Anima - Invest in Med

Strategic analysis

Fabrice Reynaud – Ernst & Young France

Amman, January, 13th 2010
Agenda

► Who we are

► Strategic analysis – business case

► Q & A
Who we are
Ernst & Young

People

4 activities

► Audit
► Advisory
► Tax & legal
► Transaction

135 000

10 000+
Who we are

Private

ILAS

International Location Advisory Service

Country strategy & marketing

Demand

Public

Master planning & urban projects

Supply

[Logos of various companies and organizations]
Strategic analysis

Business case
Strategic analysis: a 3 step approach

A. Scan / Diagnosis
   - Supply, demand, competition

B. Strategic orientation
   - Make decision around scenarios involving all stakeholders

C. Roadmap
   - Action plan and priority projects
Project 2020

1. Demand
   - Location criteria
   - Market trends and segment analysis

2. Offer
   - Hard
   - Soft

3. Competition & Benchmark
   - Regional competitors
   - Best in class

Source: Ernst & Young
1. Scan – Demand
A new segmentation to make the difference

Key of segmentations : 2 diamonds to remember

Source : Ernst & Young
New segmentation of the market

*Example*

**Project 2020**

- Nano-bio
- Regional HQ
- Innovation and R&D
- Business services
- Eco-Tourism

- ITC
- Life Science
- Clean tech
- Aeronautics
- Entrepreneur & SMEs

- Agro-food
- Textile
- Chemicals
- Automotive
- Logistics

Source: Ernst & Young
Cross fertilization for the future

Tunisia business case

Source: Ernst & Young
Reshape the clients portfolio

Tunisia business case

A redesigned portfolio

- Traditional sectors
  - Textiles
  - Food Industries
  - Chemicals (Phosphates)
  - Electrics
  - Construction Materials

- Emergent sectors
  - Electronics
  - Technical Plastics
  - Automotive & Aeronautic
  - ICT & BPO
  - Life Sciences

- Niches
  - Mecatronics
  - Biotech
  - Environment

Source: Ernst & Young
Location criteria, what really matters

*Market, HR, predictability*

**What matters? Ranking of the selection criteria**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency and stability of political, legal and regulatory environment</td>
<td>54%</td>
</tr>
<tr>
<td>Transport and logistic infrastructures</td>
<td>54%</td>
</tr>
<tr>
<td>Telecommunication infrastructures</td>
<td>51%</td>
</tr>
<tr>
<td>Potential productivity increase</td>
<td>49%</td>
</tr>
<tr>
<td>Labor costs</td>
<td>47%</td>
</tr>
<tr>
<td>Corporate taxation</td>
<td>46%</td>
</tr>
<tr>
<td>Local labor skills level</td>
<td>45%</td>
</tr>
<tr>
<td>The country or region’s domestic market</td>
<td>39%</td>
</tr>
<tr>
<td>Flexibility of labor legislation</td>
<td>30%</td>
</tr>
<tr>
<td>Social climate and environmental stability</td>
<td>30%</td>
</tr>
<tr>
<td>R&amp;D availability and quality</td>
<td>26%</td>
</tr>
<tr>
<td>The country or region’s performance regarding sustainable development</td>
<td>26%</td>
</tr>
<tr>
<td>Local language, culture and values</td>
<td>21%</td>
</tr>
<tr>
<td>Quality of life</td>
<td>20%</td>
</tr>
<tr>
<td>Access to local financial investors</td>
<td>18%</td>
</tr>
<tr>
<td>Aid, subsidies and support measures</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Ernst & Young’s 2008 European attractiveness survey
2. Scan – Supply
Hard, soft & governance

- Clear strategic impulse
- Coordination of economic developers
- International network
- International events
- International branding

- Governance
- HR
- Universities International schools
- Clusters
- Tax & incentives
- Marketing & promotion

- Soft
- Accessibility
- Real estate
- Residential
- Fiber optic
- R&D equipment

Project 2020

Source: Ernst & Young
2. Scan – Supply
Madrid region & Tunisia business cases

Madrid

Scan / Diagnosis
Roadmap
Strategic orientation

Source: Ernst & Young
3. Scan – Competition & benchmark
Quantitative and qualitative

<table>
<thead>
<tr>
<th>Competition</th>
<th>Best practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Identify regional and international competitors</td>
<td>▪ Benchmarking of the best practices</td>
</tr>
<tr>
<td>▪ Rank the competitors according to their performance based on objective criteria</td>
<td>✓ Positioning</td>
</tr>
<tr>
<td>▪ Extrapolate the future performance</td>
<td>✓ Governance</td>
</tr>
<tr>
<td></td>
<td>✓ Hard</td>
</tr>
<tr>
<td></td>
<td>✓ Soft</td>
</tr>
</tbody>
</table>
3. Scan – Competition
Tunisia business case

Quantitative

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Tunisia</th>
<th>China</th>
<th>Turkey</th>
<th>India</th>
<th>Russia</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (billions)</td>
<td>52.9</td>
<td>12.9</td>
<td>148.4</td>
<td>627.6</td>
<td>1.267</td>
<td>125.5</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>360.4</td>
<td>340.4</td>
<td>100.6</td>
<td>590.1</td>
<td>7260.8</td>
<td>31,350</td>
</tr>
<tr>
<td>Population (m)</td>
<td>11.8</td>
<td>13.9</td>
<td>78.1</td>
<td>1.32</td>
<td>144.9</td>
<td>63.8</td>
</tr>
<tr>
<td>FDI inflows (%)</td>
<td>1.1</td>
<td>1.2</td>
<td>20.5</td>
<td>2.3</td>
<td>1.1</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Qualitative

Chemin critique du succès de Singapour

Current and future positioning

Quel cap fixer pour la Tunisie à 10 ans?

Source: Ernst & Young
3. Scan – Best practices
Tunisia business case

**Best practices…**

<table>
<thead>
<tr>
<th>Domain</th>
<th>Données pratiques identifiées</th>
</tr>
</thead>
</table>
| Stratégie et positionnement | 1. Positionnement clair, attelage sectoriel et orientation valeur ajoutée
|               | 2. Forte intégration régionale et internationale
|               | 3. Parcs sur les investissements Directs Etrangers              |
| Offre territoriale | 4. Clusterisation des activités sur l'ensemble du territoire   |
|               | 5. Produit phare type Casablanca, Tanger Med...               |
|               | 6. Plate-forme logistique portuaire et plate-forme aéroportuaire de premier plan
|               | 7. Financement de parcs d'activité à l'étranger                |
| Promotion    | 8. Soutien des médias nationaux et internationaux                |
|               | 9. Communication sur le positionnement et déclinaison sur des offres phares |
| Organisation | 10. Organisations transversales intersectorielles, type agence de l'innovation industrielle |

... to change of competition league

**République tchèque : itinéraire d'une réussite en moins d'une génération**

- **Point de départ**
  - Ouverture en 1989
  - Scission de la Slovaquie en 1992
  - 10 millions d'habitants pour 0 entrepreneur

- **Cap stratégique en 2000**
  - 1999-95% des investissements étrangers destinés au manufacturing
  - 2007, 75% des IDE destinés au manufacturing, 8% en R&D et 17% dans les centres de services

- **Résultats**
  - 6,5 millions de touristes en 2006
  - La Barcelone des États-Unis
  - 7% des investissements étrangers réalisés dans des activités à forte valeur ajoutée
  - 1% des parcs d'activités portuaires au delà des normes internationales

Source : Ernst & Young
Scan

Project 2020

1. Demand

2. Offer

3. Competition & Benchmark

Source: Ernst & Young
B - Strategic orientations
Strategic orientations: Scenario to make decisions

- Ernst & Young ASD® Seminar (Accelerated strategic decision) to
  - Build the consensus
  - Anticipate the future
  - Be ambitious but realistic
Strategic orientations
Anticipate the future

Country

The dream scenario?
The realistic scenario?
The catastrophic scenario?

Which ambition?
Mixed solutions?

2010 2020

Source: Ernst & Young
Strategic orientations

Consensus building

The dream scenario 2026

Tunisia business case

The catastrophic scenario

2008

The catastrophic scenario at Tunisia is not a dream

2016

Source: Ernst & Young
Strategic orientations
Strasbourg business case

5 values: the 5 “E”
- Europe
- Entrepreneur
- Experimental
- Environmental
- Ethic

1 new positioning
- “The European Lab”
- Alternatives considered
  - The Euro-entrepreneur
  - European by excellence

5 key projects
- International business district
- French-German urban project
- New accessibility strategy (air, rail, road, river)
- Innovation business park
- French-German Incubator

40 other actions

Source: Ernst & Young
C - Action plan
Roadmap
Methodology for implementing actions

Select 5 key actions to focus on

Select 5 key actions to focus on

Governance
- Political
- technical
- Private stakeholders PPP
- International network
- Assessment

Soft
- Clustering Entrepreneur
- After care
- Promotion & lead generation
- PR & events
- Social & tax environment
- Budgeting

Hard
- Logistic and telecom infrastructure
- Real estate
- Urban projects
- University and R&D
- Labeling of business parks

Source: Ernst & Young
Roadmap

Tunisia business case

▶ 5 unusual key actions
  ▶ *Euromed valley®* labeling of business parks
  ▶ *Euromed valley®* attractiveness council
  ▶ *Euromed valley®* seasonal events
  ▶ *Euromed valley®* clustering and international network
  ▶ *Euromed valley®* key account management

---

Source: Ernst & Young
Roadmap
Morocco Eastern region

An action plan mixing hard and soft projects

Source: Ernst & Young
Wrap up

A. Scan / Diagnosis
- Supply, demand, competition

B. Strategic orientation
- Make decision around scenarios involving all stakeholders

C. Roadmap
- Action plan and priority projects

Source: Ernst & Young
Q & A
Contacts

Ernst & Young Advisory
129 rue servient
69326 Lyon cedex 03
+ 33 4 78 17 56 71

Fabrice Reynaud
Email: fabrice.reynaud@fr.ey.com

www.ey.com/FR/fr/Services/Advisory/European-attractiveness-survey