RESEARCH LOCATION AUSTRIA

IT & Telecom

Austria*

*Strong Location for Information and Communication Technologies

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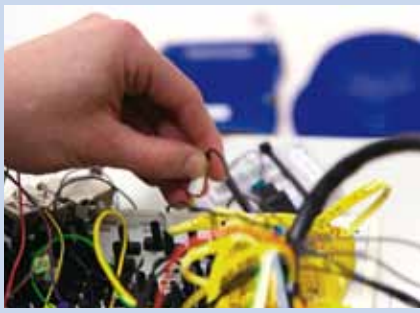
All of Europe by Air in 3 Hours

Austria's central geographical location in Europe makes the country the East-West business interface.

Contents



Imprint
Status: May 2012
Media owner and publisher:
Austrian Business Agency, Opernring 3,
A-1010 Vienna
Responsible for contents: René Siegl
Editorial team: Karin Schwind-Derdak
(ABA), Doris Passler /
Lucia Kott (Grayling Austria)
Design: www.november.at
Photos: Richard Tanzer (APG: 1; Bosch:
3, 4, 9, 15; Siemens: 6, 10, 11, 13, 14,
24, 26; TU Graz: 12, 16, 17; Forschung
& Lehre an der TU Wien: 18); TTTech:
7; Istockphoto: 20, 21, 23; Bigstock: 8,
22; Siemens: 25;
Printed by: AV+Astoria Druckzentrum

kapsch >>>

"I consider the main strengths of Austria to be its geopolitical location, the extensive dedication on the part of qualified employees and the commitment of our business people."

Georg Kapsch, CEO Kapsch AG, Vienna

Good Reasons for Research Location Austria

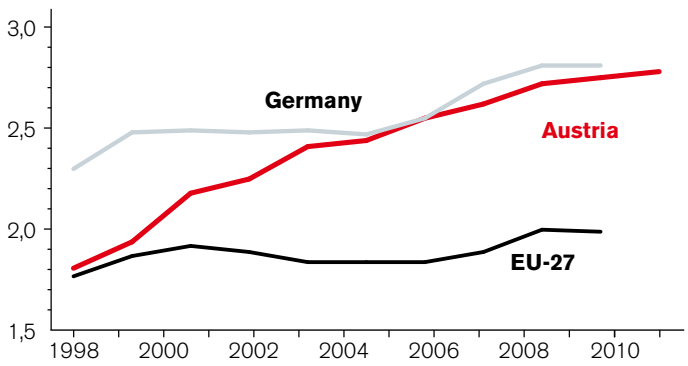
ICT companies with an innovative spirit profit from the attractive competitive advantages of Austria's red-white-red business location.

Programmed for success. In Europe Austria is considered to be a highly sought-after location in the core areas of information technology, telecommunications, microelectronics and mobile communications. The research landscape is extremely dynamic. The ICT scene located in Austria boasting a large number of universities, universities of applied sciences, non-university research facilities, innovative spin-offs and SMEs, industry clusters and the R&D headquarters of multinational companies ensures that state-of-the-art products and services are developed in Austria.

All advantages at a glance. One thing is certain: major successes are only possible under favorable conditions, which are available to domestic and foreign ICT companies in Austria:

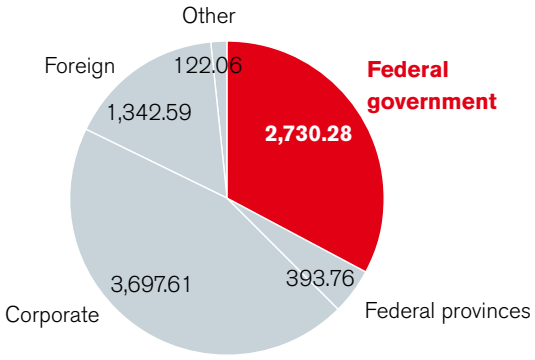
- Customized funding, incentives and financing of application-oriented and basic research
- Ten percent research premium and attractive tax advantages
- Competence centers and industry clusters serving as a dense network linking the scientific and business communities
- An international research elite as well as soundly trained specialized employees for information and communication technologies
- The geographical proximity to Eastern and South East Europe
- Outstanding living and working conditions

Development of R&D expenditures in Austria, Germany and the EU-27
As a percentage of GDP



Source: ABA-Broschüre 2010 / Eurostat

R&D investments in Austria
In EUR million, estimates for 2011
Total R&D expenditures: EUR 8,286.30



Quelle: Statistik Austria, 2011

With Bits and Bytes to World Leadership

Extensive investments in research and development safeguard Austria's innovative strength.

Nothing works anymore without ICT. Modern-day developments in the field of information and communications technology have radically changed our lives in the past two decades. E-mail, Internet, mobile telephony and digital audio-visual transmission amongst other innovations comprise achievements of this key industry. Today the sector provides significant impetus in manifold ways, driving fundamental changes in the economic and social environment as well as in people's quality of life.

The Austrian ICT market is characterized by intensive competition and a high level of creativity. In addition to international companies such as Siemens, Infineon, Sony and Microsoft, specialists such as austriamicrosystems, Fabasoft, Frequentis, Skidata, AT&S and TTTech serve as the basis for dynamic development. According to information supplied by the Association of the Austrian Electrical and Electronic Industries in 2011, companies operating in the information and communications technology sector generated a production value of EUR 33.7 billion, and accounted for 245,000 jobs in the Austrian economy. The outlook for the sector is also positive. A study carried out by the IT Cluster Vienna of the Vienna Business Agency in 2010 concluded that 73 percent of the companies expected order volume to increase in the upcoming years.

R&D gives Austria a competitive edge. Today Austria ranks among the top three European ICT research locations. In 2009, R&D expenditures in the industry amounted to about EUR 634 million. These investments have paid off, as the Austrian Institute of Economic Research (WIFO) confirmed. Research-intensive companies are not so severely impacted by a loss of revenue and jobs related to the economic crisis. The industry is also supported by effective funding and incentive packages. For every euro in public subsidies designed to promote R&D in the ICT sector, a product valued at EUR 690 is developed on the basis of further corporate investments. This is value creation all along the line.

ICT services as an export hit. In the year 2011, Austria's service exports climbed from EUR 41.4 billion to EUR 44.4 billion according to figures provided by the Austrian National Bank. In particular, the IT industry posted a significant increase in foreign revenues. Customers for Austrian products are primarily in Germany, followed by Italy, Switzerland, the USA and France.

Good foundation for new technologies. Hermann Kopetz was a Member of the Management Board of the Institute of Computer Engineering at the Vienna University of Technology until 2011, and is now Professor Emeritus. Fifteen years ago the professor of Physics was a co-founder of TTTech, a spin-off of the Vienna University of Technology. Today the company is considered to be the leading provider of innovative, time-controlled data communications in the aerospace, automotive, industrial and off-highway industries. The cream of the automobile industry, from Audi to VW as well as the top companies Hamilton Sundstrand, BAE Systems and Honeywell, rely on the high-tech developments emerging from Vienna.

The spin-off TTTech has strongly positioned itself internationally. What role has the Austrian business location played?

Every high-tech start-up requires at least three pillars: first, an innovative technology tested with prototypes and optimally protected by patents; second, solid financing adapted to the risks in the high-tech sector; and third, the vision of a market which believes in the benefits of the new technologies. All this is offered by the Austrian business location, and will also ensure the success of TTTech in the future.

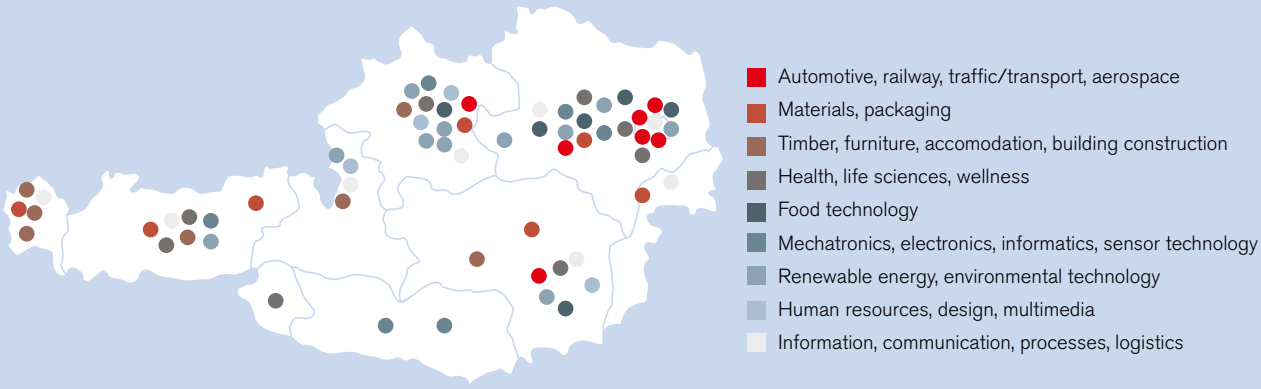
What are the main pre-requisites for high-tech research at the Vienna University of Technology?

Conditions for research are very good in international comparison. We work with talented graduates and excellent researchers and developers. A highly motivating research environment for a broad range of innovations – from initial concepts to the development of technological prototypes –emerges thanks to the combination of independent, institutionally financed basic research and project-financed technological research.

Hermann Kopetz, co-founder of TTTech and Professor Emeritus at the Vienna University of Technology

→ www.tttech.com

Clusters and networks
in the Austrian provinces and supraregional initiatives



Source: Clusterplattform

More Funding and Tax Advantages

Whoever carries out research pays lower taxes – and profits from the ten percent research premium and numerous funding programs

Research and even more research. Conducting world-class R&D poses major financial challenges to companies and research facilities, also in the ICT sector. For this reason, Austria reduced the investment risk. Starting at the beginning of 2011 the research premium on expenditures for a company's own R&D as well as contract research was raised from eight to ten percent, thus further improving the overall framework for corporate innovation. Companies are legally entitled to this premium, which is paid out in cash.

Tax advantages. Moreover, the Austrian tax system is extremely attractive for companies, featuring the tax-exempt educational allowance, the apprenticeship allowance, tax loss carryforwards and the possibility to transfer hidden reserves. The corporate income tax rate is 25 percent.

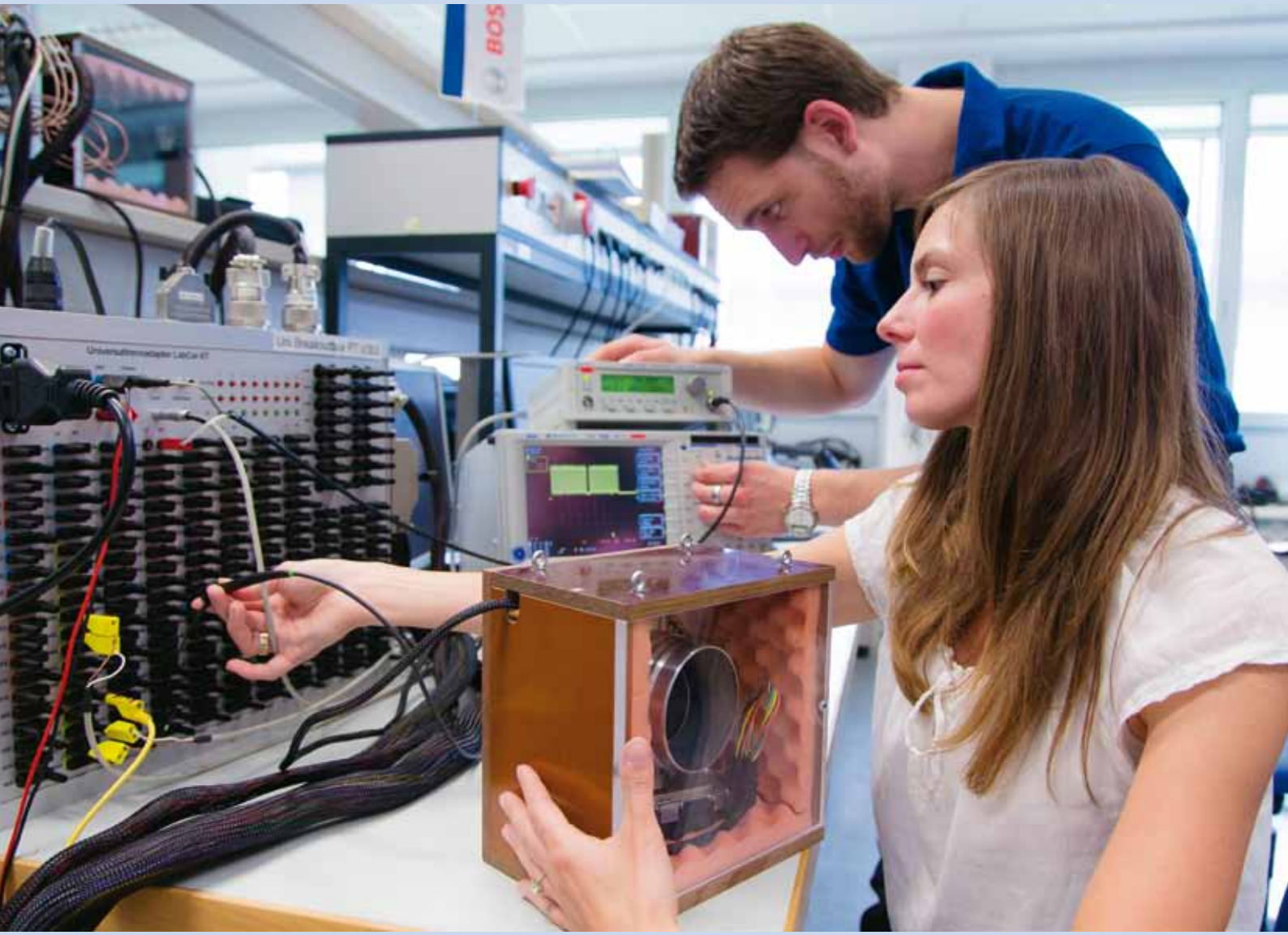
Broad-based research funding. Customized R&D research programs from the Austrian Research Promotion Agency (FFG), Austria Wirtschaftsservice (aws) or the Austrian Science Fund (FWF) are also available to companies conducting research.

benefit. Demographic changes are being taken into account, for example, by the thematic program "benefit". In line with the catchword ambient assisted living, the research and development of IT products and services designed to maintain and improve the quality of life of the elderly is being promoted.

AT:net – austrian electronic network. This special program supports the market launch of information technology applications and solutions on the basis of broadband technology which are in the public interest, such as e-government and e-health. Small and medium-sized companies in particular benefit from this.

FIT-IT. The Federal Ministry for Transport, Innovation and Technology created FIT-IT, a program offering funding for excellent cooperative research between ICT companies and research facilities in the fields of Embedded Systems, Semantic Systems and Services, Systems on Chip, Visual Computing and Trust in IT Systems. Participation in the European initiatives ARTEMIS and ENIAC is also carried out within the framework of FIT-IT, which is funded to the amount of EUR 10 million annually.

Funding:
→ www.ffg.at
→ www.awsg.at
→ www.fwf.ac.at
→ www.bmwf.gv.at
→ www.bmvit.gv.at
→ www.ffg.at
→ www.fit-it.at
→ www.foerderkompass.at



FREQUENTIS

"About 70 percent of all Frequentis employees are engineers and specialists. 12 percent of revenues are committed to research and development activities every year. We have a pronounced R&D orientation."

Christian Pegritz, Member of the Executive Board of Frequentis

Clusters as Innovation Drivers

Well-networked companies operating in the Austrian business location exploit synergies and are the driving force for new developments.

More than 50 industry clusters
Approximately 50 industry clusters in nine federal provinces encompassing 3,500 companies and 420,000 employees enhance Austria's innovative strength. Specialized firms, from SMEs and spin-offs to international R&D headquarters intensively cooperate with each other as well as with research institutions and talented developers. Today, in addition to the booming federal provinces of Upper Austria, Carinthia and Tyrol, Vienna is now ranked as the third largest IT metropolis in Europe.

IT cluster of the Vienna Business Agency. Some 5,300 Viennese firms featuring a technological edge make a major contribution to the country's competitiveness. Each year they generate revenues of over EUR 20 billion. More than 8,000 domestic and international IT firms located in the Vienna region (Vienna, Lower Austria and Burgenland) account for 75 percent of total IT industry revenue in Austria.

Cluster Information Technologies Tyrol. In the western part of Austria, 100 strongly innovative companies, institutions and universities with more than 2,000 employees generate a dynamic effect in the firms. They jointly represent the Cluster Information Technologies Tyrol.

Mechatronics Cluster (MC). Mechatronics – an invented word and interdisciplinary segment encompassing mechanics, electronics and computer sciences – has established itself in Upper Austria as a future-oriented area of research. The latest developments in this relatively new field serve as major drivers of innovation for companies such as Artaker CAD Systems, Robert Bosch Diesel Development, Siemens and Carl Zeiss Industrial Measuring Technology. More than 300 partners join forces with R&D and educational institutions such as Johannes Kepler University Linz in order to exploit synergies. .

SIC Software Internet Cluster. SIC, an initiative of about 500 Carinthian software and Internet specialists together with the University of Klagenfurt stands for state-of-the-art IT solutions which are globally in demand.

→ www.clusterland.at
→ www.vite.at
→ www.standort-tirol.at
→ www.mechatronik-cluster.at
→ www.sic.or.at
→ www.me2c.at

me2c [micro] electronic cluster. The Carinthian network me2c focuses on microelectronics, electronics and mechatronics, and is comprised of 42 partner companies, including global players such as AT&S, Flextronics and Infineon as well as numerous small and medium-sized companies. Their common goal is to further enhance Carinthia's existing high level of technological competence.

Competence Centers – For Everybody's Benefit

Strategic partnerships between research facilities and the business community ensure corporate success.

More than 40 competence centers. One of the most successful Austrian funding initiatives is COMET (Competence Centers for Excellent Technologies). The underlying aim is to promote the cooperation between science and industry and generate attractive competitive advantages via competence centers. During the entire duration of the COMET funding initiative (2006-2019), a total of EUR 1.5 billion will be invested in industry-related research, also in the environmental sector.

Software engineering at the highest level. The Software Competence Center Hagenberg (SCCH) in Upper Austria, one of the largest independent research centers in the country in the field of software, plays a pioneering role in software-related technological research and development trends. Its reference customers include prominent companies such as voestalpine, Siemens AG, Fronius International GmbH, Keba AG, ENGEL AUSTRIA GmbH and ALPINE-ENERGIE Österreich. The competence centers with its 60 employees at present generated revenues of EUR 5.7 million in its four priority areas of Process and Quality Engineering, Models Architectures and Tools, Knowledge-Based Vision Systems and Data Analysis Systems during the 2010/11 fiscal year.

Intelligent networks and interfaces. The Telecommunications Research Center Vienna FTW focuses on innovations in communications technologies in order to drive forward needs-oriented and efficient solutions in the fields of telecommunications, energy and traffic. The main research areas are Smart Connectivity, Network Intelligence and Smart Interfaces. FTW cooperates with 15 industrial partners such as Kapsch, A1, EVN and Asfinag as well as with leading Austrian universities and research institutions and international academic partners in Europe and the USA.

Virtual vehicle development. How will vehicles in the future stand out and win over customers? By providing greater comfort and safety combined with lightweight construction and alternative drive systems. This complex series of tasks are solved by the Graz-based Research Center VIRTUAL VEHICLE, which uses co-simulation as the basis for enabling much more efficient total vehicle development. The Styrian competence center is considered to be a unique partner of leading premium brand automobile manufacturers in Europe such as Audi, BMW, Porsche, Daimler, Renault and VW. Some 200 specialists from Europe, Africa and Asia carry out research at VIRTUAL VEHICLE on new mobility concepts, comprising an order volume of EUR 21 million in the year 2011. The research center has a project budget of EUR 100 million at its disposal, of which EUR 70 million is from COMET programs.

Visual computing. Austria's leading research and development company in the field of visual computing is the VRVis Center for Virtual Reality and Visualization Research GmbH. The approx. 48 scientists and developers working at VRVis comprise Europe's second largest research group for computer graphics. The continually growing customer network ranges from multinationals such as the German Agfa HealthCare GmbH to Austrian flagship companies such as AVL, the world's largest company for the development, simulation and testing technologies for drive systems.

Intelligent sensor systems. Carinthian Tech Research AG, the largest non-university research center in the south of Austria, is an important partner both domestically and internationally in order to transfer the latest scientific findings in the field of sensor technologies into industrial practice. The focus of its R&D activities is optical system technologies, microsystem technologies and the development of remote sensor systems. Companies such as Philips, Volkswagen, Infineon, Siemens as well as NASA rely on this competence based in Carinthia. For example, a multi-sensor system which is suitable for high temperatures was developed for the Italian steel company Concast Technologies SRL in order to make steel production safer and more efficient.

→ www.ffg.at
→ www.scch.at
→ www.ftw.at
→ www.v2c2.at
→ www.vrvis.at
→ www.ctr.at

vr vis

"COMET competence centers offer a variety of advantages, such as access to the latest scientific findings, effective know-how and transfer on the basis of partnerships with companies in the field of innovative product development and their commercial realization in business operations within the context of cost-effective research projects based on public funding."

Georg Stonawski, CEO of VRVis

Good Location for International Companies

Numerous multinationals and foreign investors take advantage of the R&D potential in the heart of Europe.

High research quota. Whether in mountain sport regions, stadiums, amusement parks and shopping centers, in parking areas, trade fairs or airports, modern IT solutions enable visitors and customers to gain quick access without having to wait in long queues. SKIDATA AG based in Salzburg, part of the publicly listed Swiss Kudelski Group, the market leader for digital security technologies, ensures convenient, secure and reliable access management for people and vehicles around the world. More than 7,000 SKIDATA systems are already in use. The success of the company can be attributed to its vision of shaping the future on the basis of progress and innovations. For this reason, 15 percent of its revenues are invested in R&D each year. In order to maintain its know-how edge, SKIDATA operates in a global network of international partners, and cooperates with renowned universities in Switzerland, Belgium and France.

Sought-after know-how. At the end of 2010 the American company Intel Corporation acquired the Austrian wireless division of Infineon and founded Intel Mobile Communications Austria GmbH in Villach a year later. The firm is a research and development subsidiary for mobile telephony innovations. The focus of the steadily growing Carinthian development team is in the field of Mixed Signal Design for Transceivers as well as Innovative Architectures for Complementary Metal Oxide Semiconductor technologies (CMOS).

→ www.intel.com
→ www.philips.at
→ www.skidata.com

CT companies which conduct research in Austria
Examples:

Microsoft	Frequentis	Siemens	Fabasoft
Intel	TTTech	Skidata	austriamicrosystems
AT&S	Philips	Telekom Austria	Epcos
Kapsch	Infineon	Imtech	Alcatel-Lucent

High-tech Made in Austria. Philips has a long tradition in Austria. In 1926 the Dutch company established a foothold in Austria by setting up a sales company. Today Austria is not only an interesting market for Philips, but an important high-tech location with competence centers of global importance. Philips Austria GmbH employs about 700 people in the fields of Healthcare, Consumer Lifestyle and Lighting, in order to decisively shape developments to create a leading company for human health and well-being. To achieve this Philips requires permanent research efforts and the ongoing development of future-oriented technologies. Researchers and developers in the Austrian business location make an important contribution to this process.

Strong partners in Austria. Microsoft Österreich GmbH is a subsidiary of Microsoft Corporation/Redmond, U.S.A., the world's leading producer of standard software, services and solutions. Since 1991 Microsoft has operated its own subsidiary in Vienna. Moreover, Microsoft has also owned Vexcel Imaging, an R&D subsidiary located in Graz, since the year 2006. About 340 qualified employees work at the two locations. Together with more than 5,000 Austrian partner companies, Microsoft pursues the goal of enabling people and companies to exploit their entire potential on the basis of software. Thus the Microsoft Partner Network also makes an important contribution to development the business location. Today Microsoft and its partners account for a value creation of about EUR 2 billion in Austria.

Enterprise IT. Imtech ICT Austria pays special attention to the current challenges posed by cloud computing, virtualization, security and mobility. As part of the Dutch technology group Imtech N.V., the company ranks among the leading providers of enterprise IT in Austria, offering customized software solutions and IT services to customers such as OMV, Sony and Bramac. Imtech N.V. has a work force of more than 27,400 employees worldwide, and is a key partner of leading IT manufacturers such as IBM, Microsoft, SAP and Cisco. Revenues in 2011 amounted to EUR 5.1 billion.

→ www.microsoft.com
→ www.imtech-ict.at

Microsoft®

"The IT market is in the midst of a particularly exciting phase. Issues such as cloud computing and the consumerization of IT are changing an enormous amount of things. We are energetically helping to shape this paradigm change in the Austrian business location thanks to our strong Microsoft team and the many thousands of innovative partners."

Georg Obermeier, Managing Director Microsoft Austria

Red-White-Red ICT Pioneers

Austrian companies operating in an innovative business location develop IT products and services for the global market.

AT&S
The global printed circuit board manufacturer AT&S is the technology leader on the market for high quality circuit boards. The group whose R&D headquarters are located in the Styrian town of Leoben specifically focuses on current trends. Thus the demands imposed upon integrated electronics and circuit board design are growing rapidly in the automobile segment and in mobile telephony. New solutions in these areas are being developed by AT&S, for example, within the framework of the EU project "Hermes" in cooperation with eleven European industrial, automotive and aviation global players. The industrialization of embedding technologies should enhance the performance and integration of new functions in the inner layers of circuit boards. This will open up a series of new applications for the Styrian company, for example relating to a new generation of hearing devices or pacemakers in the field of medicine. AT&S generated revenues of EUR 514 million in 2011, employing a staff of 7,500 people.

Kapsch
Kapsch ranks among the most successful and globally significant technology companies from Austria. Kapsch was established 120 years ago, and sets new standards today in the future markets of Intelligent Transportation Systems (ITS) and Information and Communications Technology (ICT). The Kapsch Group consists of three key companies i.e. Kapsch TrafficCom, Kapsch CarrierCom and Kapsch BusinessCom. The family-owned company based in Vienna stands for the consistent development and implementation of new technologies on behalf of its customers. Kapsch is making a vital contribution towards the responsible and sustainable design of a mobile and networked world based on a broad spectrum of innovative solutions, systems and services. The companies in the Kapsch Group employ more than 5,000 people around the world. Revenues of close to EUR 830 million were achieved in 2010/11, of which more than seven percent is invested in research and development.

→ www.ats.net
→ www.kapsch.net

OVOS
Serious games or knowledge transfer using computer games already represent a billion-dollar business in the Anglo-American region and are now reaching Europe. Today IT pioneers such as OVOS ensure the excellent international reputation of the Viennese edutainment sector today. In 2011,OVOS was given the German Developer Award 2011 for the best serious game in the German-speaking region of Europe, namely the digital Physics educational game "Ludwig". The market potential in Austria consists of some 362,000 youth between the ages of 10 and 14, and approx. 3.6 million pupils in Germany of the same age. More and more adults also want to learn through playing. In this respect, human resources department are increasingly discovering computer games as a suitable tool for their professional training and further development programs. OVOS also offers customized IT solutions for this segment.

Frequentis
Once a medium-sized Austrian company, Frequentis AG has been transformed into an internationally successful corporate group. Most of the 1,030 employees work at Viennese headquarters today. As the global provider of reliable qualitative communications and information solutions, Frequentis continually relies on innovations in security-critical areas and operates subsidiaries and representative offices in more than 50 countries, Each year some 12 percent of total revenues (2011 revenues: EUR 163.4 million) are devoted to R&D. Great strategic opportunities for the future may be opened up for Frequentis by its participation in the EU project "Single European Sky ATM Research Programme" (SESAR). The company has been demonstrating its constructive innovative strength within the framework of this modernization program targeting Europe's airspace.

Fabasoft
As the leading European producer of software and cloud provider, Linz-based Fabasoft can rely on 20 years of IT experience. The company's software products enable the uniform recording, arrangement, storage and archiving of all digital business documents and records (enterprise content management, records management) as well as the informal and structured interdisciplinary cooperation (collaboration, work flow). The Fabasoft eGov-Suite has emerged as the leading application for electronic record keeping in the public sector of German-speaking Europe. It enables the public administration in Austria, Germany and Switzerland to offer citizen-centered e-government solutions.

→ www.ovos.at
→ www.frequentis.com
→ www.tttech.com

TTTech

"Austria is a top location for R&D in the field of embedded computing and provides valuable economic impetus thanks to an efficient funding landscape. The proximity to important educational facilities enables TTTech to interest and internationally deploy highly qualified employees".

Stefan Poledna, Member of the Management Board of the Viennese high-tech company TTTech

Top-Notch Employees Move Ideas Forward

The business community finds good employees based on practical professional development and further education and the Red-White-Red card.

Specialized staff? No problem at all. In order to bring innovations to market, one does not only require good ideas from R&D, but also highly qualified specialized staff for the practice-oriented implementation. Application-oriented education and further education have a long tradition in Austria, whether at the numerous higher technical colleges (HTLs), 22 public universities or 21 universities of applied sciences with more than 370 courses of study.

Large pool of computer science experts. With respect to the share of graduates in computer sciences as a percentage of the overall total, Austria's figure of 5.9 percent is much higher than the EU-27 average of 3.4 percent. Thus the business community is ensured of a comparatively large pool of specialized, well-educated IT employees on the job market. Graduates come from outstanding universities and research institutes such as the Vienna and Graz Universities of Technology, the University of Innsbruck, Johannes Kepler University Linz and the University of Applied Sciences Technikum Wien, Austria's largest purely technical university of applied sciences. Companies also have numerous renowned R&D partners with committed researchers at their disposal, for example non-university research facilities such as JOANNEUM RESEARCH, the AIT Austrian Institute of Technology and the Christian Doppler Research Association.

Education for the economy
Annual costs per pupil/student in US$

Switzerland	14,977
USA	14,923
Norway	13,285
Austria	**11,852**
Netherlands	10,704
United Kingdom	10,051
Japan	9,673
France	9,562
Italy	9,149
Germany	9,115
OECD	8,831
Czech Republic	5,895
Poland	5,135
Slovakia	4,446

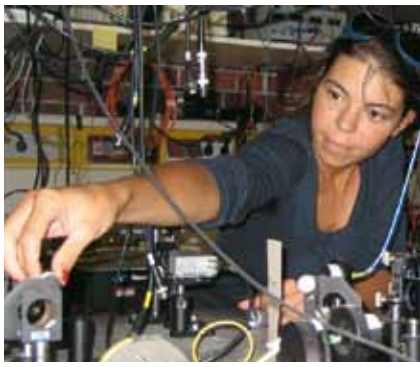
Source: OECD, Bildung auf einen Blick 2011

Motivated workforce
10= Employees identify with company objectives

Switzerland	1	8.05
Denmark	2	7.76
Austria	3	**7.73**
Germany	5	7.39
Japan	7	7.35
Netherland	10	7.17
USA	20	6.55
Belgium	27	5.87
Czech Republic	31	5.78
United Kingdom	31	5.24
Italy	41	5.2
Poland	46	5.08
Hungary	47	5.03
France	50	4.78

Source: World Competitiveness Yearbook 2012

A new home. Well-trained specialized employees as well as researchers are internationally mobile in a global society. This is also a major advantage to companies. With the Red-White-Red card, key employees such as technicians or top researchers from non-EU member states and third countries who have studied in Austria can be more easily employed. In contrast, high potentials from abroad come to Austria due to good career opportunities in interesting companies or highly sought-after universities. The soft facts are also extremely important. Austria scores points with its high quality of life, the good working conditions, the political and social stability and the incomparable diversity of the natural environment and its cultural offering.



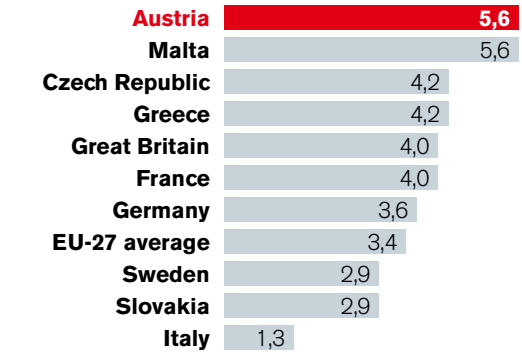
Francesca Ferlaino, Professor for Experimental Quantum Physics at the University of Innsbruck

Unique promotion of young researchers. Francesca Ferlaino is pursuing a career at the Institute for Quantum Optics and Quantum Information at the University of Innsbruck. Born in Naples, she was recently named a professor for experimental quantum physics. She has been focusing on the rare metal erbium and its promising properties as a quantum gas.

What opportunities have arisen for you as a young researcher in Austria?

"I was lured to Innsbruck by the high quality of research. I absolutely wanted to learn about new techniques to manipulate and control ultra-cold quantum gases, atoms and molecules. The work here in Innsbruck in the group led by Rudolf Grimm, one of the world's best quantum physicists, has more than exceeded my expectations. Here top researchers and young scientists are working in an incredible synergy. I value the local and international research partnerships and the system of promoting young researchers in Austria, which I have certainly benefitted from."

Top position in the EU in the number of computer science graduates Share of computer science graduates in the EU-27 as a percentage of the overall total



Source: Eurostat

Austria: Country of Mobile Telephony

Austria's mobile telephony sector is considered to be an important growth driver.

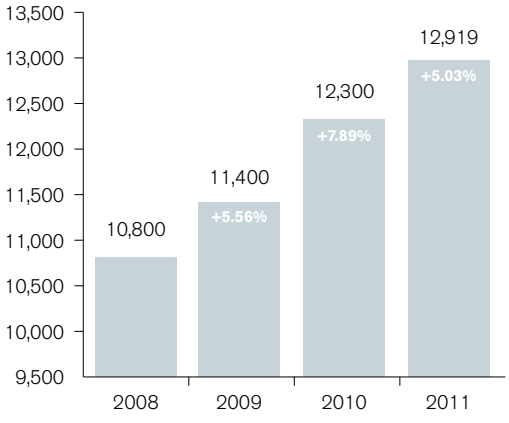
153 percent market penetration. Austria's population of 8.4 million own 12.9 million SIM cards. Accordingly, in 2011 Austria experienced the continuation of its unbroken boom in mobile telephony. Many people not only use a company mobile phone but a private one as well. At the same time, the machine to machine (M2M) communications segment is also growing. Automobiles are increasingly being equipped with mobile phone access, and apartment alarm systems are linked to the mobile phones of the tenants and property owners.

Mobile broadband is driving the market. In recent years the market share of mobile broadband connections has steadily increased. In 2011 the percentage of mobile broadband connections (57 percent) surpassed fixed line broadband connections for the first time. This trend has not only been based on comparatively favorable mobile telephony rates. According to the OECD basket of goods for the EU-15, Austria is the least expensive country for mobile telephony. In particular, the latest development on the mobile phone market i.e. the smart phone ensures the overall increase in mobile communications. The 75 percent overall increase in transmitted data volume in 2011 also reflects the popularity of smart phones. The Austrian mobile phone industry thus increasingly focuses on expanding the fourth mobile telephony generation LTE (Long Term Evolution). This new mobile telephony standard and UMTS successor enables significantly higher download rates of up to 300 megabits per second.

Economic impetus. Austria's mobile telephony sector is an important impetus for investments and innovations, and is very important to the country's economy. In 2011 the four mobile phone companies A1 Telekom Austria, Hutchison 3G Austria, Orange Austria and T-Mobile Austria posted total revenues of about EUR 4.5 billion. 14,300 people are directly employed in the mobile telephony industry. Including downstream sectors, it accounts for some 30,000 jobs. Up to EUR 700 million is expected to be invested in new technologies in the upcoming years.

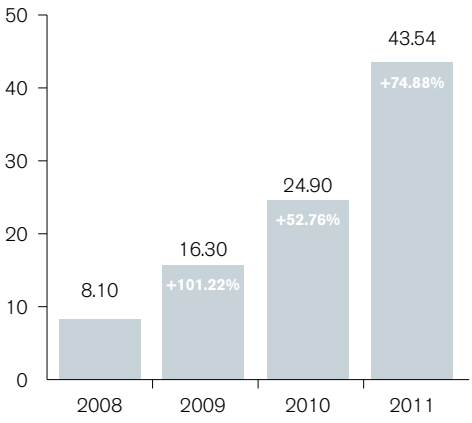
Forum Mobilkommunikation - FMK. The Forum Mobilkommunikation is a voluntary industry initiative of mobile service providers, network component suppliers and mobile device manufacturers. Companies such as A1 Telekom Austria, Alcatel-Lucent, Ericsson, Hutchison 3G Austria, Kapsch Carrier Com, Nokia, Nokia Siemens Networks, Orange, Samsung, Sony Ericsson and T-Mobile Austria take part in this initiative. The platform considers itself to be the point of contact for all issues relating to mobile telephony and the mobile phone infrastructure, and offers information on the basis of well-founded scientific findings. In particular, the platform strives to establish a dialogue with people and institutions critically dealing with this topic.

SIM cards per year
In thousands



Source: Forum Mobilkommunikation

Transmitted data volumes
Millions of GB/year



Source: Forum Mobilkommunikation

European Champion in E-Government

Austria's is at the cutting edge internationally when it comes to the issue of e-government.

100 percent online availability. Whether it is a question of getting legal advice or applying for tax equalization or a new residence registration form, citizens and companies in Austria can unbureaucratically establish contact with public authorities and handle formalities online with the help of modern information and communication technologies. The Austrian e-Government initiatives have been rewarded with a first place ranking in European comparison for the fifth straight year. Austria already fulfills criteria such as „full online availability" and „service sophistication" 100 percent.

Excellent offering. The initial point of contact for all issues relating to completing administrative procedures online as well as e-Government services is HELP.gv.at. This online portal which has received a number of awards has been offering online services for more than 15 years in accordance with the "one-stop" principle. The corporate service portal USP is particularly tailored to the needs of the business community. For example, business people can access this platform and take care of many formalities online, for example for purposes of tax or social insurance reporting and much more.

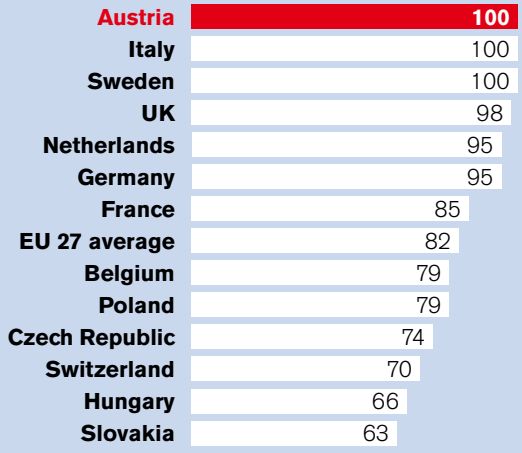
→ www.help.gv.at
→ www.usp.gv.at
→ www.egiz.gv.at
→ www.digitales.oesterreich.gv.at

Today Austria along with Sweden is considered to be one of the leading e-Government nations of Europe with a diverse service offering which is widely accepted by online users. Three quarters of all Austrians already take advantage of electronic public services. This resounding success can be attributed to the contributions made by portals such as finanzonline.at, the e-card featuring citizen card functionality, the "digital signature" serving as a uniform system of electronic identification and the mobile phone signature model developed within the context of the EU-program called "STORK".

Platform Digital Austria. Since 2005 the platform Digital Austria has served as the coordination and strategy committee for e-Government. Based in the Federal Chancellery of Austria, this platform is a unique worldwide model bundling all the e-Government projects of the Federal Government, the federal provinces, municipalities and the business community. The Internet Society Competence Center (KIG) established in 2010 particularly focuses on promoting the partnership with companies in the field of e-Government. The common goal of both initiatives is to enable all people in Austria to profit from citizen services offered online, for example by further expanding the Internet penetration rate.

E-Government Innovation Center EGIZ. Parallel to the platform Digital Austria, the E-Government Innovation Center (EGIZ) was also set up in the year 2005. This initiative launched by the Federal Chancellery of Austria and the Graz University of Technology supports public authorities in further developing Austria's ICT strategy and conducts research pertaining to technical innovations in an e-Government environment. The focal points of the work carried out by EGIZ include IT security, further education and information, the strategic and technical consulting for the public administration and participation in international cooperation projects. In addition, the center cooperates with the Center for E-Government at Danube University Krems in the fields of further education in e-Government and e-Democracy.

European champion in e-Government
Online availability of public services in percent



Source: E-Government EU-Ranking 2010

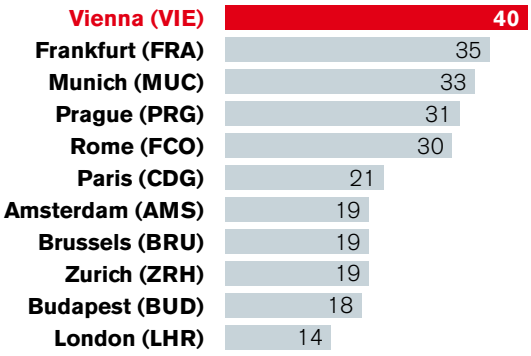
East-West Interface

Whoever works and researches in Austria does this in the heart of Europe, and in direct proximity to dynamic growth regions.

Springboard to lucrative business. Privileged by its geographical location in the heart of Europe, Austria has positioned itself as the business interface for the growth markets of Central and Eastern Europe. Boasting more than 300 regional corporate headquarters, the Alpine Republic is significantly ahead of competing CEE locations such as Poland, Slovakia, Czech Republic or Hungary. On balance, about 1,000 international companies such as Siemens, Beiersdorf, Hewlett-Packard, Eli Lilly, Henkel and FedEx coordinate their CEE business operations from Austria. Approximately 40 CEE-related international institutions are based in Austria.

Location advantages. Outstanding Central and Eastern European know-how on the part of Austrian service providers such as banks and law firms, a historically matured cultural understanding of Austrians for the CEE region, political stability and security as well as transparent laws make Austria an ideal East-West business interface. This is complemented by a high share of employees with a knowledge of Eastern European languages, based on the fact that 19 percent of the population, after all, has a migration background.

Vienna takes off
Number of destinations in Central and Eastern Europe



Source: Vienna Airport 2012

Headquarters Champion
Number of regional headquarters

Country	Headquarters
Austria	303
Hungary	17
Poland	16
Czech Rep.	13
Slovakia	3

Source: Wolf Theiss, Headquarters Austria, September 2011

Technology leaders from Austria. Edeltraud Stiftinger has been head of "Corporate Technology CEE Siemens" for five years. The experienced R&D manager explains how the Austrian location with R&D investments of about EUR 331 million in 2011 has successfully positioned itself in seven of the global 50 research fields of the company.

Edeltraud Stiftinger, Head of Corporate Technology CEE Siemens

Considering South East and Eastern Europe, what does Siemens particularly value about Austria as a research location?

"For a long time now Austria has been an important player in the research landscape of Siemens. The company not only values the high technological competence but also the good and mature ties to the target markets in Central and Eastern Europe. Naturally these are important prerequisites for high-tech projects and new market opportunities in the CEE region."

What are the strengths of "Corporate Technology CEE Siemens" (CT CEE)?

"The internal competition among the 150 R&D centers around the world is enormous. For this reason it is important to provide the basis for outstanding achievements by the best minds in selected cutting edge technologies. For example, we succeed here with our two Viennese headquarters focusing on application-specific chips (ASICs) and constraint-based (complex) configurations. We significantly shape the technology strategy of the Group with more than 1,300 highly qualified researchers and developers, for example focusing on future issues such as smart grids or rail-based passenger traffic with the newly created competence center 'Metros, Coaches and Light Rail' in Vienna. Orders worth millions for the metro generation 'Inspiro' developed here have already been placed by Munich, Warsaw and Oslo."

Siemens not only relies on R&D in the Group but also on strategic partnerships with universities. Why?

"We have considerable in-house research talent. But a company is not the right environment for everyone to unfold his scientific creative potential. In accordance with the concept of 'open innovation', we conclude targeted partnerships with renowned universities in Austria and abroad."

→ www.siemens.com

ABA-Invest in Austria offers comprehensive services – competent consulting on selecting a business location, support in contacts with public authorities and funding bodies as well as on labor and tax issues and in the search for cooperation partners. And it does so free of charge.

Best Consulting on Business Location Issues

ABA-Invest in Austria is the investment promotion consulting company of the Republic of Austria and the top choice of international investors.

- **Experienced investment consultants** personally serve you and provide all the necessary contacts required in Austria. Contact us at the beginning of your expansion project so that you will be given optimal support.
- ABA-Invest in Austria offers **customized information** on Austria as a business location – sectors, technologies and markets, political and economic conditions.
- We are happy to advise you on important issues relating to **site selection** such as labor and tax regulations, incentives or real estate prices.
- Employees of ABA-Invest in Austria assist and support you in **handling formalities** such as applying for public funding or operating licenses – also in cooperation with the regional investment promotion agencies in the federal provinces.
- ABA-Invest in Austria also provides extensive services to support expansion investments **after project completion**.
- Investors can also benefit from the **international network** of ABA-Invest in Austria's offices in Vienna, New York and Tokyo as well as the foreign trade centers of the Austrian Federal Economic Chamber.
- **Specialized brochures.** More detailed information on different topics and industries can be found in numerous specialized brochures such as:

- Business Location Austria
- Bridge Between East and West
- Information Technology / Telecom
- Research and Development
- Biotechnology
- Tourism
- Environmental Technologies & Renewable Energies
- Starting Business in Austria
- Tax Aspects of Industrial Investment in Austria
- Tax Comparison Germany – Austria

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