

# Business Intelligence - Location Analysis and Site Selection

## Introduction

Choosing a location is one of the first decisions that companies must make when entering a new market. However, it is particularly challenging in emerging Asia as the factors affecting site selection are rapidly changing. Everything from labor costs, logistics connections, customs practices, and the state of infrastructure in East Asia, Southeast Asia and India are evolving. Location and a strategic site selection plan can have a major impact on the success of a business, affecting production, operations and sales. Therefore, companies must take steps to ensure they have the right information before committing their time and money.

## Key business challenges

There are multiple considerations that companies must grapple with when choosing a location. This can be particularly difficult in markets like China, Vietnam and India, where the regulations are complex and reliable data is scarce.

### Real estate

Investors should not assume that all industrial zones are created equal. Companies entering emerging Asia for the first time or expanding into new markets can benefit immensely by reviewing multiple options to find a zone suited to their needs. Investors should consider the following, among other factors, when deciding to establish in a particular country and industrial zone (IZ).

### Infrastructure

IZs are readily found throughout emerging Asia at a discount to pricing seen in a company's home market. Management teams considering a zone for its competitive pricing often overlook the location of the zone and the infrastructure networks linking this zone with national ports. This can easily result in supply chain delays and cost overruns. Supplier and customer market Industry clusters can be a useful

indicator that a zone is well suited for investments from a particular industry. Well established clusters often arise due to infrastructure and incentives that pair well with the needs of these companies. A large group of companies in the same industry also helps to attract and skill up workers required by companies within the industry. Cost Investors should pay close attention to the size of investment they are looking to make within a country. IZs can impose indirect capital requirements on investors by setting limits on the minimum land parcels available for lease.

### Operating environment

Limited capacity in IZs can present challenges for investment in Asia's most popular IZs. Availability of land and existing facilities can prohibit investment, presenting challenges for investors seeking to expand their operations into an investment

### Legal and regulatory environment

All Asia Pacific economies are focused on maintaining an enterprise-friendly tax regime amidst the growing economic uncertainty. In some Asian countries, the law provides incentives and tax breaks for foreign companies. With the intention of attracting foreign capital to sectors of strategic interest, many emerging Asian countries offer tax incentives for the industries of environmental protection, agriculture technology, advanced manufacturing, biotechnology and more.

Many incentives are based on the company's registered capital and tax contribution and are subject to multiple rounds of negotiation with the IZ.

### Human resources

In the site selection process, human resource may have a huge impact on investment decisions regardless of the nature of an investor's business. In some Asian countries, availability and quality of labor present a challenge for investors, particularly for labor intensive manufacturing plants.



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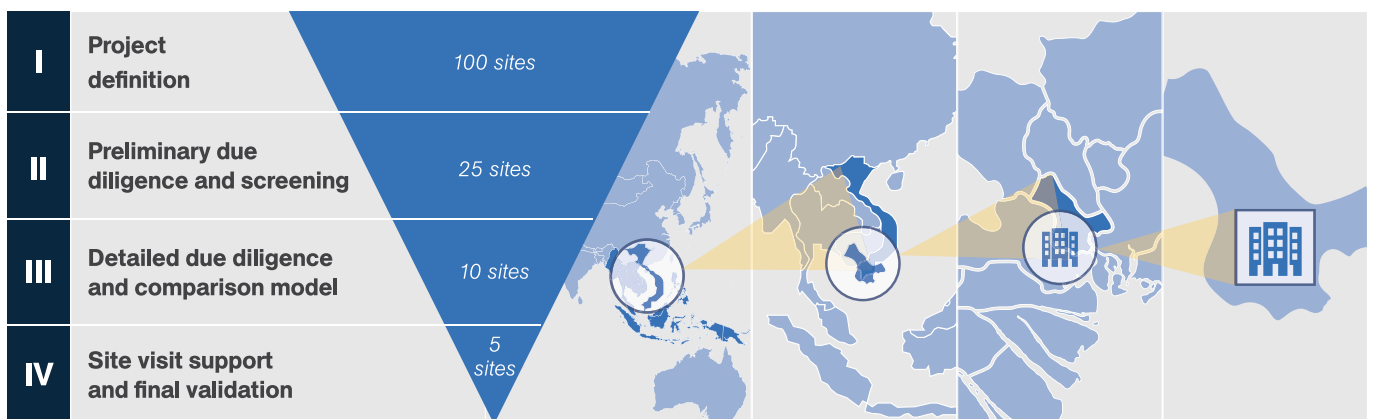
Your Partner for Growth in Asia

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## How we can help

Business Intelligence (BI) provides market entry and expansion reports for clients in China, India and ASEAN. Through research and analysis, clients are able to better understand their options in new markets and make informed decisions on where to invest.

## The Process



We have developed a structured process to find the right location for clients, which consists of following steps:

### I. Project definition

To find the right location, we start by working with our clients to define objectives and search area. We will then set search metrics by developing in consultation with the client the location search criteria, which will be based on a number of preferred factors as illustrated below:



### II. Preliminary due diligence and screening

An initial screening for potential sites based on defined search area against identified location criteria will follow. The BI team would eliminate unqualified locations and prepare a shortlist of suitable locations.

### III. Detailed due diligence and comparison

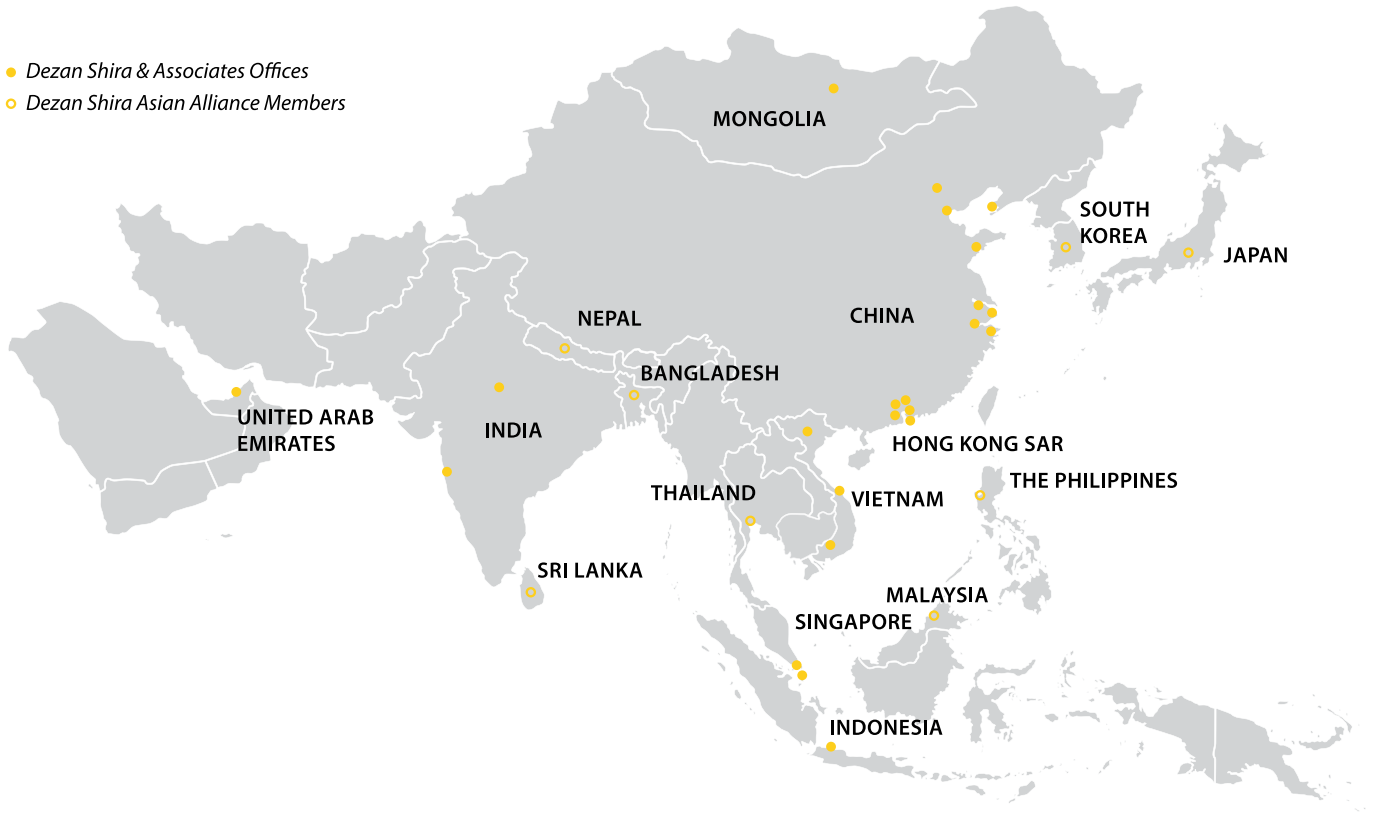
Members of the Business Intelligence team will conduct field visits to each shortlisted location and interview relevant parties. When this phase is completed, a report with data metrics, rating and ranking on “best-fit” and risk analysis of property options will be provided.

### IV. Site visit support and final validation

BI will provide recommendations on the finalized sites and schedule site visits for clients. After completing these site visits, DSA will facilitate negotiations and formal due diligence on site and landowner certifications.

# Our offices in Asia

- Dezan Shira & Associates Offices
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