

# CRAIN'S DETROIT BUSINESS

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## THIS JUST IN

### EDS to move 2,300 workers to Pontiac

**EDS Corp.** will move 2,300 employees to a **General Motors Corp.**-owned building on the Centerpoint business campus in Pontiac, consolidating the company's offices in Southeast Michigan.

In November, the Texas-based information-technology services provider will be leaving its office space at 750 Tower Drive and 5555 New King Drive in Troy as part of a first phase to move 1,800 employees, the company confirmed last week.

In a second phase, over the next two years, employees will be moved from other locations. The 600,000-square-foot Pontiac building is at 585 South Blvd.

"This gives us an opportunity to consolidate our locations and give the employees more opportunities for collaboration," said David Ellis, EDS communications manager.

**CB Richard Ellis** represented EDS and **Jones Lang LaSalle** represented General Motors in the deal.

— Daniel Duggan

### WSU-DMC relation may be unfixable, report is to say

A new report suggests the widening rift between **The Detroit Medical Center** and **Wayne State University** that made headlines last fall may be irreparable.

A Sept. 18 draft of the report obtained by *Crain's* notes "both institutions are on a path toward a 'slow divorce.'" The report is expected to reach Gov. Jennifer Granholm today, although the final wording has changed, according to one panel organizer.

"Even if a contract is signed between (WSU and DMC), it is a short-term solution. The lack of trust between the institutions' leaders, the lack of intervention by their boards to reflect community interests, and the divergent business will (continue

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## Cbeyond set to open local office for small biz clients

BY TOM HENDERSON  
CRAIN'S DETROIT BUSINESS

State and Oakland County officials are scheduled Wednesday to announce the opening of a Detroit area office for **Cbeyond Inc.**, a publicly traded company that expects to generate up to \$280 million in revenue this year providing bundled IT services for small businesses across the U.S.

The company (Nasdaq: CBEY) began interviewing would-be local employees in May for its 15,000-square-foot office in Farmington Hills.

It hired 46 employees locally, transferred four from other locations and expects to have as many as 100 employees in Farmington Hills by next March, according to Gabe Rosalis, vice president and general manager of the local office.

According to CEO Jim Geiger, who founded the Atlanta-based company in 1999, the company expects its local office to be operating in the black within 18 months. Cbeyond went public in 2005.

Geiger said the firm targets businesses with five to 249 employees. It claims 31,000 customers nationwide.

"In that market segment, Detroit is one of the largest markets in the company. I have a saying: 'Fish where the fish are biting,'" said Geiger, who said the Southeast Michigan small-business market is the 11th-largest nationally, with 51,000 businesses.

"And the Detroit market is actually growing, which surprises people. It's only grown 1 percent in the last five years, but it hasn't contracted despite all the problems with the economy.

"When a Fortune 500 company closes an office, those people don't generally join another Fortune 500 company, they join a small compa-

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## Message sent: 'No one is in charge' here

*Businesses upset with state's fiscal crisis*

BY BRENT SNAVELY  
AND TOM HENDERSON  
CRAIN'S DETROIT BUSINESS

Kathy Groman, owner of **WineStyles** in Livonia, was among the thousands of businesses who grappled last week with the possibility of a state government shutdown.

On Friday, Groman was facing the possibility that the state would halt wine shipments to her store.

Groman's biggest concern is her monthly wine club, which has 250 members who pay \$34.99 for two bottles of wine that they pick up at the beginning of each month.

"People are expecting their wine club orders to be

in the store and I am facing the fact that perhaps I am not going to have that for them," Groman said. "These are my best customers."

For many, dealing with both the two-day **United Auto Workers** strike and state budget impasse in the same week underscored Michigan's shaky economy and raised unease about Michigan's uncertain business environment.

"There are thousands and thousands of cases like (Groman's)," said Patrick Anderson, principal

Anderson

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## Vegas in the D

### Local architects collaborate on MGM Grand

BY DANIEL DUGGAN  
CRAIN'S DETROIT BUSINESS

In architecture, few things happen by accident.

The "feel" of a building, the materials it is made from, the hue of the windows are all carefully crafted.

In the case of the new **MGM Grand Detroit** casino and hotel set to open this week, the architects behind the design and look of the building said it was a monumental challenge to design a building that fits in with the architecture of Detroit, but looks like something from Las Vegas at the same time.

Behind the scenes, the design was a collaboration between two local architecture firms leading an army of subcontracted architecture, construction and consulting firms.

The two lead architects on the job —



WILLIAM PUGLIANO

Architects Thomas Sherry and Paul Tonti led a team of architects that brought a bit of Las Vegas to Detroit through the MGM Grand.

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NEWSPAPER

# MGM: Architects collaborate on Detroit casino project

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Paul Tonti, a vice president with **SmithGroup** of Detroit and Thomas Sherry, design principal with Detroit-based **Hamilton Anderson Associates** — explained the ideas behind the design of the building, the mechanics of their joint venture and the challenges of the project.

**In the next couple weeks, there will be a lot of attention on this building. What do you hope people will be saying?**

**Thomas Sherry:** I hope that people find it to be exciting and new, a breath of fresh air, but something that looks like it belongs here, or has been here for a long time.

That's behind our deliberate choice to use a stone base, which is a more traditional detail, to make it feel like part of a historic downtown. But then, as you go up the tower to find more contemporary detail with the strong vertical lines, there's a feel for a tower, pushing more toward a current interpretation of



WILLIAM PUGLIANO  
The MGM Grand was designed to face downtown, making it a visual part of the central city.

modernism and entertainment architecture.

**Paul Tonti:** I hope there's a range of opinions about the building. The question of whether this is part of the fabric of the city or not, I'm sure there will be debate on that.

**Some say the building looks like the grill of a classic car, or a hood ornament. What's it supposed to be reminding people of?**

**Sherry:** We set out to create a building that was respectful of the 20th century architecture that Detroit has a collection of, but at the same time, it's a casino property, an entertainment property and a first-class Las Vegas operator. We wanted to bring the excitement, allure and glamour of a hospitality project to the architecture.

So, we came up with a building that is exciting, that is contemporary, but at the same time it looks at home in Detroit and will look good

for a long, long time.

The fun thing is there's enough energy in the design that it leaves room for people to make their own interpretations.

**It seems pointed toward downtown — why is that?**

**Sherry:** We put the tower where we did at Third and Bagley because, symbolically, that's the closest physical and visual relationship to downtown. We wanted this to be a downtown building.

**The two firms are part of a joint venture that was named architect of record for the project. What's the advantage of that?**

**Tonti:** The two firms are an actual legal entity. It's becoming very common in business today as a way to be more collaborative.

Sometimes, it's just a matter of teaming the right skills together. In some projects you might have a firm stronger in one set of skills related to the project, and together you form a team that makes more sense.

In this case, we're one team; we even moved in together to work out of one office rather than two separate offices.

**Sherry:** Paul and I were the technical and design leads respectively, but the staff was put together with design and technical people from both companies. It was as a true blend.

**So you're a team now, but you're still competitors. Does that change the nature of the way the**

**two firms compete?**

**Tonti:** It's just part of doing business. We've worked together in the past, we'll work together in the future, but we'll still be competing. That's just how it goes.

**In some ways, you're trapped between two laws here. No one under 21 years old is allowed on the casino floor, families with children can't be restricted from a hotel. How do you deal with that?**

**Tonti:** That's why there are two entrances. People have the option of just staying in the hotel without feeling obligated to be part of the casino experience. That's behind the separation of the building.

**Sherry:** But it also helps. Most Las Vegas casinos have one entrance. If we did that here, it would be a wall. We wanted something more active, more typical of a downtown.

**What was the timeline for the project?**

**Sherry:** We had a long delay with this building due to the court injunctions. When we got the green light in September 2005, the drawings were three years old. So we broke ground, but had to keep working on the drawings.

**Tonti:** This was a very fast pace for a building this size. It took two years, and could easily take three-and-a-half years at a regular pace, maybe even four years.

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## CBeyond: Firm sees potential in Detroit area

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ny," he said.

The new office is the company's eighth. Geiger said it will open its next office in San Francisco "in the fourth quarter. We plan to open a few more each year after that. We want to be in the top 20 markets in the U.S., eventually."

Geiger said the goal is to "bring big-business tools to small businesses."

He said services include local and long-distance phone service, off-site data storage, firewalls, spam filters and a variety of mobile services.

"Our average company has 12 employees, and not one of them is an IT specialist. We try to be their outsourced IT specialist," he said.

Scheduled to welcome the company Wednesday morning in the Troy headquarters of **Automation Alley** are Farmington Hills Mayor Vicki Barnett; James Epolito, president and CEO of the **Michigan Economic Development Corp.**; and Oakland County Deputy Executive Dennis Toffolo.

Geiger said the company didn't ask for, and wasn't given, any tax credits or other inducements to come to Michigan.

Rosalis said the company will operate within a 50-mile radius of its Farmington Hills office.

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## Netlink: Founders took calculated risk

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competition."

Events thus far have proved them right.

Today their company, **Netlink Software Group America Inc.**, has about 1,000 employees — half in Bhopal, India, and about 380 in Southeast Michigan. It had \$14 million in revenue in 2005, doubled that to \$28 million last year and projects revenue of \$60 million this year.

Customers include **Starbucks**, **Subway**, **GM**, **Ford Motor Co.** and **Chrysler L.L.C.**, with whom Netlink landed its first major contract in 1999.

"With such a big client reference, life became a lot easier," said Dubey.

Netlink's targeted niches include the auto-supply chain, health care, retail and high-tech companies. Between 40 percent and 45 percent of revenue is auto-related.

"We're thrilled with that. We have no hesitation to have a large auto-related business," said Dubey.

At the end of July, Netlink opened its new headquarters in Madison Heights, a headquarters the state of Michigan won from a competing offer in Denver with a tax credit of \$3.6 million granted in March. The credit requires Netlink to add 298 jobs over the next seven years.

Eighty of those promised jobs have already been added, said Dubey, to fulfill a new contract that will be announced soon by a global tier-one auto supplier. He said it will add \$10 million in revenue a year.

Netlink opened an office in Dallas in 2004, one in Denver in 2006 and one in Miami in May through the acquisition of a small IT firm, **VINplus Inc.**, and plans to open an office in California next year.

Dubey said the company expects to close on two more acquisitions in the fourth quarter this year. One is a Michigan-based company with about \$11 million in revenue. The other is a European company with about \$8 million in revenue. Dubey said he plans to use the European company, which has offices in the U.K. and Germany, as a platform to open offices next year in France, Belgium, Italy, Spain and Poland.

Jonathan James, vice president of global

marketing for Troy-based **Syntel Inc.**, praised Netlink's focus on growing its European business and looking to small companies "who don't have the IT budget that companies like Syntel generally look for."

"There are three waves of demand in outsourcing," he said. "One is (Forbes) Global 2000 companies, the companies everyone is chasing because they spend so much on IT. No. 2 is the European sector, which is 12 to 24 months behind the U.S. in IT outsourcing. No. 3 is from small and midsized businesses."

James said there is strong global demand for IT outsourcing, particularly the niche known as business process outsourcing,

which Netlink focuses on.

"With global BPO, we're looking at annual growth of 25 to 30 percent," he said.

Dubey and Shrivastava met as undergrads in India in 1986, then went their separate ways. Dubey enrolled at the **University of Michigan** to get his master's degree in mechanical engineering and went on to GM. Shrivastava went to **Clemson** to study human-computer interfacing.

Dubey spent three years at GM while working on his Ph.D. in international business at **Wayne State University**, doing his thesis on teamwork in global businesses.

Shrivastava joined the Paris-based **Capgemini Group** as an IT consultant.

In 1997, they decided to reunite and form a company.

"I had a great job at GM, but you could see where you were going to end up in 30 years. It didn't seem exciting enough," said Dubey, who said the division of labor was clear-cut.

"He was the technology brains. I was the process and business side of things, and we

pulled it together."

Jim Radzicki is vice president and chief information officer for Arizona-based **Direct Alliance**, a wholly owned subsidiary of **TeleTech Holdings Inc.**, a billion-dollar global provider of IT outsourcing.

Radzicki said he needed to hire a contractor about a year-and-a-half ago to help with an internal project. A board member at TeleTech recommended he contact Netlink.

"We gave them a call, compared them to some competitors and chose them. We've since extended the relationship twice, and as other projects arise, I'm sure we'll use them on those, too."

"With some contractors, they come in, deploy and are gone. Then, you get nicked and dined on follow-ups. But we built a relationship with them. They did knowledge-transfer to our employees. They didn't just throw something over the wall."

One preferred model for Netlink is to take over a customer's IT staff, down to making the customer's employees its own.

R.J. Wentz became an employee through the purchase of VINplus, which did systems integration for auto dealers. He is now Netlink's vice president of automotive retail operations in Madison Heights.

"I was incredibly excited about their acquiring us. It provided us a resource pool that we didn't have before," said Wentz. "They invested money in us that let us do what we always thought we'd be capable of doing. I expected that."

"What I didn't expect — I'd worked for large organizations and expected to be stepping back into the corporate environment — was we were all treated as family by Dilip and Anurag."

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Jim Radzicki, Direct Alliance