Priority	Decision criteria	Weight (%)	Rank	Country	Composite Index
1	Taxation	20	1	Ireland	89,17%
2	Socio-political stability	15	2	Denmark	85,69%
3	Infrastructure	15	3	The Netherlands	85,45%
4	Labour productivity	15	4	Switzerland	85,38%
5	Labour force and education quality	11	5	Sweden	85,07%
6	Living climate	11	6	United Kingdom	83,91%
7	Labour market regulations	8	7	Austria	82,09%
8	Market labour costs	5	8	Germany	80,58%
			9	Italy	79,61%
			10	France	76,22%
			11	Spain	75,39%
			12	Belgium	75,25%
			13	Czech Republic	74,23%
			14	Hungary	71,12%
			15	Poland	70,82%

Competitive setup

We based the selection of countries in scope on our experience of countries suitable and successfully competing for headquarter locations complemented with our experience working for companies to help them select their Headquarter locations in Europe.

Countries in scope:

	Countries
1	Austria
2	Belgium
3	Czech Republic
4	Denmark
5	France
6	Germany
7	Hungary
8	Ireland
9	Italy
10	Poland
11	Spain
12	Sweden
13	Switzerland
14	The Netherlands
15	United Kingdom

Global Arena's methodology

The main criteria on which a company's headquarter investment decision will be based upon can mainly be reduced to the following underlying indicators: market labour costs, labour productivity, taxation, labour pool and education quality, labour market regulations, socio-political stability, living climate and infrastructure. Data on several variables related to these criteria have been collected and evaluated.

Countries' data variables have been combined into several classes of decision criteria. A specific priority has been assigned to each of these criteria. The priority settings are based upon the sector/function specific business requirements. The priorities range from 1 to 8: 1 being high; 8 being low.

Decision criteria:

In this report, only the best-case scenario will be detailed, of which the subjoined table shows the optimal priority/weight setting:

Priority	Decision criteria	Weight (%)
1	Infrastructure	21
2	Labour productivity	19
3	Socio-political stability	16
4	Taxation	14
5	Labour force and education quality	11
6	Living climate	8
7	Market labour costs	8
8	Labour market regulations	3

Throughout the report, all variables are rescaled in the sense that is most favourable for the company, e.g. the lowest labour cost location is highest in ranking in the labour cost category.

Every ranking result is shown in a table with the rank, country and Global Arena score (GA score). The GA score shows the country's relative position in the criterion table.

Consolidated ranking

A ranking result for each decision criterion has been calculated and will be discussed below. In a final stadium, the eight decision criteria have been combined to calculate the consolidated ranking, based on the priority settings imposed by the sector/function and client requirements.

The results are depicted in the following ranking table, together with the composite index. The composite index is based on the Global Arena scores of the underlying decision criteria and indicates the country's relative position with respect to its potential to attract corporate headquarters.

Consolidated ranking results:

Rank	Country	Composite Index
1	The Netherlands	89,10%
2	Denmark	86,24%
3	Ireland	86,17%
4	Sweden	85,76%
5	Switzerland	83,73%
6	United Kingdom	82,58%
7	Austria	80,67%
8	Germany	80,32%
9	Italy	79,08%
10	France	78,70%
11	Belgium	77,53%
12	Spain	76,08%
13	Czech Republic	72,40%
14	Hungary	71,21%
15	Poland	70,46%

Ranking details per decision criterion

Infrastructure

- Telephones – mobile cellular per thousand inhabitants
- Internet users per thousand inhabitants
- Internet hosts per thousand inhabitants
- Airports

Infrastructure ranking results:

Rank	Country	GA score
1	The Netherlands	68,73%
2	Sweden	67,88%
3	Denmark	66,62%
4	Switzerland	61,67%
5	Italy	59,13%
6	Germany	57,18%
7	United Kingdom	53,78%
8	Austria	48,98%
9	Ireland	47,55%
10	Spain	41,87%
11	Belgium	40,74%
12	Czech Republic	40,29%
13	France	35,49%
14	Hungary	32,21%
15	Poland	27,91%

- The Netherlands score best on ICT infrastructure. They have the highest number of internet users and second highest number of internet hosts per thousand inhabitants.
- The Eastern European countries score least favourable on infrastructure.
- Germany and the United Kingdom perform on average, France significantly lower than average.

Labour productivity

- Labour productivity per hour worked
- Labour productivity per person employed

Labour productivity ranking results:

Rank	Country	GA score
1	Belgium	67,03%
2	Ireland	65,27%
3	France	62,69%
4	The Netherlands	60,02%
5	Austria	56,09%
6	Sweden	55,51%
7	Germany	54,56%
8	Switzerland	51,12%
9	United Kingdom	50,59%
10	Denmark	49,47%
11	Spain	49,24%
12	Italy	48,12%
13	Hungary	27,55%
14	Czech Republic	27,33%
15	Poland	25,43%

- The Netherlands show the second highest labour productivity per hour worked.
- Labour costs tend to be negatively related to labour productivity. The market labour costs ranking below shows that the levels of labour costs vary considerably across the countries in scope. However, this ranking did not take into account the difference in labour productivity between countries. Speaking broadly, lower levels of labour costs are associated with lower levels of labour productivity and vice versa. Hence, Eastern European low labour cost countries show lower than average productivities in comparison with high labour cost countries.

Socio-political stability

- Political stability index
- Index of economic freedom
- Growth competitiveness score
- Corruption perception index
- Country risk rating

Socio-political stability ranking results:

Rank	Country	GA score
1	Switzerland	67,14%
2	Denmark	64,89%
3	Sweden	62,92%
4	The Netherlands	62,06%
5	Ireland	58,75%
6	United Kingdom	56,09%
7	Austria	55,84%
8	Germany	53,82%
9	Belgium	49,66%
10	Spain	46,80%
11	France	44,46%
12	Czech Republic	38,77%
13	Hungary	34,93%
14	Italy	32,04%
15	Poland	21,83%

- The Netherlands are highly politically stable and corruption perception is low. It is in the top 4 on four out of five criteria.
- Switzerland and Denmark score best in terms of socio-political stability; Poland and Italy score least favourable.
- The United Kingdom scores slightly higher than average on all indicators except for political stability.
- France scores significantly lower than average on political stability, economic freedom and growth competitiveness.
- Germany performs slightly worse than average on political stability and economic freedom but slightly better on growth competitiveness and corruption perception.

Taxation

- Corporate income tax

Taxation ranking results:

Rank	Country	GA score
1	Ireland	79,15%
2	Poland	64,48%
3	Hungary	62,23%
4	Czech Republic	59,98%
5	Switzerland	59,53%
6	Austria	50,94%
*	Denmark	50,94%
7	The Netherlands	49,82%
8	Italy	45,30%
9	Sweden	44,18%
*	United Kingdom	44,18%
10	Spain	39,66%
11	Germany	39,21%
12	Belgium	30,64%
13	France	29,73%

- The Netherlands' corporate income tax rate is on average among the investigated countries, but still more than twice as high as in Ireland and causes a competitive disadvantage.
- Lower income tax rates in Ireland and Switzerland create a positive perception towards possible foreign investors.

Labour force and education quality

- Science graduates
- Students enrolled in science studies
- Engineering graduates
- Students enrolled in engineering studies
- Patents granted to residents per million people
- Technological achievement index

Labour pool & education quality ranking results:

Rank	Country	GA score
1	France	73,37%
2	United Kingdom	69,49%
3	Germany	66,38%
4	Poland	61,17%
5	Spain	60,93%
6	Italy	60,62%
7	Sweden	41,38%
8	Czech Republic	40,85%
9	The Netherlands	40,77%
10	Belgium	39,79%
11	Hungary	39,34%
12	Switzerland	39,32%
13	Ireland	39,21%
14	Austria	39,07%
15	Denmark	38,30%

- The Netherlands perform excellent on education quality and innovation capability, scoring strongly on technological achievement and patents granted per million people.
- The Netherlands have a lower than average nominal number of science of science and engineering students and graduates in comparison with the United Kingdom, Germany and France due to different demographics.

Living climate

- Quality of life index

Living climate ranking results:

Rank	Country	GA score
1	Ireland	70,60%
2	Switzerland	64,90%
3	Sweden	62,07%
4	Austria	61,81%
5	Italy	59,33%
6	Denmark	59,04%
7	Spain	57,55%
8	The Netherlands	51,23%
9	Belgium	43,95%
10	France	43,70%
11	Germany	42,93%
12	United Kingdom	40,11%
13	Czech Republic	33,90%
14	Hungary	31,86%
15	Poland	27,01%

- Ireland and Switzerland perform best in terms of living climate; Poland and Hungary perform least favourable.
- The Netherlands score on average as it comes down to quality of life.
- The United Kingdom, Germany and France perform less favourable.

Market labour costs

- Market labour costs
- GDP per capita, PPP

Market labour costs ranking results:

Rank	Country	GA score
1	Poland	74,48%
2	Hungary	74,40%
3	Czech Republic	67,11%
4	Italy	53,71%
5	United Kingdom	52,78%
6	France	50,54%
7	Spain	50,30%
8	Austria	46,42%
9	Belgium	45,44%
10	The Netherlands	45,33%
11	Sweden	44,81%
12	Denmark	43,16%
13	Germany	37,93%
14	Ireland	37,01%
15	Switzerland	26,59%

- The Netherlands' labour costs are high in comparison with its major competitors. Moreover, fierce competition from Eastern European low labour cost countries is still a major challenge to be addressed.
- From an investor's point of view, the Netherlands have the third highest purchasing power among the countries in scope, which could increase its market potential tremendously.

Labour market regulations

- Difficulty of hiring index
- Rigidity of hours index
- Difficulty of firing index
- Firing costs

Labour market regulations ranking results:

Rank	Country	GA score
1	Denmark	72,00%
2	United Kingdom	64,30%
3	Switzerland	63,52%
4	Ireland	61,22%
5	Belgium	60,61%
6	Czech Republic	54,80%
7	Austria	53,36%
8	Italy	49,86%
9	Poland	48,42%
10	Hungary	47,53%
11	The Netherlands	43,74%
12	Sweden	40,86%
13	France	32,71%
14	Germany	30,00%
15	Spain	27,08%

- The labour legislation is very rigid in comparison with most competitors. Among the countries in scope, it is most difficult to dismiss employees. Nevertheless, the firing costs are slightly lower than average among the investigated countries.
- Denmark performs best on all four indices. Together with the United Kingdom, Switzerland and Ireland, it is in the top 4 of most attractive countries concerning labour law rigidity.
- Germany and France score less favourable than average on all indicators.

Annex. Variable definitions

- Market labour costs (Economic Research Institute, Salary Survey)
 - The gross annual employee earnings for the IT sector (computer operator's yearly salary is being used as a reference). Total market labour costs are fully loaded and expressed in €.
- GDP per capita (Thomson Financial)
 - Gross domestic product (GDP) is a measure for the economic activity. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation. GDP per capita is expressed in Purchasing Power Parity (PPP).
- Labour productivity per hour worked (European Commission)
 - This index pictures the productivity of national economies expressed in relation to the European Union average. If the index of a country is higher than 100, this country's level of productivity per hour worked is higher than the EU average.
- Labour productivity per person employed (European Commission)
 - This index pictures the productivity of national economies expressed in relation to the European Union average. If the index of a country is higher than 100, this country's level of productivity per person employed is higher than the EU average.
- Corporate income tax (OECD)
 - The tax levied by various jurisdictions on the profits made by companies or associations.
- Science graduates (United Nations)
 - The total number of a country's science graduates.
- Students enrolled in science studies (United Nations)
 - The country's total number of students enrolled in tertiary science studies.
- Engineering graduates (United Nations)
 - The total number of a country's engineering graduates.
- Students enrolled in engineering studies. (United Nations)
 - The country's total number of students enrolled in tertiary engineering studies.
- Patents granted to residents per million people (World Intellectual Property Organization)
 - The number of patents granted per one million people.
- Technological achievement index (United Nations)
 - This index aims to capture how well a country is creating and diffusing technology and building a human skill base.
- Difficulty of hiring index (the World Bank)
 - The Difficulty of Hiring index measures (i) whether term contracts can only be used for temporary tasks; (ii) the maximum duration of term contracts; and (iii) the ratio of the mandated minimum wage (or apprentice wage, if available) to the average value-added per working population.
- Rigidity of hours index. (the World Bank)
 - The Rigidity of Hours index has five components: (i) whether night work is restricted; (ii) whether weekend work is allowed; (iii) whether the workweek consists of five-and-a-half days or more; (iv) whether the workday can extend to 12 hours or more (including overtime); and (v) whether the annual paid vacation days are 21 days or less.

- Difficulty of firing index (the World Bank)
 - The Difficulty of Firing index has eight components: (i) whether redundancy is not grounds for dismissal; (ii) whether the employer needs to notify the labour union or the labour ministry for firing one redundant worker; (iii) whether the employer needs to notify the labour union or the labour ministry for group dismissals; (iv) whether the employer needs approval from the labour union or the labour ministry for firing one redundant worker; (v) whether the employer needs approval from the labour union or the labour ministry for group dismissals; (vi) whether the law mandates training or replacement prior to dismissal; (vii) whether priority rules apply for dismissals; and (viii) whether priority rules apply for re-employment.
- Cost of firing (the World Bank)
 - The Cost of Firing indicator measures the cost of advance notice requirements, and severance payments and penalties due when firing a worker, expressed in terms of weekly wages.
- Political stability index (the World Bank)
 - This criterion measures the country's political stability from the following nine dimensions: (1) genocidal incidents involving communal victims or mixed communal and political victims; (2) the occurrence of a civil war; (3) the number of assassinations per thousand population; (4) the number of extraconstitutional or forced changes in the top government elite and/or its effective control of the nation's power structure; (5) the number of illegal or forced changes in the top government elite, any attempt at such change, or any successful or unsuccessful armed rebellion whose aim is independence from the central government; (6) violent demonstrations or clashes involving more than a hundred citizens involving the use of physical force; (7) the number of major government crises, where a crisis is defined as any rapidly developing situation threatening to bring the downfall of the present regime, excluding instances of revolt aimed at overthrow; (8) the number of times in a year that a new premier is named and/or 50 percent of the cabinet posts are occupied by new ministers; and (9) the number of basic alterations in a state's constitutional structure, the extreme case being the adoption of a new constitution that significantly alters the prerogatives of the various branches of government.
- Index of economic freedom (the Heritage Foundation)
 - Economic freedom is defined as the absence of government coercion or constraint on the production, distribution, or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty itself. In other words, people are free to work, produce, consume, and invest in the ways they feel are most productive. In order to measure economic freedom, the index is comprised of ten broad categories:
 - Trade policy
 - Fiscal burden of the government
 - Government intervention in the economy
 - Monetary policy
 - Capital flows and foreign investment
 - Banking and finance
 - Wages and prices
 - Property rights
 - Regulation and
 - Informal market activity

- Growth Competitiveness index (World Economic Forum)
 - The Growth competitiveness index, is composed of three pillars, all of which are widely accepted as being critical to economic growth: the quality of the macroeconomic environment, the state of a country's public institutions, and, given the increasing importance of technology in the development process, a country's technological readiness. The Growth competitiveness index aims specifically to gauge the ability of the world's economies to achieve sustained economic growth over the medium to long term.
- Corruption perception index (Transparency International)
 - The corruption perception index measures the country's degree to which corruption is perceived to exist among public officials and politicians. This criterion focuses on corruption in the public sector and defines corruption as the abuse of public office for private gain. This index incorporates the misuse of public power for private benefits, with a focus, for example, on bribe-taking by public officials in public procurement.
- Country risk rating (Coface)
 - Country ratings measure the average default risk on corporate payments in a given country and indicate to what extent a company's financial commitments are affected by the local business, financial and political outlook.
- Quality of life index (Economist Intelligence unit)
 - The determinants of the quality of life index are: material wellbeing, health, political stability and security, family life, community life, climate and geography, job security, political freedom and gender equality.
- Telephones – mobile cellular per thousand inhabitants (CIA World Fact Book)
 - The country's number of mobile telephone users per thousand inhabitants.
- Internet users per thousand inhabitants (CIA World Fact Book)
 - The country's number of internet users per thousand inhabitants.
- Internet hosts per thousand inhabitants (CIA World Fact Book)
 - The country's number of internet hosts per thousand inhabitants.
- Airports (CIA World Fact Book)
 - The country's total number of airports.