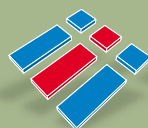




Iceland

A secure and cost-competitive location for Data Centers

- Cost-competitive
- Remote and secure
- Technologically advanced
- Large power resources
- Low land and housing cost
- Good connectivity



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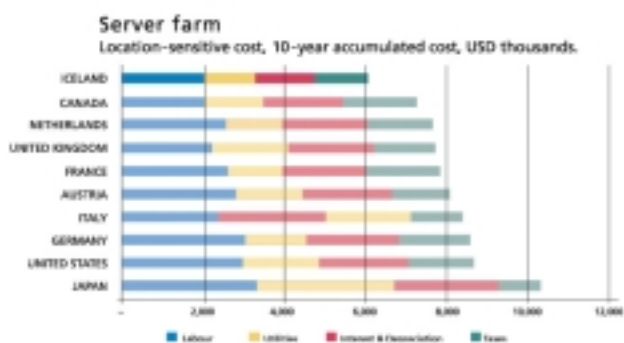
Iceland

– an ideal place for IT and telecom

Iceland's operating environment is competitive with leading countries in the industrial world. With its low tax structure, high education levels and competitive costs for skilled labor, land and electricity, Iceland is a strong candidate for businesses to short-list when seeking new locations for their international data center operations.

Cost competitiveness

Iceland is found to be the most competitive location for operation of International Data Centers (Server farms) according to an International Business Cost Study conducted by KPMG. Data Centers operated in Iceland would be 100% more profitable than if located in the USA, 50% more profitable than if located in the Netherlands or the UK and 35% more profitable than if located in Canada.



Iceland is a unique low-cost location for large International Data Centers. Iceland offers the lowest energy prices in Europe and North America for large industrial users, the second lowest corporate tax in the OECD at 18%, highly skilled IT labor at competitive price, and low land and lease cost.

Manage Storage and Back-up Security Services

Iceland is an excellent location for a Secondary Data Center specializing in storage and Disaster recovery for foreign companies. Iceland is a secure and safe location for valuable company data with the increasing emphasis now given to security and safety issues. The country's strategic location in the mid-Atlantic, along with its competitiveness, makes Iceland an interesting place for this type of business.



Manage Hosting for Web-based Business

Hosting and managing e-commerce or web-based business from Iceland is very feasible. A company domiciled in Iceland has essentially the same rights to operate within the European Economic Area as a domiciled company in any of the European Union member countries.

Companies can take advantage of low business cost in general and 18% tax on private and public companies registered in Iceland. Companies meeting certain criteria in trading of fish and agricultural products, as well as companies acting as intermediaries in services, can register as International Trading Companies and thus benefit from only 5% corporate income tax. Furthermore, books of accounts and records can be kept in a choice of currencies.

Manage Financial Payment Systems and Clearing

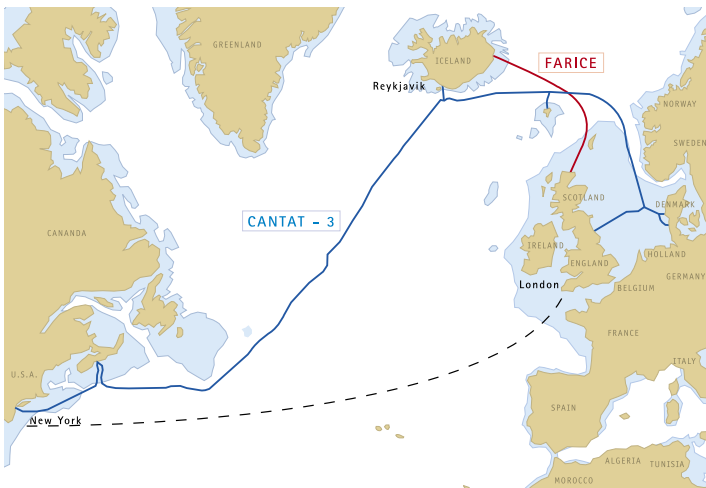
Iceland's mid-way position between Europe and North America can be an advantage as the time difference allows network maintenance and batch processing. Operating a clearing house in Iceland should be very feasible for banks and financial institutions with operations in both Europe and North America.

The financial service sector in Iceland operates one of the most sophisticated payment systems anywhere in the world. Financial institutions collaborate on running a central clearing house which allows transfer of payment into any bank account in the country in real time. Payment is instantly transferred to the recipient's bank account in any financial institution within the country.

Connected to the world

Telecommunication system that meets global standards

Iceland's telecommunication system ranks with the most sophisticated anywhere. It is the world's first fully digitalized telephone system, with over 140,000 main lines and over 33,000 ISDN connections serving a population of 290,000. Optical fiber cables are used for general telephone traffic, connections for mobile telephones, data links and television signals. Transmission capacity is currently 2.5 Gb/s but DWDM (Dense Wavelength Division Multiplexing) technology is being adapted. All optical equipment in this system is based on SDH technology.



Fiber optic submarine systems

Iceland is located mid-way between North America and the mainland of Europe. Telecommunication traffic is channeled through the fiber optic submarine cable, CANTAT 3, which has 5 Gb/sec capacity both ways with an extra 2.5 Gb/sec to spare. Farice Ltd., a governmentally majority-owned company, has signed a turnkey contract with Pirelli for laying of new fiber-optic submarine system. This new submarine system will interconnect Icelandic, Faroese and Scottish telecommunication networks and will support the growth of Internet-based advanced services and data networking in Iceland. Construction of the system will be completed before the end of 2003.



The project envisions the manufacture and laying of a 1,400 km (900 mile) submarine fiber optic system, one of the most technologically advanced today with an ultimate transmission capacity of 640 Gigabit/second, equivalent to more than 10 million simultaneous phone calls. Initial equipped capacity will be 20 Gigabit/second, upgradeable in accordance with future traffic requirements. The submarine system will use the most advanced DWDM submarine optical transmission technology.

In contrast to many European countries, Iceland is receptive to all companies wanting license-based agreements. There are already 36 telephone operators with licenses in Iceland.

Large power resources

Iceland is the only country in Western Europe that still has large resources of competitively priced hydroelectric power and geothermal energy remaining to be harnessed. Only a fraction of the country's energy potential has been tapped and it is the only western country that produces all its electricity from emission-free and sustainable natural resources.

Power companies in Iceland operate electricity distribution networks and systems that meet the most stringent international standards for quality services. Power companies offer some of the lowest electricity prices available to large industrial clients anywhere in Europe and North America. Long-term contracts for 5-10 MW green power are already available as well as service level agreements for 99.99% power delivery services.

Competitively priced electricity has already attracted foreign investors to Iceland in fields such as production of aluminum and ferrosilicon. Export-oriented power-intensive industries now consume more than half the country's electricity production.



A secure location

The island's remote and secure location is without doubt an attractive option for Data Centers specializing in disaster recovery back-up. Its mid-Atlantic location makes Iceland an ideal base for companies with business in both North America and Europe. Iceland has no military and has never actively engaged in war with other nations. The country is a founding member of NATO and has had a defense agreement with the United States since 1951. Iceland's crime rate is one of the lowest in the world. Natural hazards are not much different from what can be expected in other locations and have not prevented multinationals from investing hundred of millions of US\$ in Iceland.

Despite its name, Iceland has a relatively mild climate. The mean annual temperature in the capital, Reykjavik, is 31° F (-0.5°C) in January and 51° F (10.3°C) in July.

Land and housing cost

Land cost for typical greenfield sites is very low in Iceland. Various types and locations of industrial sites are available to suit different needs, at harbors or international airports at competitive cost. Leasing cost is very competitive and many options exist for rebuilding industrial housing. Two technical parks have been under development. The University of Iceland has planned a technical (science) park in central Reykjavik at a site next to the campus. The complex

is a construction of 540,000 square feet (50,000 m²) of space to rent in 14 buildings that are linked with hallways. The second technical park is under development by a dedicated project. The site under development is 200 acres (80 ha) and is centrally located within the capital area. When fully built the complex is expected to have 2.3 million square feet of building space, or 220,000 m². On the site there will be parking space for 8-9 thousand cars.

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