



MONITOR GROUP

2003

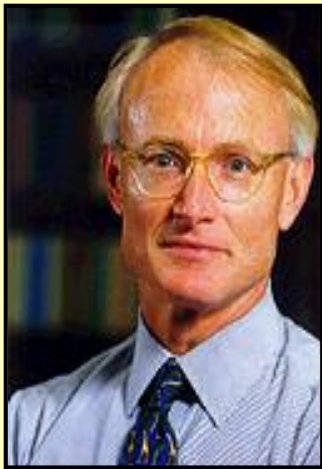
AMSTERDAM
ATHENS
BEIJING
CAMBRIDGE
CHICAGO
FRANKFURT
HONG KONG
ISTANBUL
JOHANNESBURG
LONDON
LOS ANGELES
MADRID
MANILA
MELBOURNE
MILAN
MOSCOW
MUMBAI
MUNICH
NEW YORK
PARIS
SAN FRANCISCO
SÃO PAULO
SEOUL
SINGAPORE
STOCKHOLM
TEL AVIV
TOKYO
TORONTO
ZURICH

Leaders in Country Competitiveness

Brunei Darussalam

February 20, 2003

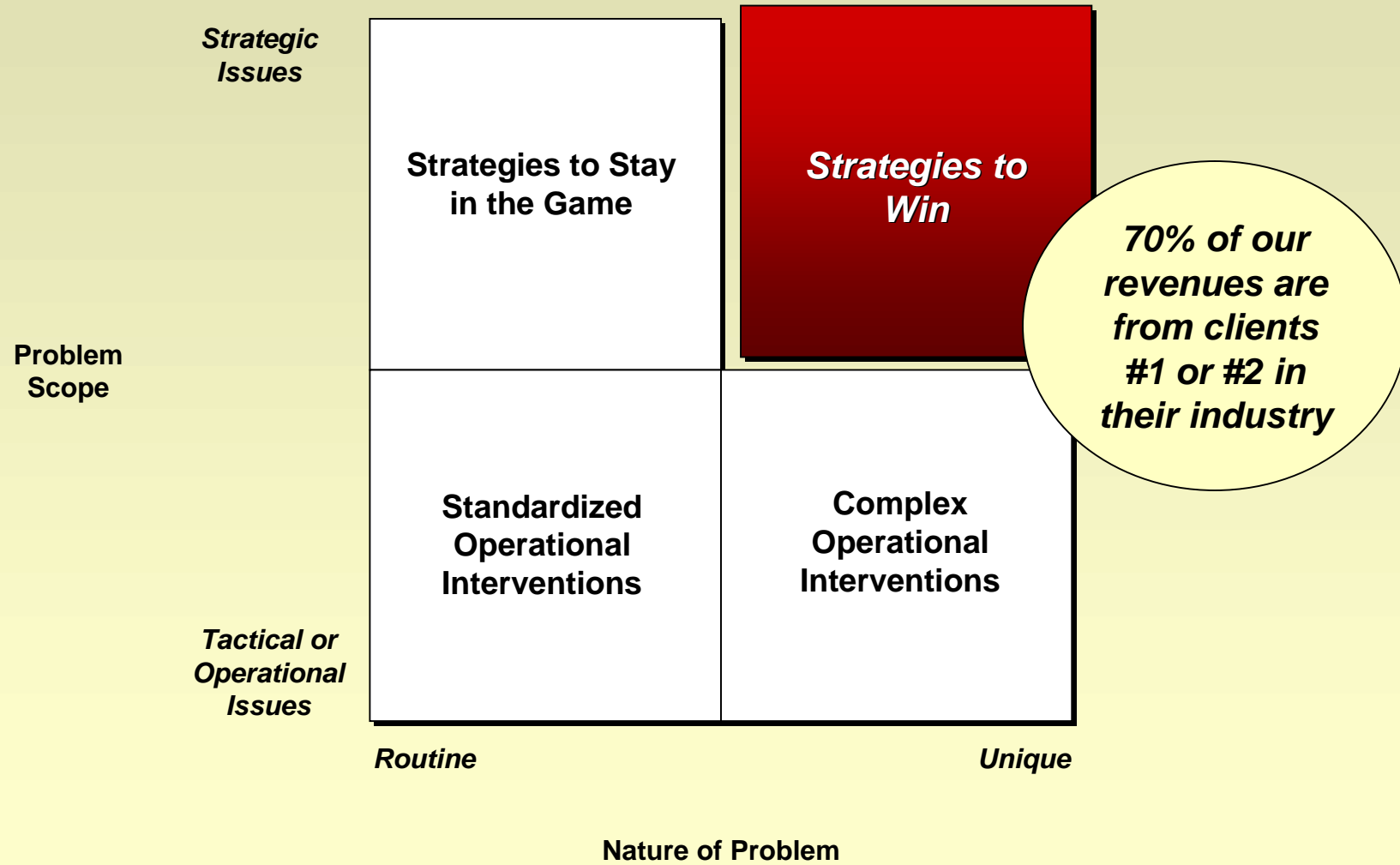
Competitive Strategy is about being Different



“Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. A company can outperform rivals only if it can establish a difference that it can preserve.”

— **Michael Porter**
Director and Co-Founder of the Monitor Group

The most challenging strategic problems facing organisations: *Strategies to Win*



**Over 1,000 professionals in offices worldwide
- one integrated talent and knowledge pool -**



Global Leader in Country Competitiveness

Country Competitiveness® is Monitor Group's *proprietary approach* to cluster analysis

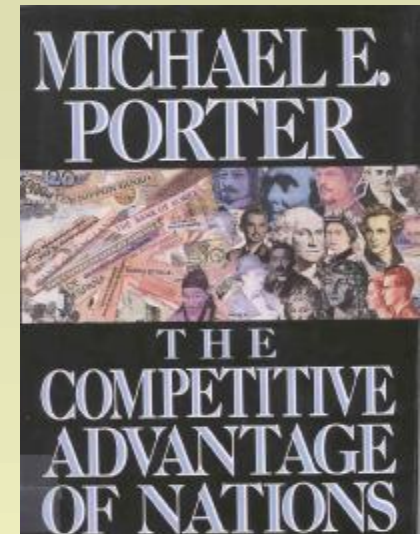
This approach is developed from more than fifteen years of global experience, building on hard theoretical and empirical evidence. Drawing upon the intellectual leadership of founding partner, Professor Michael Porter, author of *Competitive Advantage of Nations*, and a breadth of practical experience acquired through numerous and diverse projects across the globe, Monitor is widely regarded as being at the vanguard of country competitiveness initiatives.

In recent years, Monitor advised and worked with over 80 governments, regions and cities on issues of competitiveness and capability building

We have devised multiple country and regional competitiveness programs, and developing long-term sustainable development growth strategies with close collaboration from the country's authorities and key private sector players. Monitor has also completed over 300 projects with public sector in a variety of policy-setting and industry contexts in multiple regions.

Recently, Monitor completed a seminal engagement together with the US Council on Competitiveness

This initiative identified and characterized the conditions, capabilities and institutional roles required to drive advanced economies forward. Dubbed the "Clusters of Innovation", this unprecedented study shows how the economies of regions and nations can be configured to enable sustainable growth and it identifies the importance and nature of inter-regional relationships in helping to fuel continued development.



Unrivalled Expertise, Experience and Processes

Thought Leadership

- | **Pioneers in the thinking and application of new concepts** related to country and industry cluster competitiveness

Unparalleled Experience

- | Practical experience in **country competitiveness** projects worldwide
 - Have worked on more than 400 projects and over 50 national level governments

Highly Actionable Strategy

- | We go beyond **beyond making strategic recommendations** which often stay end up as a report that stays at the shelf
 - We deliver a clear and compelling **business plan** to guide organisations on **how to effectively implement**

Proven Approach to Create Change and Action

- | We explicitly **address causes of inertia** and barriers to change
- | We interactively **drive consensus for action** across wide variety of constituencies

Committed to Effective Knowledge Transfer

- | We **empower participants** through capability building and knowledge transfer

Client situations may be highly challenging

Massachusetts Example

Bleak Economic Context

- | Severe Economic Downturn between 1988 and 1991 -- over 360,000 jobs lost
 - Upheaval in Minicomputers and Defense Industries
 - Real Estate and Construction Boom then Bust
 - Correction from High Growth of the 1980s
 - History of Unresponsive Government
- | National and then Global Recessions

Clear Strengths and Weaknesses

- | Strengths
 - Strong Education and Research
 - Highly Skilled Workforce
 - Leading Positions in Emerging Technologies
 - Entrepreneurial Climate
 - Venture Capital
 - Attractive Place to Live
- | Weaknesses
 - History of Unresponsive Government
 - High Cost of Doing Business
 - High Cost of Living
 - Despondency - little impact of previous initiatives
 - Internal Focus

Monitor's Recommendations are Highly Actionable

Selected Examples

Technology and Innovation Capital

- | R&D Tax Credit
- | Massachusetts Technology Collaborative
- | MIT Enterprise Forum
- | Regulatory Task Force
- | Small Business Innovation Research Program
- | Excellence in Innovation and Quality Awards
- | Cluster Studies in Biotechnology, Defense, Telecommunications, Medical Devices, Metal Working, Photonics, Plastics

Most Attractive Climate for Investment

- | Repealed Tax on Services
- | Estate Tax Reform
- | R&D Tax Credit
- | Tripled Investment Tax Credit
- | Reduction of Tax on Interest and Savings
- | Investment Tax Credit for Leased Equipment
- | Capital Gains Tax Reform
- | Bank Tax Reform
- | Single Sales Apportionment for Defense and Manufacturing
- | Mutual Fund Tax Reform
- | Insurance Industry Tax Reform
- | Telecommunications Tax Cut for Internet Sales
- | Economic Opportunity Area Credits and Tax Increment Financing

Cost of Doing Business

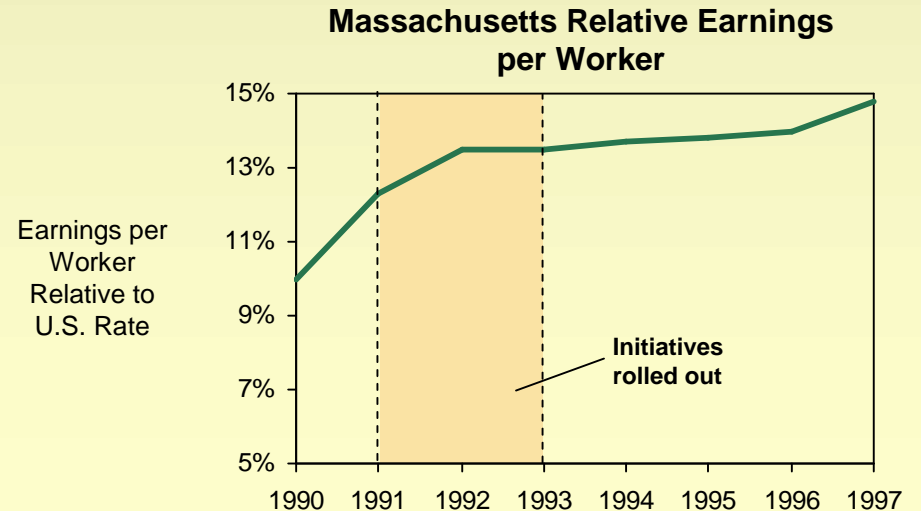
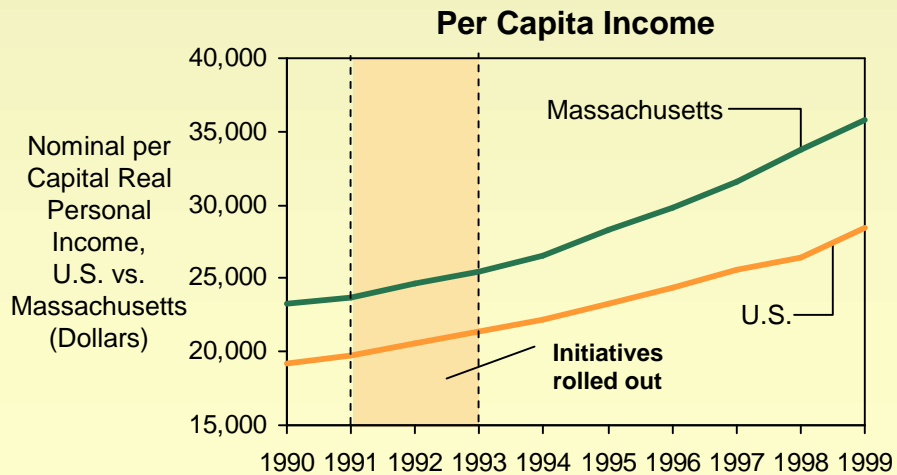
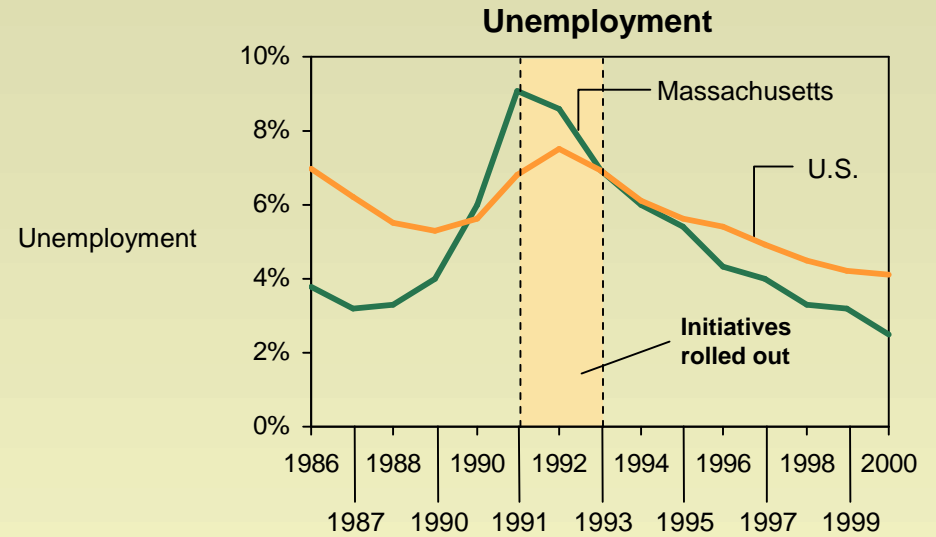
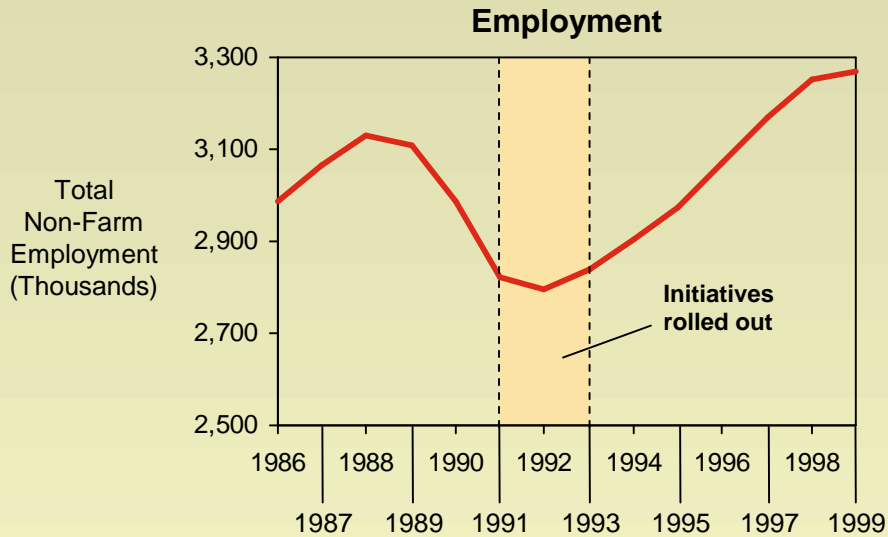
- | Worker's Compensation System Overhaul — Estimated \$1 Billion in Savings to Employers Between 1994 and 1997
- | Permit Streamlining
 - Timelines
 - One-stop Permitting
 - Department of Environmental Protection Reforms
- | Unemployment Insurance Cost Reduction Resulting in \$700 Million in Savings Between 1993 and 1997
- | Electricity Costs
 - Job Creation and Retention Incentive Rates
 - Deregulation of Utilities to Promote Competition

Performance-Based Government

- | "Choosing to Compete"
- | Governor's Council on Economic Growth and Technology
- | MOBD Regional Offices / One-Stop Shopping
- | Federal Reserve and UMass Benchmarking
- | Index of the Massachusetts Innovation Economy — Benchmarking

Well-executed the Initiatives have a Significant Impact

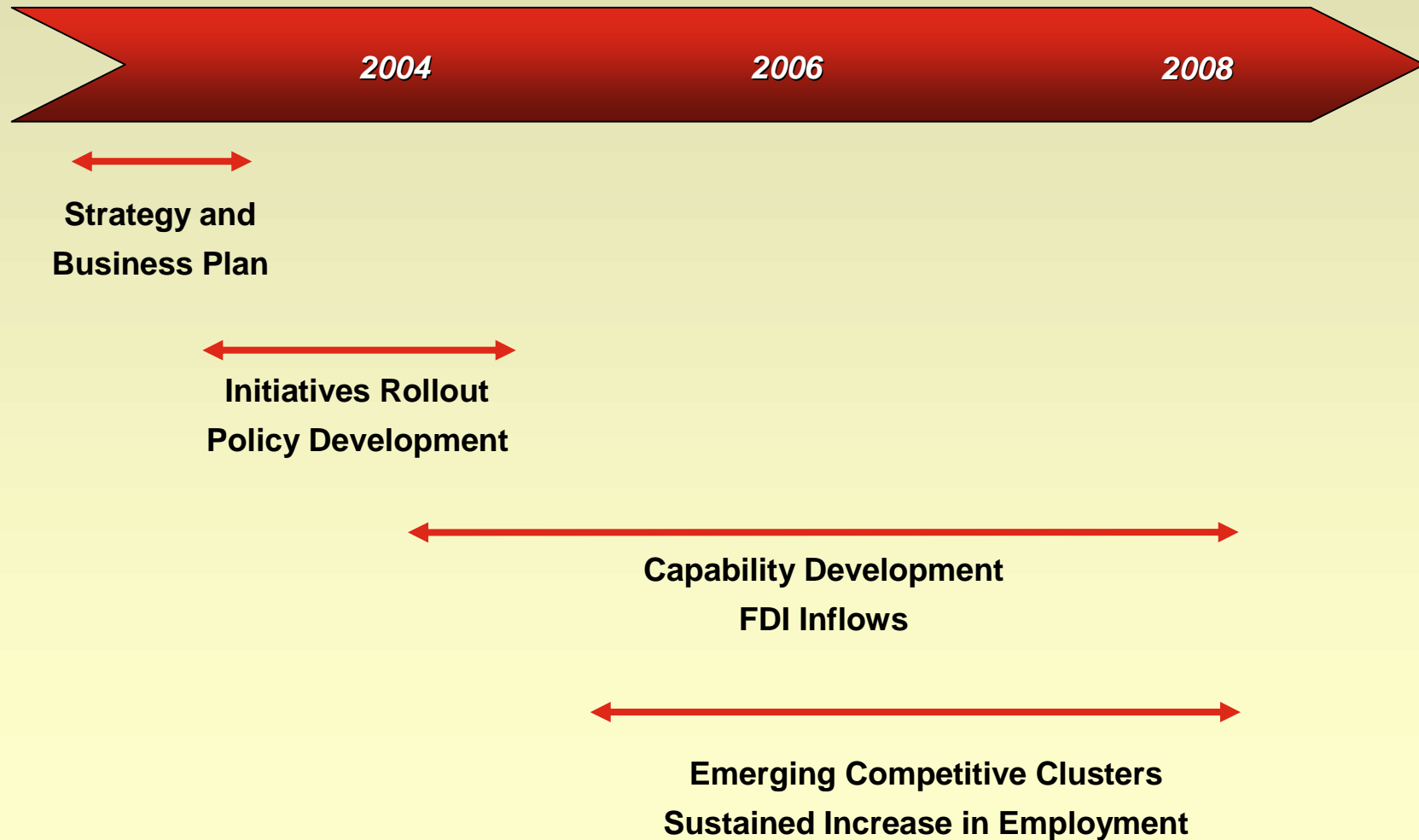
Massachusetts: Results



Source: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Department of Commerce; BankBoston

A Partnership with BEDB for the Diversification Strategy initiative and as a Catalyst for Action

Brunei Economic Diversification Timeline



A Major step to Sustaining and Enhancing Economic Prosperity in Brunei Darussalam

Towards Innovation, Competitiveness and Prosperity

