



## OVERVIEW

Alabama is an emerging hub for the information technology industry. Access to talent, partnerships with higher education, low costs of living and doing business create a rich ecosystem for the industry. Alabama is home to numerous nationally known companies with major IT operations. Robust defense, finance/insurance and healthcare industries were the genesis of many of these companies.



## HIGHLIGHTS

- Alabama offers several regions for IT talent and industry, including the metro areas of Auburn-Opelika, Birmingham, Huntsville, Mobile, Montgomery, and Tuscaloosa.
- Alabama's first Internet Exchange is located in Montgomery—one of only four in the Southeast.
- Throughout Alabama are concentrations of large and small, new and well-established companies offering software development and computer system design services among other IT products and services.

## MEDIAN IT HOURLY WAGES

SOC	Description	AL	SE	US
11-3021	Computer and Information Systems Managers	\$55.33	\$58.48	\$61.31
15-1121	Computer Systems Analysts	\$37.43	\$38.55	\$39.76
15-1131	Computer Programmers	\$36.46	\$36.30	\$37.61
15-1132	Software Developers, Applications	\$43.68	\$43.40	\$46.38
15-1133	Software Developers, Systems Software	\$46.91	\$46.70	\$49.56
15-1141	Database Administrators	\$34.71	\$38.05	\$38.99
15-1142	Network and Computer Systems Administrators	\$32.23	\$36.42	\$36.98
15-1151	Computer User Support Specialists	\$20.77	\$21.71	\$23.29
15-1152	Computer Network Support Specialists	\$24.76	\$28.04	\$30.25

*Southeast U.S. includes AL/AR/FL/GA/KY/LA/MS/NC/SC/TN/VA.  
Source: EMSI 2016*

Across Alabama, IT exists not only as a support system but as a major stand alone sector of the state's economy.

Employing approximately 15,000, Alabama's IT companies generate over \$1 billion in annual revenue and serve such distinct industries as banking and finance, government, education, consumer products, GIS, and utilities automation.

In 2015, Equifax located an IT talent center at Auburn University to prepare students for high-tech jobs that support a global economy.

Hoover's home to the National Computer Forensics Institute (NCFI), a federally funded training center dedicated to instructing state and local officials in digital evidence and cybercrime investigations.

Rural Sourcing, an IT outsourcing company, located its third software development center in Mobile, Alabama.

Innovation Depot in Birmingham received the Incubator Innovation Award from the International Business Innovation Association. (March 2016)

Google is locating a \$600 million data center in Jackson County, Alabama. It will be the internet company's 14<sup>th</sup> global location.



# TALENT PRODUCER— GREAT UNIVERSITIES AND COLLEGES

Alabama's higher education system offers new and expanding companies access to excellent workforce training, state-of-the-art technology and innovation at the state's leading engineering, and research schools. The Alabama higher education system consists of 31 four-year colleges and universities and 26 two-year community and technical colleges.

13 Public Four-Year Institutions Offering IT Degrees

4,096 Public University Graduates Past 5 Years

21 Public Two-Year Institutions Offering IT Degrees

1,922 Community College Graduates Past 5 Years



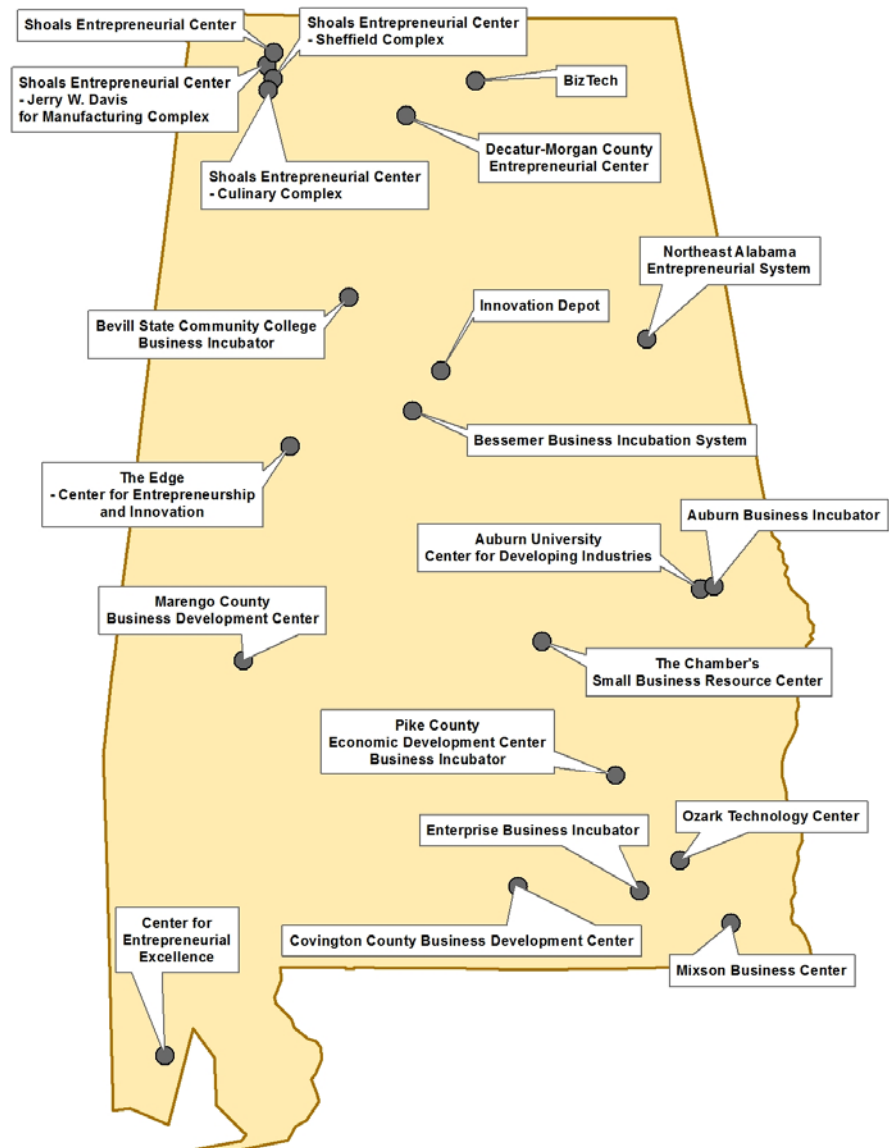
Updated Feb 2016

Source: Alabama Commission on Higher Education  
Computer Science (CIP 11) & Management Information Sciences (CIP 52.1201)



## OUR ENTREPRENEURIAL ECOSYSTEM

### Business Incubators in Alabama



#### A Robust Ecosystem for Entrepreneurs

- A network of 20+ incubators, seven research universities and two research institutions are building and mentoring a pipeline of innovative startup companies founded by Alabama entrepreneurs, which is creating jobs and preparing the state for the "new" economy.
- Alabama Launchpad (ALP) is the public-private partnership platform to ignite high-growth entrepreneurship, innovation and commercialization for Alabama. ALP is the lead organization of the state's innovation and entrepreneurial efforts.
- A network of investors, business plan competitions, mentoring groups and industry associations, online communities, meetups and educational programs are growing and changing to meet the needs of entrepreneurs.



## COMPANY HIGHLIGHTS

Throughout Alabama are concentrations of large and small, new and well-established companies offering software development and computer system design services. Employment in these subsectors is projected to grow at **more than twice the national average** over the next 10 years. Robust defense, finance/insurance and healthcare industries were the genesis of many of these companies.

### Alabama's Top Technology Employers

Rank	Company	Employees	Sales (Mil)
1	EBSCO Industries Inc.	5,762	\$2,347.16
2	Intergraph Corporation	4,000	\$290.00
3	Cobalt Holding Company	3,450	\$307.60
4	Avocent Corporation	1,971	\$172.20
5	Integrated Medical Systems Inc.	650	\$31.40
6	Camber Corporation	597	\$52.30
7	Radiance Technologies	421	\$117.79
8	Sungard Business Systems	400	\$25.40
9	Madison Research Corporation	400	\$34.80
10	The SSI Group	385	\$23.70



Cummings Research Park  
Home to the 2nd largest research park in the U.S.



Birmingham is a regional hub for innovation with the **University of Alabama at Birmingham (UAB)**, a leading research university ranked among the top 20 medical institutions in federal research funding.



Huntsville based Adtran Inc., a leader among U.S. suppliers of high speed internet network switching equipment, is Alabama's largest publicly traded technology company.



Founded: 1979

Headquarters: Mobile

Industry: Software and Programming

Number Employees: 1,200

CPSI is a leader in healthcare IT for rural and community hospitals. CPSI's comprehensive electronic health record (EHR) systems are utilized in more than 650 community and rural hospitals across the nation.



Founded: 1985

Headquarters: Birmingham

Industry: Computer integrated systems design

Number Employees: 140

McLeod Software is a transportation dispatch, accounting, operations and brokerage management software, and document management systems provider developed for the trucking industry.



Founded: 1989

Headquarters: Huntsville

Industry: Modeling and Simulation

Number Employees: 350

Aegis is an internationally recognized leader in Modeling and Simulation with a global client base in aerospace, defense, automotive, biomedical, chemical, and other process industries that use modeling and simulation, or microsystems/nanotechnology.



Founded: 1999

Headquarters: Birmingham

Industry: Software and Programming

Number Employees: 195

Daxko is a leading provider of mission-critical software solutions to member-based nonprofits. Daxko's solutions help customers achieve high levels of operational efficiency, strong fiscal management, and increasingly engage the community to expand their mission.



## NEW AND EXPANDING

Company	County	Description	Jobs Created	Investment (Millions)
<b>2015</b>				
Equifax	Lee	Information technology talent center	45	NA (New)
CGI	Pike	Information technology delivery center	200	N.A. (Expansion)
Google	Jackson	Data center	100	\$600.0 (New)
<b>2014</b>				
Temenos USA	Jefferson	Software for the financial industry	25	\$3.0 (Expansion)
DISA (Defense Information Systems Agency, US Dept. of Defense)	Montgomery	Standardized hosting, cloud and storage services to the Department of Defense	NA	\$17.5 (Expansion)
Curse, Inc.	Madison	Web-based gaming and gaming information	50	NA (Expansion)
Rural Sourcing, Inc.	Mobile	Software development	100	\$0.7 (New)
Computer Technology Solutions	Mobile	IT consulting, software development, application integration	15	NA( Expansion)
PCI Gaming	Montgomery	Digital printing	1	\$0.25 (New)
<b>2013</b>				
Everis USA	Jefferson	Computer facilities management services	30	\$0.4 (Expansion)
DISA (Defense Information Systems Agency, US Dept. of Defense)	Montgomery	Standardized hosting, cloud and storage services to the Department of Defense	NA	\$19.8 (Expansion)
Hancock Bank	Montgomery	Data hosting and related services	100	NA
Curse, Inc.	Madison	Web-based gaming and gaming information	22	\$0.8 (New)
E-Data Solutions	Jefferson	Systems analysts, information technology, and custom software	3	NA
Momentum Telecom	Jefferson	Personalized cloud PBX solutions	60	\$0.75 (Expansion)
MotionMobs	Jefferson	Mobile application and interactive services	5	\$0.61 (Expansion)
nLogic	Jefferson	Custom computer programming services	26	NA (Expansion)
Digium, Inc.	Shelby	Open source VoIP technology	10	\$2.0 (Expansion)

### Alabama's New Cyber Research Consortium

The Alabama Cyber Research Consortium (ALCRC) is a partnership of the seven PhD-granting Universities in Alabama along with additional industrial and research affiliates. Formed in early 2013, after years of informal and formal collaborations, the ALCRC is the culmination of individual and collective commitments to research, advanced development, education, and outreach in all areas of the cyber domain. The ALCRC is an active group of scientists, engineers, and affiliates committed to creating solutions with practical impact on the state, local, regional, and national economy, and to helping consumers, corporations, and the public sector solve real problems and avoid significant harm involving cybercrime and related national security issues.



## THRIVING BUSINESS CLIMATE

**Alabama offers businesses an attractive taxation environment—one of the nation’s lowest overall tax burdens. In addition, Alabama provides a number of tax incentives designed to assist with a cost-effective start-up and provide continued operational savings.**

### Low Tax Burden

- Corporate income tax rate of 6.5 percent (Individuals taxed at a rate of 5 percent).
- Property Tax Abatements - Abatement of up to 10 years from property taxes levied for non-educational purposes.
- Sales and Use Tax Abatements – Taxes on construction-related transactions and pollution control devices are exempt from sales and use taxes. Mortgage and recording taxes can be abated.

### Income Tax

- Corporations’ income tax based on net taxable income derived only from business conducted within the state determined by applying a four-factor formula of property, payroll, and double-weighted sales to total net income.
- Full deduction for all federal income taxes apportioned to Alabama creating a significantly reduced net effective rate.
- 15-year carry-forward of net operating losses.

### Alabama Jobs Act Incentives (Companies must meet project and new job creation thresholds to qualify for incentives.)

#### Job Credit:

- Annual cash refund up to 3 percent of the previous year’s gross payroll for up to 10 years.
- For companies employing at least 12 percent veterans, up to an additional 0.5 percent credit is available for the wages of veterans.
- Up to an additional 1 percent job credit is available for companies in targeted counties.

#### Investment Credit:

- Credit of up to 1.5 percent of the qualified capital investment expenses for up to 10 years. Credit can be taken against the Alabama income tax liability and/or utility tax liability.
- Credit is available for up to 15 years for companies selling their output nearby.
- Five-year carry forward, three-year transferability.

C2ER Cost of Living 2015	
City	100% Composite Index
Memphis, TN	84.5
Raleigh, NC	90.5
Huntsville, AL	91.3
Birmingham, AL	91.7
Mobile, AL	91.8
Dayton, OH	92.8
Montgomery, AL	93.4
Columbia, SC	95.1
Nashville, TN	95.3
Jacksonville, FL	99.1

Source: C2ER COL, 2015



## THRIVING BUSINESS CLIMATE

### Why Alabama? Our Pro-Business Climate!

#### **Alabama Data Processing Center Economic Incentive Act**

- **Creation of 20 new jobs paying at least \$40,000:** The threshold to qualify for incentive is a minimum of 20 new jobs. Average annual total compensation for these new jobs must be at least \$40,000 (including benefits).
- **Capital costs:** Once job requirements are met, abatements vary depending on the level of capital investment.
- **Abatements**
  - **Meeting job requirements and spending less than \$200 million in capital costs:**
    - Abatement of all state sales and use taxes, and local sales and use taxes (not earmarked for education) for construction material and equipment.
    - Abatement for maximum of 10 years for all state sales and use taxes, and all local sales and use taxes (not earmarked for education) for most capitalized materials acquired after completion (“refresh” costs).
    - Abatement for maximum of 10 years of all state and local property taxes (not earmarked for education) for materials acquired to build the data center and capitalized refreshed cost materials acquired for post-construction activities.
  - **Spending more than \$200 million in capital costs:**
    - Abatement extended from 10 to 20 years if aggregate capital investment is more than \$200 million but less than \$400 million during the 10 years from the date construction begins.
    - Abatement extended to 30 years if aggregate capital investment is more than \$400 million during the 20 years from the date construction begins.
- **Capital Tax Credit:** A data center fulfilling the job requirements with no less than \$2 million in capital investment can receive an annual Alabama income tax credit of up to 5 percent of the capital costs of the project for a period of 20 years after the project is completed. (*Available through December 31, 2015.*)