

DOMESTIC EMERGING MARKET VS. GLOBAL EMERGING MARKET

BY: SHANI BOSTON & LINJE BOSTON

WHAT ARE EMERGING MARKETS?

At present there are disagreements among analysts about the precise definition of emerging markets. Traditionally, the concept of an emerging market economy (EME) referred to a nation or country that was transitioning from a less-developed or middle income development stage to a fully developed economy. Typically the governments of such countries would enact economic reforms aimed at achieving stronger more robust economic growth and increasing market efficiency. Emerging Markets have the following traits: rapid and broad economic growth, tremendous potential for smart investors and higher than average levels of level of uncertainty or risk. Most investors now recognize that EMEs have enormous untapped potential because consumers within those markets are significantly underserved. At the same time, smart investors realize that in order to tap this unmet market potential, they must also manage the uncertainty inherent in emerging markets--this is the key to success. This uncertainty manifests itself in a variety of ways—from micro-level uncertainty about the end consumer to macro-level uncertainty about the regulatory environment. Operating in such an environment requires actionable real-time information.

WHY US DOMESTIC EMERGING MARKETS ARE SIMILAR TO THEIR GLOBAL COUNTERPARTS?

EuQuant has identified domestic emerging markets that also have significant growth potential but are greatly underserved. Principally these markets contain households and businesses that are owned by African-Americans, Hispanics, Women, Asians, and Native Americans. These markets have a great deal in common with the characteristics of global emerging markets. To begin with an emerging market must have rapid broad-based economic growth. Between 1982 and 2002 the numbers of all small firms increased by 91% while the number of firms owned by Whites increased by 66%. In comparison, firms owned by African-Americans increased by 288% while firms owned by Asians and Hispanics increased by 353% and 454% respectively. Secondly, such markets must offer strong potential for return on investment and retail sales. The estimated 2007 buying power of Hispanics, African-Americans and Asians together exceeded \$2 trillion dollars. Finally, they typically exhibit a higher than average level of uncertainty or risk. The lack of knowledge about these businesses, households and communities and the unequal distribution of income and wealth add to the uncertainty of investment. For this reason, many mainstream corporations have awarded major capital outlays designed to tap these domestic emerging markets. Euquant feels that domestically, these markets offer the greatest potential for future growth and return on investment.



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DOMESTIC EMERGING MARKET VS. GLOBAL EMERGING MARKET CONTINUED

BY: SHANI BOSTON & LINJE BOSTON



WHY SHOULD COMPANIES CARE?

The changing demographics of the United States will require successful companies to be proactive in how they interact and market to minority owned businesses. An August 2008 Census Bureau projection estimates that non-Hispanic Whites will no longer make up the majority of the population by 2042. Aside from this reality, just like their global competitors, these emerging domestic economies (EDM) represent new opportunities and new sources of income. As minority-owned businesses continue to grow in scale and capacity they will become ever more important in the U.S. marketplace. Put simply, the domestic markets of the future are the emerging markets and companies that are best positioned to tap into these markets are more likely to have sustained long-run growth.

CHALLENGE TO THE INVESTOR

Operating successfully within domestic emerging markets requires the same actionable information necessary to succeed in global emerging markets. One of the primary causes of uncertainty about domestic emerging markets is the lack of information. EuQuant has consistently committed itself to filling this void. As a result we have gained a unique understanding and extensive knowledge of the business dynamics in domestic emerging markets and underserved communities. This information allows our clients to make investments with a greater base of knowledge and less uncertainty about the outcome.

**EUQUANT VICE PRESIDENT
FEATURED IN GEORGIA
TREND MAGAZINE
BY: MAISHA T. BAKER**

Georgia Trend The Magazine of Georgia Business and Politics did a feature on Dr. Catherine L. Ross, Vice President and Director of Transportation Research for EuQuant and the Director of Georgia Tech's Center for Quality Growth & Regional Development. She is a leading expert on mega-regions and their trends. Mega-regions are an extended network of cities and communities with shared identities, distinguished by economic, social, environmental and cultural parallels. Please visit our website www.euquant.com to view the entire article.

FACING A NEW ECONOMIC CLIMATE AND MAINTAINING YOUR SANITY

BY: MAISHA T. BAKER

With the bailout of AIG, Fannie Mae, Freddie Mac and the collapse of many financial institutions, the economic landscape has drastically changed. Many Americans are trying to figure what they should do in the midst of this change. Here are four simple things you can do to maintain your sanity:

1. In the words of Clark Howard "Save More, Spend Less"
2. Keep contributing to your retirement and 401K plan
3. Eat healthy and exercise to maintain a balance life.
4. Be proactive instead of reactive.

WHAT CAN AN ECONOMIC IMPACT ANALYSIS DO FOR YOUR COMPANY?

BY: SHANI BOSTON

WHAT IS IT?

Economic impact analysis (EIA) is the calculation of jobs, output, and economic activity generated by a business, industry, activity or institution. In addition, this type of analysis computes the effects on the economy caused by certain changes in the environment. These changes can range from the implementation of a new government regulatory policy, to the closing of a plant, to the formation of a new business, to the conversion of a military base. Economic impact analysis uses statistical data and mathematical modeling to simulate long-run changes. The objective is to illustrate certain links between assorted industries, external factors and employment. Economic impact studies are designed to model how these changes may affect employment rates, personal income, business production, sales and numerous other factors.

WHY IS THIS BENEFICIAL?

An economic impact study provides a business or organization a more complete picture of the long-run effect of spending by the organization on the local and regional economy. This form of analysis has become increasingly important as the slowing economy forces businesses to justify expenditures more carefully. In short, corporations increasingly need sound analysis that helps them negotiate a volatile environment. An economic impact analysis is a crucial piece of information in a business's overall decision framework. EIA is beneficial because it forces an organization to consider changes in the marketplace and it often uncovers the hidden benefits or dangers associated with particular strategies.

TRADITIONAL USE

Traditionally economic impact analysis was used by public institutions to determine their effect on the local economy. For example, hospitals use impacts analysis to determine the number of people being employed by, either directly or indirectly, the hospital's operation or the total amount of revenue the hospital is generating for the regional economy. Other public institutions that frequently rely on this type of analysis include universities and commercial developers.

EUQUANTS' USE

While EuQuant is quite capable of providing traditional economic impact analysis, we are also able to provide more complex benefit cost analyses (BCAs). The latter provides clients a more picture of social and financial impact of an investment decision. This is beneficial to our clients because they can measure the impact on their bottom line as well as their impact on the local and regional economy. This allows them to better leverage their resources in the marketplace.

EUQUANT IN ACTION

EUQUANT CEO INVITED TO TESTIFY BEFORE THE SENATE AND CONGRESS

BY: MAISHA T. BAKER

On September 11, 2008 Dr. Thomas D. Boston traveled to the United States Capital to testify before the Senate Committee on Small Business and Entrepreneurship. The hearing was entitled *"Business Start-up Hurdles in Underserved Communities: Access to Venture Capital and Entrepreneurship Training."* Then on September 24, 2008 Dr. Boston was invited to testify before the Congressional Committee on Oversight and Government Reform. The subcommittee hearing was entitled *"How Information Policy Affects Small and Disadvantaged Businesses in Federal Contracting."* EuQuant did a study commissioned by the Congressional Black Caucus Foundation regarding policies for minority-owned businesses which participated in government contract programs. The Personal Net Worth ceiling that was established was revealed to be too low for companies to thrive once they were graduated from the program. As a result, Senate and Congress are interested in these findings and they are currently holding hearings to discuss solutions. It is unfortunate that the current economic crisis has finally awakened the government to the importance of having a healthy small business sector. At EuQuant our passion for and knowledge of small and minority-owned business dynamics has led us to advocate the implementation of new government policies. We do this not only because it benefits the American economy but also because we fundamentally believe in the potential of these firms to make money.

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