Executive Summary

A COMPARATIVE COST ANALYSIS FOR INFORMATION TECHNOLOGY OPERATIONS

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COMPARATIVE OPERATING COST ANALYSIS: EXECUTIVE SUMMARY AND NOTES

Introduction

In the full Boyd analysis, major operating costs scaled to a representative information technology center are presented for a series of 30 comparative sites in the U.S. Eighteen of these locations are in Northern, Central and Southern California metropolitan areas housing major concentrations of I.T. and other high technology operations. Annual operating cost totals are itemized and ranked in the full report's summary Exhibit I.

Annual operating costs were projected solely for comparative purposes, with only major geographically-variable factors being considered. Those costs not varying significantly with geography, including relocation and start-up expenses, were not considered. The Boyd analysis focuses on those key geographically-variable cost elements considered to be most pivotal within the corporate site selection process. Geographically-variable operating cost differentials are current for 2011.

In the full report, operating costs are scaled to a hypothetical 35,000 sq. ft. corporate information technology center employing 125 workers. The analysis provides an independent and authoritative point of reference for the corporate planner's assessment of comparative operating cost levels in each of the surveyed sites. The format of the cost exhibits will allow the corporate planner to further tailor the cost data, occupancy assumptions and staffing levels to reflect alternate scales of operation and growth expectations.

Comparative Information Technology Center Locations

For purposes of comparative economic analysis, major geographically-variable operating costs have been projected by Boyd in the full report for a series of 18 cities in California and 12 alternate out-of-state locations in the Western and Central regions of the U.S. The 30 comparative locations included in the full report are detailed below by region.

Northern California Region

- Santa Rosa, CA
- Vallejo/Fairfield/Napa, CA
- San Francisco, CA
- Oakland, CA
- San Jose, CA
- Salinas, CA

Central California Region

- Sacramento, CA
- Stockton/Lodi, CA
- Modesto, CA
- Fresno, CA
- Visalia/Tulare/Porterville, CA
- Bakersfield, CA

Southern California Region

- Santa Barbara/Santa Maria/Lompoc, CA
- Ventura, CA
- Los Angeles/Long Beach, CA
- Orange County, CA
- Riverside/ San Bernardino, CA
- San Diego, CA

Western Region

- Portland, OR
- Phoenix, AZ
- Tucson, AZ
- Las Vegas, NV
- Denver, CO
- Salt Lake City, UT

Central Region

- Omaha, NE
- Kansas City, MO/KS
- Wichita, KS
- Des Moines/Ames, IA
- Oklahoma City, OK
- Sioux Falls, SD

Comparative Labor Costs

Annual costs for information technology labor, including positions in software development, e-commerce, network systems, programming, telecom, web development and other I.T. support positions, are presented in the full report's Exhibit II. Costs are based on a representative mix of job descriptions for the model 125-worker I.T. center.

Comparative labor costs for management were not included as these costs would tend not to vary as significantly by geography, but rather by individual company compensation practices. Fringe benefit costs are included as a percent of annual base payroll costs and are assumed to include all statutory benefits, pay for time not worked and company-sponsored benefits.

Comparative Electric Power Costs

Comparative annual electric power costs are presented in the full report's Exhibit III. Annual costs reflect latest rate schedules of the various utilities serving each of the 30 surveyed areas.

Comparative Land Acquisition and Construction Costs

Exhibit IV of the full analysis presents comparative costs for the purchase of commercially-zoned land and the construction of new I.T. center space in each of the 30 surveyed locations.

Comparative Ad Valorem and Sales Tax Costs

Exhibit V presents comparative ad valorem (property) tax costs in each of the 30 surveyed sites scaled to the land and building specifications of the model I.T. center. Also presented in this exhibit are comparative local and state sales tax costs based on a fixed annual purchase of supplies, furnishings, equipment and other taxable goods.

Comparative Heating and Air Conditioning Costs

Exhibit VI of the full report presents comparative annual costs for heating and air conditioning based on variances in climatic conditions and energy costs in the surveyed locations.

Comparative Corporate Travel Costs

Comparative annual on-site corporate travel costs in each of the 30 surveyed cities are presented in Exhibit VII of the full analysis. Costs include corporate traveler lodging, meals, local transportation and other business travel incidentals. Figures are indicative of local business travel cost structures expected to be incurred by management, technical support, regulators and other employee visitations to each of the 30 surveyed I.T. centers.

About Boyd

Founded in 1975, The Boyd Company, Inc., (www.theboydcompany.com) provides independent location counsel to leading U.S. and overseas corporations. Devoted exclusively to corporate mobility, Boyd is recognized as the nation's premier authority in comparative business cost analysis.

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