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CONNEXION

2ND QUARTER 2008



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Printer :
Imprimerie Centrale SA Luxembourg

Please Note :
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INTERVIEW

With H.E. Minister Jean-Louis Schiltz

With an increasing number of e-business companies choosing the Grand Duchy as their business location in Europe, the sector shows a very promising growth and is turning into a pillar of Luxembourg's economy. Minister Schiltz shares his views on current and future developments in an interview with AMCHAM...



VISIT TO SPANGDAHLEM AIR BASE

Finding America at the Heart of Europe...

An AMCHAM delegation including Luxembourg's Citymanager Geraldine Knudson and CLC President Michel Rodenbourg visited Spangdahlem Air Base in order to strengthen the relations between the American community located in the Eifel/Germany and Luxembourg. The Air Base has a tremendous economic impact on the entire region, based on infrastructural investments and the purchasing power of about 15,000 Americans living in Spangdahlem.



[SPECIAL FEATURE]

LUXEMBOURG: ACCELERATING UP TO SPEED FOR E-BUSINESS

[12-24]

The Grand Duchy is setting the framework for the highly dynamic and promising e-business sector to become an integral part of the diversification of the country's economy. In our special feature the efforts of Luxembourg's government to put the country in a pole position and the private sector's view on the matter are outlined...



A WORD FROM THE CHAIRMAN...

Dear fellow AMCHAM members and friends,

Welcome to the summer issue of your AMCHAM Luxembourg news magazine! This issue is dedicated to the topic of e-business. As you will see, Luxembourg is ideally suited as an e-commerce business hub because of both the beneficial VAT rate and because of the international, multi-cultural and multi-lingual employee base. This is an area that the Luxembourg Government believes holds competitive advantage for Luxembourg-based businesses and thus is eager to support. Based on the success of several global players who have chosen the Grand Duchy as business location, their judgment has been affirmed. We look forward to giving you all the reasons and details in this publication. Enjoy the articles.

I take this occasion to express my sincere appreciation to David Roach and all of the members of the AMCHAM tax committee for their hard work preparing position papers and lobbying with the Luxembourg government to address all of our concerns to improve the tax situation. In Prime Minister Juncker's speech on the 2009 budget which was delivered in late May we have seen the success of this lobbying effort in the elimination and reduction of taxes which we have proposed to the benefit of both companies and their employees. Please take the occasion to read the short announcement on our AMCHAM website which details the time line and the details of the tax changes which will take effect and do not hesitate to express your appreciation to all of the members of our AMCHAM tax committee for their hard work and professional lobbying to make these changes become a reality.

I am pleased to announce that we have begun the work to produce the next edition of "Working in Luxembourg". We have targeted a launch date of October 2009 and this time we will not only produce book and CD ROM versions of the complete book, but, as well, produce an excerpted Employee Handbook version which contains just the professional materiel of interest to employees and HR professionals. As with past editions, we will need sponsors to advertise in the books and CDs. Please contact Margot and Tatjana for details and to reserve your preferred advertising position.

Along with all of AMCHAM we wish you a great summer.

With my best regards,

A handwritten signature in black ink, which reads "Paul Michael Schonenberg". The signature is written in a cursive style.

Paul Michael Schonenberg
Chairman and CEO

NEWMEMBERS

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NEWMEMBERS

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Moreno Broadcasting Logistics provides a broad range of services including event planning, online content management and network solutions for broadcasters, private corporations or individuals.

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Together with BHF-Bank, which it acquired at the beginning of 2005, Sal. Oppenheim manages assets totaling over EUR 150 billion and employs around 3,800 staff. Headquarters are in Luxembourg with operations in all major European countries.

T



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AGENDA & EVENTS

Forthcoming events organized by the American Chamber of Commerce in Luxembourg include:

Thursday, September 25, 2008

18:30 – 20:30, NH Hotel

ComIT Event on Outsourcing vs. Insourcing

Thursday, October 2, 2008

18:30 – 20:30, venue to be determined

Hidden Champions of the 21st Century: The Success Strategies of Unknown Market Leaders

With special guest speaker: Professor Hermann Simon, Simon, Kucher & Partners.

ABAL

THE INTERNATIONAL SCHOOL OF LUXEMBOURG (ISL)

The International School of Luxembourg has been experiencing steady growth for the last several years, necessitating the expansion of its present facilities. Invited to speak at the ABAL April luncheon, ISL's new director Chris Bowman elucidated the current situation and talked about the school's plans for the future.

At the end of the 2006-2007 academic year, just prior to Mr Bowman's arrival in Luxembourg, ISL's enrolment stood at 724. Less than a year later, the school counts 846 students, an increase of 15%. And the 2008-2009 academic year is projected to open with more than 900 students. Many grade levels are already full; waiting lists have been established. Clearly the demand for an ISL education is on the rise.



ISL main building

Founded in 1963, the International School of Luxembourg's mission is to provide an outstanding education in a caring international environment, inspiring all our students to reach their true potential and to act as responsible participants in a global society. The mission statement was reviewed and revised this school year in order to accurately reflect who we are and what we do. Our student body comprises 40 nationalities and our staff members come from 20 different countries; more than 65% of our students speak a language other than English at home.

We are deeply indebted to our host country for the provision of our facilities on the Geesseknaepchen campus. We moved into our main building in 2000 and with this move integrated a purpose-built gymnasium, sports field, and shared use of the campus swimming pools into our facilities. This move, coinciding with the school's name change (from the American International School to the International School, more accurately reflecting the nature of our curriculum and our student population) served to highlight the school's profile. The

school has experienced steady growth ever since and with it the challenge of expanding our facilities in order to meet the educational needs of a growing population.

Initial expansion took place within the current building where a number of new classrooms and workspaces were literally carved out of existing corridor space. When those possibilities were exhausted, the Lower School division looked to its rooftop. Six new classrooms and a computer laboratory were inaugurated in this 'penthouse' in September 2006. By the spring of 2007, however, it became clear that the new addition was not enough to meet the school's needs. United States Ambassador Ann Wagner and Luxembourg Mayor Paul Helminger played key roles in facilitating discussions with the Luxembourg government to make the land to the west of the main building available and to construct, in a very short time frame, a purpose-built facility that could accommodate up to 200 students.

Luxembourg Minister of Education Mady Delvaux-Steheres inaugurated the new Hillside facility in the fall of 2007. The building currently accommodates the K2 (second year of kindergarten), first and second grade classes in a self-contained learning environment consisting of 12 full-sized classrooms along with nine ancillary rooms for special subjects. The building also houses a nursing clinic, library, administrative offices and a multi-purpose room. While this new facility has greatly alleviated the demand for space, many programs remain squeezed. In order to support the school's continued growth, additional space for art, drama and music studios, science laboratories, regular classrooms, and teacher preparation areas is still required.

Short-term solutions to respond to some of these requirements are currently being considered with decision makers in the Luxembourg government and stakeholders in the Luxem-



bourg community and plans are underway to implement them as early as August 2008.

The long-term solution lies to the west of the Hillside Building: this tract of land is the site of the final phase of construction for ISL's expansion on the Geesseknaepchen campus. Within the next few years a new Lower School building will be built here, freeing half the space in the current main building for redistribution for Upper School programs, including the Middle School and the International Baccalaureate.

It is evident that a healthy international school infrastructure is a fundamental drawing card for companies wishing to relocate expatriate employees to Luxembourg. Without viable educational options, continued economic growth in Luxembourg would be seriously compromised. During the question and answer period following his talk, Mr Bowman took the opportunity to express his appreciation of the Luxembourg government which, in his words, "clearly understands the needs of the international community."



Marian Aldred
ISL Communications
Coordinator

COMPETENCIES: THE PROBLEMS BEHIND THE HYPE

On April 23rd AMCHAM's HR Committee and FaradayClark jointly organized a breakfast on competency based recruiting, which was kindly hosted by BDO Compagnie Fiduciaire. Special guest speaker Julian Evans, Senior Manager, Learning & Development at Badenoch & Clark International, London, gave participants an overview of the pros and cons of the above-mentioned recruiting method...

In recent years, many of us within the HR profession have welcomed the increasing use of competencies, both for recruitment and internal assessment processes. They have provided the opportunity for more objective evaluations of individual's strengths and weaknesses than was previously available. This objectivity and the associated measurements have enabled a more targeted approach to recruitment and retention, better benchmarking, and a useful tool to prevent discrimination as well. But like any tool there are downsides as well, and these have not been immediately apparent with competencies. The hyperbole that has accompanied them has paid scant attention to these downsides, but they do exist, and in order to use competencies as effectively as possible, HR practitioners need to be aware of them and take them into account.

Here is a summary of some of the main downsides to be aware of, and some examples to illustrate these problems:

1/ Choosing the right competencies for your organisation and people. Robert Boyatzis (Cape Western Reserve University) has identified 19 alone for management leadership. The wrong competencies are at best an irrelevance, and at worse a serious distraction of valuable management time away from the organisations real needs. There is also the danger of them encouraging conformity rather than diversity.

2/ Competencies can be badly defined, i.e. ambiguous, inconsistent or failing to set standards. "Making decisions" for instance doesn't say whether they are good or bad ones.

3/ It is often difficult to identify which, or how much of each competency applies to each role. Many competencies overlap which makes this task even harder. This problem shows the result of trying to fragment complex roles into self contained parts.

4/ Using competencies takes more time than



other recruitment and assessment tools. It takes more time to devise them, more to prepare the questions associated with them, and more to interview using them.

5/ They are not infallible. People can change, and so can an organisation's needs. People can still lie, and those who are not used to this style of interviewing are at a particular disadvantage compared with those who are. This ability or knowledge to cope with the interview had no bearing on their ability to do the job, which is what the interviewer is trying to assess.

6/ The assessors or interviewers themselves are a serious problem. Inexperienced interviewers may not recognise that competency based interviewing is less adversarial in its nature than a normal structured interview, and more investigative in its style. To put it in simple terms, in a normal interview there is an emphasis on looking for the potential problems with the candidate. In a competency based interview the emphasis is on gathering as much of the positive as possible. In practical terms this means that poor interviewers will not recognise that in a competency based interview the candidate may well need more time to answer the questions, and that the interviewer will be there to coax positive

examples of behaviour out of the candidate. Additionally inexperienced interviewers may not have the technical knowledge to correctly evaluate and benchmark the examples of past behaviour given by the candidate. This skill is critical to have, as often the answers themselves do not easily fit into a single competency, and perhaps illustrate two or three. There are then cultural interpretations of answers to overcome. For example there is often greater emphasis in U.S. organisations on "distance" as being a leadership criterion, whereas in the UK "nearness" is valued more. These are subtle differences but illustrate well the whole problem of usefully measuring the answers that have been given.

These problems do not mean that competencies are an irrelevance; far from it. They can be a very effective tool indeed, and of great value. But they need to be used well, and if organisations can be aware of and avoid the problems above they will have a highly effective tool available to them.

Julian Evans
Senior Manager, Learning & Development
Badenoch & Clark

BUSINESS INTELLIGENCE - FINALLY A REALITY

AN AGILE BI STYLE WILL GUARANTEE THE SUCCESS OF YOUR BI INITIATIVES

It has been a long journey since the 1980s when Gartner Group's Howard Dresner coined the term 'Business Intelligence', which since then refers to all kinds of methods and platforms shaped to provide a deeper, faster and more flexible insight.

Today, it almost appears to be the commercial world's Grand Unified Theory which finally lets business and IT meet on common ground and talk the same language. Still, it seems to be a stormy sea into which many have set sail but some have been left marooned between hypes, cost and promises.

Today's BI solutions provide an important productivity factor to companies from mid-level size to those on a global scale. Consequently, the mandate for BI is not questioned anymore as it was years ago, but is now taken for granted. This, however, bears the risk of loss of business focus. It is still often the case that organizations treat BI initiatives as JAIP – just another IT project.

So, how do we actually turn a BI initiative into a success? And how do we ensure its value contribution?

At the recent AMCHAM BI event, several speakers provided valuable insight into how they implemented their BI solutions successfully. Generally speaking, they all work along the same common themes which respect the special nature of a BI project.

"THE WOW-EFFECT"

Undoubtedly, a BI solution which provides great user experience (i.e. generates a "wow" effect) and additional flexibility, will be preferred by the users. In order to achieve this, the different audiences need to be addressed appropriately and effectively. Likely, there are:

The "surfers", who stay on the surface and are happy with appealing "execute only" reports, as there are already standardized decision and business procedures and therefore no need to dig any deeper for the daily business;

The "swimmers", who require some basic editing functions, mostly on layout and simple content modification, who could be considered advanced report users with the need to put data into a nicer shape;

Last but not least, the "divers", the advanced and bold business analysts, who are always in for the full experience, and as power users of the system, demand a lot both feature- and content-wise and expect ad-hoc analysis to investigate new questions arising.

Ideally, in any of these cases, you render the perceived need for an XLS export irrelevant, thereby avoiding the issue of complex, outdated and non-reconcilable sheets. Your BI solution addresses all kinds of users flexibly with an integrated BI solution, providing each of them with exactly the interface they require (not through different interface implementations but rather through a state-of-the-art security and BI model/reports design).

"CONTENT IS KING"

Clearly, if the BI platform does not provide relevant data, there is no use for the system. However, a reliable IT platform today is more like a commodity but an IT driven initiative may not go far enough beyond that rationale. What matters is that the importance of reliable data is handled well, and a single point of truth across the organization is strived for. This can be achieved by a number of actions such as a strong content-validation rather than a standard platform/feature-testing approach. The most important single feature a BI platform has to lose is trust.

"THE BI NEWSPAPER"

Ralph Kimball, a well-known Data Warehouse guru, uses the newspaper simile, which seems to work very well: Your newspaper is your regular, reliable, trusted source of information – just like your BI solution should be. A BI department or project team organization needs to be seen in that light as well, with a chief editor rather than a project manager, authors rather than developers, a publisher rather than a budget owner, etc. Apparently, this team will work most efficiently when its members obtain both a broad business background and IT expertise. While a back room team works on getting the data in, the front room team works on its publication. The common ground, i.e. the interface, is the BI data model which is the key deliverable very early in the project. A lot of effort will be spent in harmonizing the terms and the data feeds, which can substantially slow down the BI project. At some point it may require a cut to get something out for project marketing and requirements validation purposes, but once the teams go through these start-up efforts, the conformed BI model is a valuable achievement beyond a simple data model. People use the same terms, new reports are designed easily and there is no longer any hassle in solving all of these issues.

"BE AGILE"

In order to get the relevant requirements in and avoid the gold-plating of useless areas, it is vitally important that business users of all types and areas are very closely involved across the whole lifecycle. This can be achieved by regularly deploying a prototype and a structured review/feedback procedure. Ideally, the project team is evenly collocated by the business owner of the project. By adopting a more agile approach such as tying the project closer into the business units, an impressive opportunity potential can be realized, and there will be a high acceptance level from the start. To avoid stove-piping, a central BI team could provide the BI foundation (i.e. tools, methods, a conformed BI model, etc.) and be harmonize across single BI projects. For each of the BI initiatives, one of the most critical success factors is to have a clear sizing plan. This is likely to be a very difficult task along with the scope creep introduced by prototyping. Typically, sizing in IT projects is done at the end, when requirements are clear. But in a prototyping world you need to think different and do the sizing upfront, as your project's feasibility will depend heavily on it. To create a reliable sizing, the BI model needs to be evaluated in terms of granularity and dimensional sparsity. This, however, can only be completed based on an early decision of the target platform. While a ROLAP (Relational Online Analytical Processing) approach tends to support sparse models in a better way, a MOLAP (Multidimensional Online Analytical Processing) design works better

on dense designs. Newer DWH Appliance technologies typically delivered as preconfigured all-in-one DWH storage solutions seem to be gaining over legacy architectures and appear to be the next evolution step in Data Warehousing. Very often an impressive performance gain is achieved by deploying such a specialized highly parallel platform dedicated for BI/DWH.

"IF YOU BUILD IT THEY WILL COME"

So, the initial key deliverable is a prototyped BI model, which is the basis for all further back room and front room tasks, and which iteratively evolves over the whole lifecycle. But there is something we need to be very clear about. The agile BI lifecycle does not imply a laissez-faire governance of the project when it comes to deliverables and especially business values. A habit of "just let's implement the tool and we will see" is neither beneficial for the project or the vendor nor desired by anyone, but unfortunately this is often seen in projects lacking a clear business plan. Just like every other initiative, it is vitally important to establish a clear business goal and keep that focus throughout the whole lifecycle. However, there are special considerations to be made which address the higher rate of indirect/non-fiscal value generation in BI initiatives. This especially holds true in projects involving data mining principles, where you need to start and see what results you actually get before you can actually determine value generation. Therefore, it is even more relevant to measure and publish all such achievements of the initiative frequently, and promote it through regular communication of achieved goals and value creation.

Boris Ruth



Boris Ruth

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INTERVIEW WITH H.E. JEAN-LOUIS SCHILTZ, MINISTER OF COMMUNICATIONS ON THE DIVERSIFICATION OF LUXEMBOURG'S ECONOMY

Special Focus on e-Commerce.

Q: *The government has set itself the goal to establish the electronic services sector as a pillar of Luxembourg's economy. How do you assess the situation today?*

A: Let me recall that the starting point of our ambition to establish the electronic service sector was the assumption that Luxembourg can build on the financial and the media sector to develop new business activities in the area of e-commerce. The financial sector is increasingly relying on ICT (Information and Communications Technology) and the media sector is about to converge with the telecommunications sector. These parallel developments have put Luxembourg in an ideal, if not in a pole position to attract companies in this new promising sector

Both the financial sector and the media sector have been building up over time an extraordinary pool of expertise. Both sectors' developments are and continue to be based on the principle of open markets, country of origin and free circulation of services. Both sectors are dependent on the availability of highly efficient international connectivity and communications networks. Both sectors have over time attracted highly qualified people.

It was in particular in this positive context and with this background that the Government has been able, over the past 5 years or so, to make Luxembourg appear on the radars of global e-business companies, considering to develop and diversify their business in Europe.

In parallel, Luxembourg heavily invested in communications networks, thus creating one of the most advanced ICT infrastructures, to the benefit of consumers and businesses.

I do think that today hardly anyone would seriously object when I am telling you that the Government's ambition and determination to build up this new sector has been fully validated by the impressive number of blue-chip e-business and ICT companies like Amazon, eBay, Vodafone, Skype, PayPal or iTunes, that have chosen Luxembourg as their base for developing their European business.

PayPal, headquartered in Luxembourg, represents by the way a very good example of an e-business company contributing also to the diversification of the financial sector. An ideal match, so to speak.

Q: *The Mid Term Review of the European Union on the i2010 program also showed that Luxembourg is well advanced in the information society, with many benchmarking indicators significantly above the EU average. Which future steps will be taken to further enhance this development?*

A: The i2010 mid term review of the EU indeed confirms that Luxembourg is very well positioned, in particular in the area of broadband connectivity, households' Internet usage and eSkills endowments. Other international benchmarks show that Luxembourg is improving in many other areas and that we are among the most competitive countries in this sector. This month, Luxembourg ranked fifth worldwide in the 2008 World Competitiveness Yearbook Survey and is the highest-ranked member of the European Union. Two companies from Luxembourg have been included in the InfoTech100 ranking realized by Business Week in 2007. Luxembourg is one of the OECD countries with the highest proportion of IT specialists. What's more, the last European innovation scoreboard, published in February 2008, states that Luxembourg is in the process of moving from the innovation followers to the innovation leaders.

Can we do better? Yes we can! According to these benchmarks, Luxembourg does not yet rank on top in relation to R&D investment linked to the ICT sector. This might change soon because the Government has recently integrated information security and high performance telecommunication networks as a new R&D priority.

There is also potential for improvement regarding e-Government. I know that my colleague Claude Wiseler, in charge of this specific aspect, is very committed and continues to work hard to further improve things on his side.

Q: *What measures have been taken to enhance Luxembourg's connectivity to international data highways?*

A: Connectivity is essential for consumers, it is vital for the business-community; it is the oxygen of e-business.

It is, in my eyes, the Government's task to constantly monitor the quality of the connectivity and to anticipate future needs. I have therefore committed a study on the state of connectivity in 2006 which led me to the conclusion, also after intense consultations with the main operators and all interested parties, that the country would face a constantly increasing demand for bandwidth and high quality service.

This led me to set up LuxConnect. LuxConnect's basic objective is to improve Luxembourg's connectivity in the interests of consumers and companies. LuxConnect is about to set up a high-speed redundant fiber optic broadband network to the main European centers like London, Amsterdam, Frankfurt, Brussels, Paris and Strasbourg. And I must say that I was extremely pleased to see that the mere announcement of the creation of LuxConnect triggered heavy investment by the private sector as well. A number of stakeholders decided to react to the public initiative by enhancing their own infrastructures and hence

Jean-Louis Schiltz



ABOUT... JEAN-LOUIS SCHILTZ

Jean-Louis Schiltz was born on 14 August 1964 in Luxembourg. He is married with three children and lives in Luxembourg.

Jean-Louis Schiltz was elected to Parliament for the first time in the general elections of 13 June 2004 and appointed Minister for Development Cooperation and Humanitarian Affairs on 31 July 2004. At the same time he was put in charge of Communications and in this capacity he actively promotes Luxembourg in the fields of telecommunications and information technology. On 22 February 2006, Minister Schiltz was entrusted a third ministerial portfolio, that of Defence.

In charge of the communications dossier within the Government, Minister Schiltz is responsible for the promotion of Luxembourg in the fields of telecommunications and information technologies.

From 1989 to 2004, Jean-Louis Schiltz worked as a lawyer at the Luxembourg Bar. In parallel to his work as a lawyer, Jean-Louis Schiltz pursued an academic career. From 1989 to 1991 he worked as academic assistant at the Law Faculty of the Université Paris I Panthéon Sorbonne. From 1991 to 2004 he was first assistant, then chargé de cours at the Centre universitaire de Luxembourg where he taught civil and business law. He is the author of a number of articles on banking and insurance law.

Keen on sports, Jean-Louis Schiltz was a Luxembourg team champion of fencing in 1983 and regularly goes running and biking. For ten years he was a member of the Legal Commission of the National Olympic Committee.

adding to the connectivity of the country. That was and continues to be very good news.

Q: Which perspectives do you see for the further development of e-business in the Grand Duchy? What concrete measures are being taken to attract new companies?

A: Luxembourg is today in a position to offer a globally attractive set of conditions to companies with a global European business scope in the e-commerce sector. These companies are getting established in Luxembourg to coordinate and organize their European activities. Amazon, Skype and PayPal have thus chosen Luxembourg as their European headquarters. Vodafone decided to centralize its global procurement center in Luxembourg.

Let me perhaps stress here the importance of a favorable regulatory environment. This is a top priority for us.

Another promising area of development that I see relates to intellectual property rights or similar assets, like domain names. The new legislation which entered into force in January 2008 creates an attractive framework for IP portfolio management in Luxembourg.

We also constantly monitor the state of the infrastructure, reassess the attractiveness of the regulatory environment, look carefully at new evolutions and take the necessary steps to make sure that the global environment continues to be attractive.

Q: What competition does Luxembourg have in the e-commerce sector?

A: There is competition in the sector. That is obvious. Luxembourg is not alone, but the issue here is that Luxembourg definitely has a unique selling proposition based on proximity, trust and predictability. That is what it is all about.

International actors regularly tell us that they appreciate the fact that Government officials and political leaders are receptive, that they are available to listen and that they are prompt in reacting and helping put in place pragmatic and efficient solutions.

Luxembourg also stands for trust and we are building on that trust to develop the e-commerce sector.

Last but not least the presence of a multilingual and highly skilled workforce, the international flair and the beauty of the country, the charm of the old city and the outstanding quality of life also matter at the end of the day, when companies take their decision in favor of Luxembourg.

Q: How important to Luxembourg's achieving its communication objectives are international companies?

A: International blue-chip companies locating in Luxembourg generate a kind of lighthouse effect for our country.

They bring visibility and contribute to put Luxembourg on the map. Now that Luxembourg is on the map, it also becomes a place for smaller e-companies to do business. Innovative SME's are indeed also important actors of a vibrant and booming sector.

Q: What type of platform (public or private) should exist to represent the e-commerce players' needs in Luxembourg?

A: It is not for me to advise the private sector as to how it should organize its activity. I care for close and regular contacts with the companies based in Luxembourg, both on a bilateral level and with the associations or informal groupings representing them. I believe we all share the same objective and should focus on our common goal, namely make sure that the environment for e-business remains attractive, that it becomes more attractive everyday and also that our efforts are sustainable in the long term as well.

Q: What role do you see organizations such as AMCHAM playing in this context?

A: AMCHAM is a real partner in our efforts to promote Luxembourg and we very much value the good collaboration we have.

Minister Schiltz, we thank you for this interview.

LUX CONNECT

THE TECHNICAL ENABLER FOR INNOVATIVE BUSINESS IN THE INFORMATION AND TELECOMMUNICATION INDUSTRY

LuxConnect is established since October 2006 at the initiative of Minister Schiltz with the mission to make Luxembourg more attractive for high-end ICT (Information and Communications Technology) investment; a sky-high mission statement but with down-to-earth objectives and deliverables.



1ST OBJECTIVE: PUT LUXEMBOURG ON THE EUROPEAN INTERNET MAP

In order to put Luxembourg on the European internet map, the first deliverable of LuxConnect is to directly interconnect Luxembourg with the Internet exchanges in Amsterdam, Frankfurt and Paris. This fiber optical network currently in deployment has a capacity of 80 colors while each color carries up to 40Gbit/sec and this to each of the exchanges.

To assure physical separation to routes from other operators, the cables of LuxConnect will

rely mainly on, until now unused, railway and gas routes in Luxembourg. Once outside of the country careful route planning minimizes the interference with other operator routes.

Since the creation of LuxConnect, Cegecom has also established a direct DWDM (Dense Wavelength Division Multiplexing) link to Frankfurt. EPT went even further with EPT's Teralink network and today connects Luxembourg via diverse paths to Paris, Strasbourg, Brussels, London, Amsterdam and Frankfurt.

2ND OBJECTIVE: MAKE LUXEMBOURG ATTRACTIVE TO HIGH-END ICT BUSINESSES

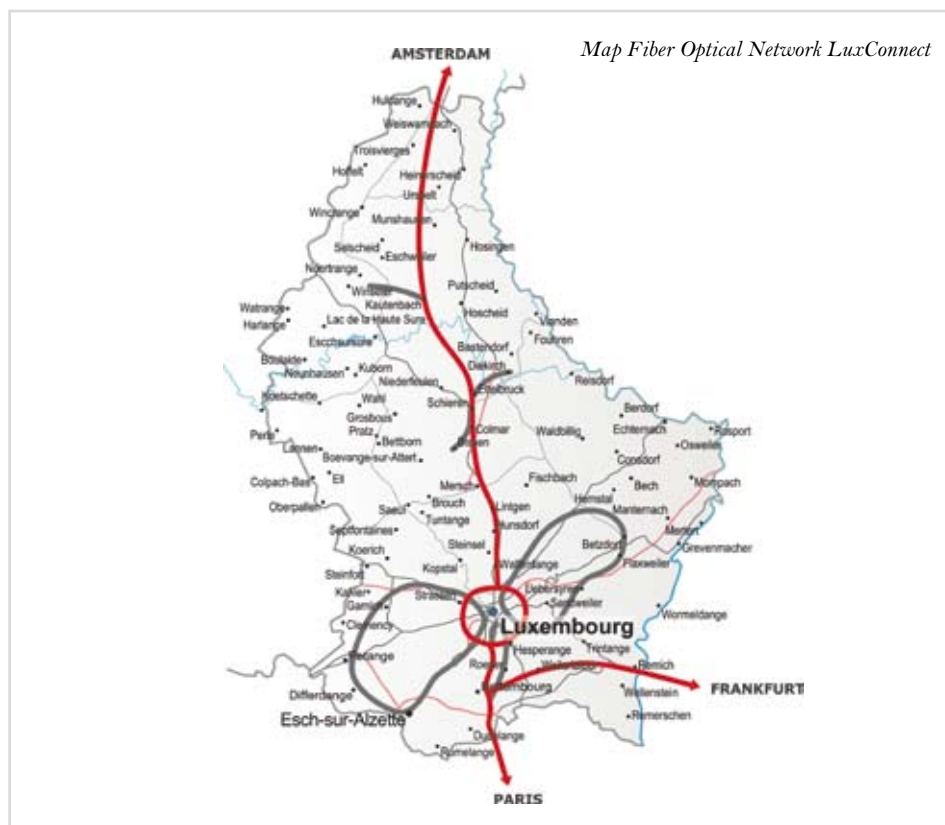
The ICT servers from IP and e-commerce companies, used for e.g. data storage, communication, streaming, medical and engineering research etc. become more and more dense. As a consequence IT racks used in this environment, demand steadily more and more power so that liquid cooling becomes more and more a necessity.

Few existing datacenters in the world can cope with this demand, while it is very difficult to retrofit existing ones.

The second deliverable of LuxConnect is a 2.600 m² net datacenter. It is being built in Bettembourg, in the south of the country, close to two highways and the railway net so that multiple ways for fiber access are guaranteed and very easy. From a design standpoint the site is Tier 4 meaning 2(N+1) redundancy where requested and required - of course liquid cooling is supported.

It also incorporates all current best practices in datacenter design. In datacenter jargon it is called a "green" datacenter: All of the mechanical, electrical and computer systems were selected for maximum energy efficiency. Free chilling and hybrid cooling towers are integral parts of the design. To further climb the efficiency ladder, the equipment will be deployed in a modular, as needed basis.

The capacity of the site will be made available to Telecom operators and other electronic communications operators such as application hosting companies, in a transparent and non-





discriminatory manner. The LuxConnect center will also offer space for newcomers, who often have plenty of good ideas but not always the appropriate funds to bring them to the reality. We think that these people will be the big ones of tomorrow and therefore have all of our attention.

LuxConnect plans to welcome and power up its first customer server early in the second quarter of 2009.

3RD OBJECTIVE: ENHANCE THE COMPETITIVENESS OF THE LUXEMBOURG INTERNET MARKET PLACE

Besides EPT, alternative operators such as Cegecom, Telenet Solutions and Verizon have invested in fiber based networks in Luxembourg. LuxConnect is building up dark fiber

based assets in order to facilitate the expansion of the network footprint of these operators and also in order to lower the barrier of entry for new operators, who would like to start a fiber based network in Luxembourg.

First priority, as already mentioned is fiber to break out to border countries, followed by fiber to interconnect all existing data centers in Luxembourg. Further expansion will be based on demand and cost efficiency/feasibility.

With this 3rd deliverable LuxConnect is convinced that more choice, more functionality and flexibility will exist and this at competitive prices for both Luxembourg companies and residents.

Finally, LuxConnect will operate a national network oriented towards Gbit Ethernet connectivity amongst the datacenters

in Luxembourg. This network will support operators who don't have a fiber based infrastructure in Luxembourg. This network can be rapidly expanded if market conditions require it.

In addition to the above mentioned technical advantages, the new tax reform on IP and e-business should make Luxembourg even more attractive. The hallmark of this new law is an 80% exemption on royalties and capital gains derived from certain types of IP and e-business which results in a Luxembourg effective corporate income tax rate of approximately 6% on qualifying net income.

Luxembourg so far has now all elements to become successful in the high-end ICT business. If you and your company want to be part of this success feel free to contact:

Edouard Wangen
CEO

Roger Lampach
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Business Development Manager



Architectural Rendering of LuxConnect Premises

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MEDIAPORT BECOMES “LUXEMBOURG FOR ICT”

Mediaport is a Luxembourg Government's initiative which offers a single point of contact for companies operating in the media and ICT (Information and Communications Technology) business. Launched in 1991, its first objective was to support new Luxembourg-based projects in the audiovisual and communication sector. Over the last few years the scope of Mediaport widened: convergence lead to extending the focus to ICT activities in general, although traditional media activities remain important. In line with the two other agencies «Luxembourg for Finance» and «Luxembourg for Business», Mediaport is about to be renamed «Luxembourg for ICT».



The key objective will remain the same: providing interested companies with a «one-stop-shop» for detailed information on business opportunities in Luxembourg and hands-on administrative guidance and contacts in the media, ICT and data management sectors. Behind «Mediaport» or «Luxembourg for ICT» stands a highly motivated team including lawyers and ICT experts who gathered over the years in-depth expertise and sensitivity for the market and the needs of the business. The agency actively seeks to develop and promote the attractiveness of Luxembourg for this sector, under the authority of the Minister for Communications.

“Luxembourg for ICT” identifies – through close and regular contacts with the players - the concerns of the companies in order to integrate them in the decision-making process that takes place at the political level. This is an essential asset and helps Luxembourg to constantly scrutinize its regulatory framework and insure legal coherence, flexibility for innovative concepts and business-friendly pragmatism.

This approach also triggered the Government's decision to create Lux-Connect and thus to provide the country with state-of-the-art technical infrastructure and connectivity.

The relationship between the agency and the sector works in symbiosis: company leaders have easy access to key officials of the Luxembourg Government. They can ask for start-up assistance and help throughout the implementation process of their projects by the same people who work on the legal framework and on the policy drafting. This enables Luxembourg to offer an attractive environment perfectly adapted to the needs of the digital economy. And thanks to this flexible approach, companies avoid time-consuming bureaucracies.

Mediaport also commands independent studies on the Luxembourg market, edits information material and promotes Luxembourg as an ICT and data hub abroad.

The expertise in media and information technologies combined with the trustworthiness and confidence, hallmark of the financial centre, lead to a unique understanding of the digital environment within the Government, confirmed by outstanding results in benchmarking reports and case studies.

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BRINKS



Integrated security solutions for your business and for your home



LEVEL 3 COMMUNICATIONS

EXPANDS NETWORK TO LUXEMBOURG

Level 3 Communications, Inc. (NASDAQ:LVT) is a leading international provider of fiber-based communications services headquartered in Broomfield Colorado. Enterprise, content, wholesale and government customers rely on Level 3 to deliver services with an industry-leading combination of scalability and value over an end-to-end fiber network. The company's European headquarters are based in London with employees working across 19 countries in Europe. On May 7, 2008, Level 3 announced that it had expanded its network to Luxembourg in response to growing demand from both existing and new customers and favourable market conditions in Luxembourg.

Following moves by the Luxembourg Government in early 2000 to diversify the national economy and implement a framework to attract companies providing services based over the Internet, some significant global brands have entered the market. Many of these are existing Level 3 customers. As a company that prides itself on its responsiveness to customers, making sure they deliver the right services in the right locations, adding Luxembourg as a market was the next obvious development in what has been a two year network expansion programme for the European business of Level 3.

Level 3 currently owns and operates one of the world's largest Internet Protocol (IP) networks, providing the underlying technology on which a large proportion of the world's Internet traffic runs. This means that Level 3, as a Tier 1 Internet provider, delivers Internet connectivity to some of the largest and most established institutions, Internet service providers and Carriers as well as the biggest social networking sites of today.

The region presents a great market opportunity for Level 3 as there is an existing demand for high-speed Internet connectivity, as well as a large untapped market with consumer broadband penetration still growing. Level 3 is also the first Tier 1 provider to have extended its network into the country. As the trend for more rich content becoming available online continues, not only in Luxembourg but all over the developed world, a network like Level 3's becomes increasingly important. Level 3's comprehensive portfolio of services including high speed Internet connectivity, content delivery and streaming services deliver significant benefits to the market and enable companies to deliver rich content to the consumer at scale.

How has Level 3 expanded into Luxembourg? Level 3 has opened up an IP point of presence or PoP at eBRC's facility in Windhof. Connectivity into this facility is supplied by leasing wavelength capacity from incumbent P&T Luxembourg, with this capacity joining the Level 3 network in both Brussels and Frankfurt. Through the commercial relationship set up between Level 3, eBRC and P&T Luxembourg, content providers can directly connect to the Level 3 network and take advantage of the rapid and scalable low latency global connectivity that this architecture delivers. The three-way commercial relationship that was announced on May 7 between Level 3, eBRC and P&T also delivers a commitment to develop Luxembourg as a key Internet hub for the future.

In short this partnership will help support a flourishing and innovative market in Luxembourg for ICT services. The establishment of a tier one Internet hub allows high quality and reliable connectivity to more people across the continent than ever before. The development of this network also provides the opportunity to grow this service in line with market demands.

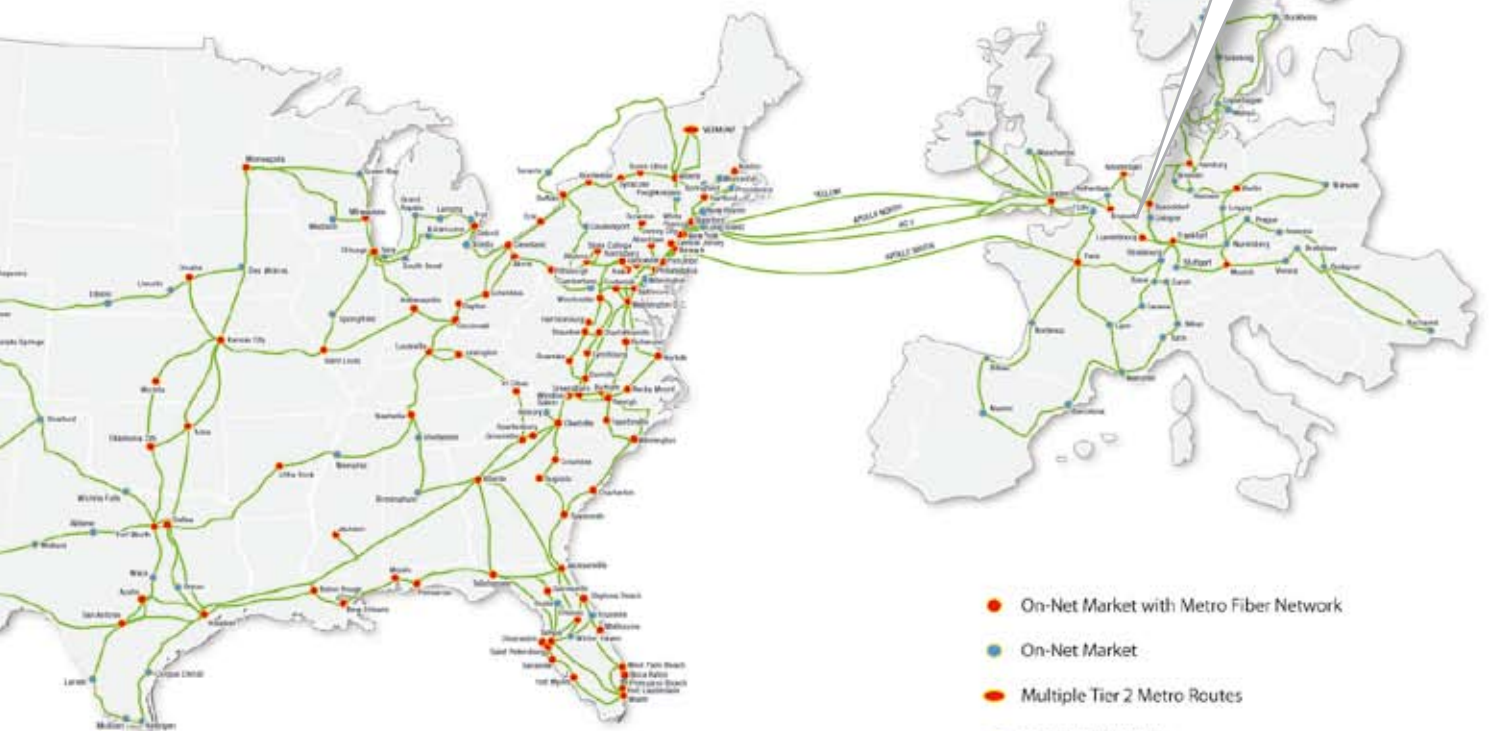


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The Level 3 Network





RAKUTEN INC



Rakuten Inc., founded by Hiroshi Mikitani in 1997, has in the 10 years since its inception experienced phenomenal growth. However, one thing has remained steadfast; championed by CEO Mikitani and upheld by a group of almost 4000 top-class employees, the company's dynamic vision is constantly manifesting itself anew. The result is an ameliorated business model that is advantageous to the end-consumer, investor, and thousands of SMEs whom form Rakuten's business partners throughout Japan.

The goal of the Rakuten Group is to become "the No. 1 Internet Service in the World". In order to achieve our goal, the Rakuten Group is focusing on two approaches in particular to target growth in the decade to come. The first is to empower people and society through continuous innovation and business operation based on our "Five Principles of Success".

Five Principles of Success

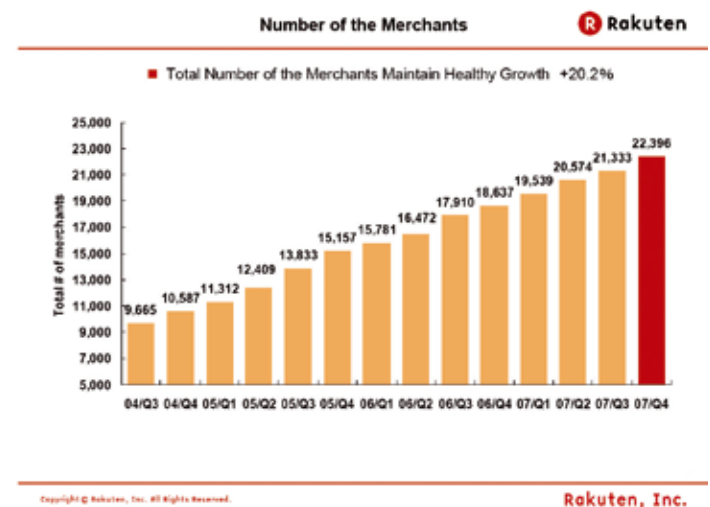
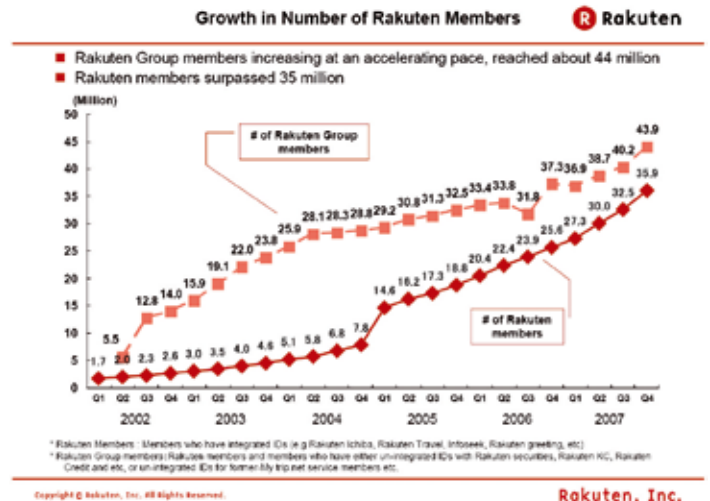
1. Get Things Done
2. Complete Professionalism
3. Hypothesize, Execute, Verify, Incorporate
4. Maximize Customer Satisfaction
5. Speed! Speed! Speed!

The second approach is to establish and strengthen a "Rakuten ecosystem" which enables us to maximize our customers' lifetime value and leverage synergies.

Currently the firm is one of the top 10 Internet companies by size in the world, a reality achieved through a concerted regime of balancing organic growth with measured strategic acquisitions. At current exchange rates, the company's 2007 revenues alone surpass the \$2 billion mark.



To say that the Rakuten brand is a household name in Japan would be understating the case, as more than 40 million people benefit from the firm's unified database memberships. This membership database, the largest in Japan, allows any member to not only access all of Rakuten services through ID integration, but also to benefit from cross promotional strategies, such as through "Rakuten Super Points". This means that, in total, members have access to a huge number of products through a varied array of services.

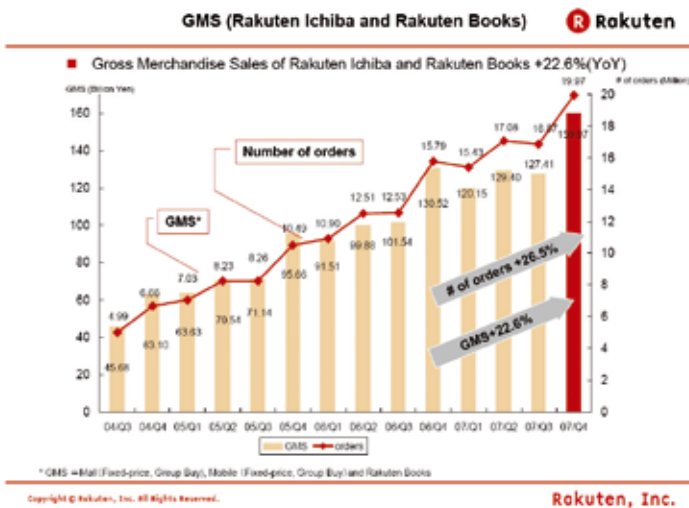


The unified database underpins an umbrella of services with Rakuten Ichiba in the center. Rakuten Ichiba is Japan's largest online shopping mall, where 23,000+ merchants, principally small and medium enterprises, sell their 23 million+ goods through merchant-managed Web

storefronts. Rakuten Ichiba's unique business model, B to B (merchant) to C marketplace brings together user (merchant) generated content (UGC), 'the ultimate long tail' and the belief in "Empowering Merchants", leveraging merchants' motivation to help merchants succeed. The variety of products sold is almost limitless and runs the full spectrum of availability, going from fashion to computers, flowers to cars, furniture to fine wines, and everything in between. Under the motto of "Shopping is Entertainment", what makes it especially easy for the shopper is a so-called "unified shopping cart approach", allowing one to visit all merchant tenants in the shopping mall without having to check out until the end, if one should wish so. Another unique factor is that a fair portion of these transactions are achieved through mobile phones (12% of the company's gross merchandise sales accomplished through such devices). This amounts to repeat shoppers and high sales.

to help boost economic activity in local villages and help revitalize entire regions of Japan. Regardless of size or geographical location, each merchant is offered the same level of business support and guidance. Whether the support is handled in person, by telephone or by e-mail, merchants understand that Rakuten is their true partner. From merchant testimonials, our family of merchants has come to learn how Rakuten has helped turn once struggling businesses into success stories. Whenever Rakuten helps a merchant reach a new level of success, Rakuten proudly asks the merchant to tell his/her story at one of our special Rakuten Ichiba events, called "Rakuten Expo" or through one of our monthly magazines.

At Rakuten Expo, we invite merchants to attend one of the events held around Japan. These events provide merchants with an opportunity to learn and discuss our company's business and marketing plans for the upcoming year. In addition, Rakuten University holds special lectures and seminars to help merchants prepare.



E-Commerce Business	Credit and Payment Business	Travel Business
Rakuten Ichiba ²⁾	Personal Finance (Rakuten Credit)	Travel
Greeting Service ³⁾	KC	Securities Business
Business Service ⁴⁾	Banking (Alliance with TTB)	Securities
Stuffed Animal Greeting Cards ⁵⁾		Capital Investments
Golf ⁶⁾		Asset Management
Auto ⁷⁾		Property Management
Delivery ⁸⁾	Portal and Media Business	Professional Sports Business
Package Media (Books & Media)	Infoseek	Professional Sports
Media Rental	Advertising	Telecommunication Business ⁹⁾
Auction	Blog	Telephones ¹⁰⁾ (Fusion Communications)
Fine Wine ¹¹⁾	Research	Messenger ¹¹⁾
Dining	Career Service	
Downloads ¹²⁾	Target	
Tickets	CS Television	
Performance Marketing (LinkShare)	Internet Television ¹⁴⁾	
Horse Racing Mall	Cross Media ¹⁴⁾	

The e-commerce business model alone is unlike any other for its size. Rakuten provides a wide variety of services within e-commerce. More than fifteen businesses comprise this area. At the centre of Rakuten's e-commerce strategy is Rakuten Ichiba, the online shopping mall. Additional services such as online greeting cards, B2B matching, golf reservations, movie rentals, event ticketing, and much more help to keep the Rakuten eco-system vibrant and growing.

Other services, forming a unity of online and "bricks and mortar", include Credit and Payments, Portal and Media, Travel, Securities, Communications, and Professional Sports. The Rakuten Group is aiming to create new synergies borne out of a convergence of the above mentioned Internet and "bricks and mortar".

Rakuten continuously works to empower small and medium enterprises, or perhaps better described, the Rakuten family of merchants. Products are sold through Rakuten's own suite of merchant tools, which are bundled together in order to provide fully-integrated and seamless operations. These easy-to-use tools are called Rakuten Merchant Server (RMS). RMS and a team of dedicated Rakuten e-commerce consultants help the web savvy and beginner netizen customer alike, thereby enabling each merchant to "focus on selling rather than the technology and logistics behind the sale". In short, a major raison d'être for Rakuten and its' ensuing success is that SMEs can broaden their presence in ways that would have seemed unfathomable without the model.

These are exciting international times for Rakuten, which has been playing an active role in the US online affiliate marketing market, largely through the acquisition of LinkShare Corporation in 2005 and Cause Loyalty in 2007. The "Rakuten eco-system's" e-commerce core segment finds close synergy in particular with two very recent Rakuten moves, operations in Asia and Europe, Taiwan and Luxembourg, respectively.

There have even been cases where Rakuten Group services were used

Rakuten has recently established an international foothold in Taiwan through a joint-venture partnership with President Chain Store Corporation (PCSC), local operator of Seven-Eleven, and major or major-



Luxembourg Prime Minister Jean-Claude Juncker and Mr. Hiroshi Mikitani, Chairman & CEO of Rakuten, Inc. (February 7th, 2008 at Tokyo).

ity shareholder in several Japanese and non-Japanese brands. PCSC has entered into local partnerships with Japanese companies such as, Hankyu Department Store (one of largest department stores), Yamato (one of the largest courier services), Muji (clothing retailer) and Books.com (book retailer) and non-Japanese companies like Marks & Spencer and Starbucks. With PCSC's deep market reach and brand recognition, we believe Rakuten Ichiba can help Taiwanese SMEs enjoy an optimistic future.

Rakuten is now in the midst of a concerted global expansion. In 2008, Rakuten Inc. has officially announced a major corporate goal, namely putting into action a strategy that will see the company enter 27 overseas markets in several years. .

Spanning the globe from Asia to Europe, with such industrialized economies as Britain and France, to the afore-mentioned net savvy Taiwan, and all the way to emerging economies, it is a strategy that will bring a "Made in Japan" business model overseas. Though ambitious, it is a well planned out project that will retain a development policy of "start small, grow big". And Luxembourg will play a crucial role in this blueprint.

Luxembourg's physical location is ideal, as the country sits at a core business crossroads on the continent, benefitting not only from advanced telecommunications, and a first class logistic network but multilingual people as well, many of whom speak at least 3 languages. Rakuten will leverage what Luxembourg provides to help grow Rakuten's business in Europe and throughout the entire continent.

While the country offers many benefits for enterprises, Luxembourg's favorable e-commerce environment cannot be overstated as a reason for establishing a local beachhead. This local beachhead, named Rakuten Europe S.à r.l, was recently established in March 2008 and will function as a central coordination entity supporting the development of the Rakuten online shopping mall model throughout Europe. The highly educated and mobile workforce is well suited to the core functions that will initially be represented, such as some finance, strategic coordination, and human resources. Over time as Rakuten expands within the region, other functions will also be necessary, such as logistics and R&D activities.

However, Rakuten's future plans for Europe could not be possible without the help and guidance from the Luxembourg government. From the Embassy of Luxembourg in Japan's open door policy to the extreme level of professionalism exhibited by officials in the Ministry of Trade and Economy here in the Grand Duchy, Rakuten has learned invaluable lessons. Principally, the government has a well balanced approach to playing on the same team as industry here.

The last 10 years have seen amazing transformations for both Rakuten and Luxembourg. The next 10 years should be even more exciting... an exciting game of team ball!

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LUXEMBOURG AND E-SERVICES: A PERFECT MATCH

Luxembourg is increasingly seen as the “place to be” for businesses offering electronic services in Europe. There are several compelling reasons for a business to consider setting-up in Luxembourg. Those revolve around Luxembourg’s situation at the heart of Europe and its reputation for its accessible and business-friendly government. Other features that explain the attractiveness of the country are its competitive corporate tax environment - which includes special rules regarding the taxation of revenue out of the exploitation of IP (Intellectual Property) - and its state of the art IT infrastructure. This article focuses on one particular factor that has made the country particularly attractive to companies active in e-services and which lies in the way VAT applies to the supply of e-services .



Anne Murrath

deduct the VAT amount they incurred on the goods and services acquired (input-VAT) from the amount of tax to be transferred to the tax authority. In case of cross-border transactions between business parties the VAT due on the turnover is often not charged but accounted for by the customer (reverse-charged). In that case, where the customer is allowed to entirely recover VAT on purchases, he/she only needs to make the relevant VAT accounting entries.

As a result of this VAT mechanism, the tax is effectively borne by the end-consumer (mostly private persons) as part of the purchase price of the good or service. VAT is therefore an important cost component in business-to-consumer (B2C) sales. In this context, the lower the VAT rate, the more competitive the sales price can be. Also, at constant sales prices, the lower the VAT rate, the higher the seller’s margin will be.

Luxembourg has the lowest standard VAT rate in Europe (15 %) along with Cyprus and Portugal’s autonomous regions , and thus has a real competitive edge in B2C relationships.

VAT ON E-SERVICES

The VAT rate that must be applied on any given transaction depends on the deemed place of supply for VAT purposes.

In principle, the place of supply of services rendered to private persons is deemed to be in the country of the service provider, who charges VAT at the rate applicable in the country where he has established his business and remits this tax to the authority in the country of establishment.

ESSs (Electronically Supplied Services) were not contemplated in 1977 when the Sixth VAT Directive was adopted. Since these services were not governed by any specific rule, they were therefore taxed where the supplier was located. Consequently, whenever these services were provided by suppliers located outside the EU to EU consumers, they were provided free of VAT, while EU businesses providing the same services were required to charge VAT.

The manner in which general VAT principles were being applied to ESS thus created a blatant distortion of competition at the expense of EU-based e services companies.

In 2002 , to level the playing field, the EU Council adopted a Directive which addressed issues specific to ESS. This Directive includes provisions governing the place of supply of ESS. It also introduced VAT rules for non EU businesses providing e-services to EU consumers.

Under this Directive, which came into force on 15 May 2002, non EU companies are required to charge VAT on each sale to European consumers at the rate applicable in the consumers’ country of residence. For instance, a US-based company will have to charge French, German or Italian VAT on its online music sales to EU consumers who live in France, Germany or Italy respectively.

To facilitate VAT compliance in this situation, the 2002 Directive also provides for a special scheme whereby non EU based companies can elect to register for VAT and file their VAT returns with a single VAT authority in a Member State of their choice. Every three months,

WHAT IS VAT?

The rules governing VAT were largely harmonized across the European Union when the 6th European VAT Directive was adopted in 1977. Nevertheless, there are still major differences notably between VAT rates in the various Member States. Based on current rules, standard rates of VAT in the EU vary from 15% to 25%.

As far as VAT-able transactions between businesses – “taxable persons” in VAT jargon – are concerned, the rate of VAT has no direct impact on the cost of services (with the exception of the impact of the rate on the non-refundable VAT). Generally speaking, at each stage of the manufacturing or sales process, taxable persons will be required to charge VAT to their clients and remit the tax to the relevant authority. They will however also be allowed to

those companies must declare and pay the amount of VAT charged on their sales in the various EU Member States with this VAT authority. Along with the payment, they must file an electronic form showing a breakdown of their sales in each EU Member State. Based on this information, the Member State which collected the VAT will distribute the VAT revenues among the Member States where the consumers live.

Non EU based companies did not exactly fall over themselves to adopt this system, which involves a good deal of red tape. Furthermore, since VAT rates vary depending on where consumers live, non-EU companies found themselves faced with a complicating factor when it comes to pricing the services.

The obligation to charge the VAT of every single Member State where there are customers only applies to non EU-based companies. Therefore, most non-EU based companies decided to establish an EU bridgehead. Indeed, once they are established in the EU, e services companies are governed by the normal VAT rules under which ESS are taxed in the country where the service provider is located. Consequently, those services will then always be subject to the same VAT rate, regardless of the EU country where the customers reside. Companies which opt for that solution are therefore able to cut down on the red tape and offer a single price to all European consumers.

When it comes to choosing a suitable EU country, companies looking to provide competitively priced services and/or retain their sales margin have naturally given preference to the country combining an excellent business environment with the lowest VAT rates: Luxembourg.

VAT ON GOODS ORDERED ONLINE

It's important to distinguish e-services from supplies of goods ordered online where different rules apply. These rules are referred to as the "distance sales" rules. Under those rules, a business is authorised to charge VAT to private consumers at the rate applicable in the country where it is established only if its sales to residents of other EU Member States do not exceed certain thresholds which vary from one EU country to the next.

Once the threshold exceeded, the business will be required to charge VAT at the rate applicable in the country where the goods are delivered. The purpose of this rule is to preserve Member States' tax revenue and to keep mail-order companies from VAT rate shopping.

FUTURE CHANGES TO THE VAT RULES FOR ESS

VAT is a consumption tax and it should therefore in principal accrue to the country where the goods and services are effectively used and enjoyed. Since many EU Member States have expressed their willingness to apply this principle also for ESS (now that these services are increasingly generating VAT revenues), the rules governing ESS have been reviewed at the European level. The search for a feasible solution and one which would not stunt the growth of ESS in the EU has resulted in difficult discussions between Luxembourg and the other EU Member States as their representatives met during ECOFIN meetings.

After some intense discussions over amendments and counter-amendments to current rules, Member States agreed to change the current VAT rules effective 1 January 2015. From that date onwards, ESS should no longer be taxed where the supplier is located but in the cus-

tomers' country of residence. Luxembourg will at that time cease to be an attractive location from a VAT rate standpoint. Nevertheless, VAT is only one of the factors explaining Luxembourg's attractiveness. Also under the compromise reached the European Commission shall, before the end of 2014, submit a report on the feasibility of applying efficiently the new rules. One may justifiably wonder whether the matter has been settled once and for all.

CONCLUSION

The commercial reasons for setting-up business in Luxembourg are very compelling. VAT is an important but definitely not the only driver for a business to consider setting-up a bridgehead in Luxembourg. To quote Carsten Dierksen, Managing Director of iTunes in Luxembourg: "Luxembourg offers excellent location to reach our customers and main business partners in Europe and to find motivated and mobile employees with great language skills. The Government is very supportive to business."

Anne Murrath

Tax Partner at PricewaterhouseCoopers Luxembourg

Eric Reolon

Tax Manager at PricewaterhouseCoopers Luxembourg

1. "VAT" is the acronym of "Value Added Tax", the main tax on consumption in the EU.
2. The 'VAT factor' makes the country equally attractive for broadcasting and telecom activities.
3. Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.
4. Madeira and Azores.
5. Electronically supplies services, were defined in Council Regulation (EL) n° 1777/2005 of 17 October 2005 as "services which are delivered over the Internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention, and in the absence of information technology is impossible to ensure.
6. Directive 2002/38/CE of May 7, 2002.
7. The name given to the EU Council of Ministers when it meets in the form of EU ministers for finance and economy.
8. Directive 2008/008/CE of February 12, 2008 – Article 5.

PUBLIC AFFAIRS OFFICER

JEFFREY T. LODERMEIER



Jeffrey T. Lodermeier is the new Public Affairs Officer at the United States Embassy in Luxembourg. As Public Affairs Officer Jeff will work with the Embassy's Public Affairs section on media and youth outreach including enhancing Luxembourg-American exchanges, such as the Mayor's International Visitors program, student educational exchanges with the University of Luxembourg and elsewhere. The public affairs team will continue to reach out to the World War II commemorative as well as the local cultural community.

Jeff comes to Luxembourg following a two year tour as a Consular Officer at the United States Embassy in Maputo, Mozambique. Prior to joining the State Department, Jeff was a "professional volunteer" who served two years as a secondary school teacher in rural Kenya with the U.S. Government's Peace Corps program and another two years in the domestic community service program called AmeriCorps, where he worked as a Red Cross health outreach volunteer in the Midwest. He also worked three years at one of the world's largest international student exchange organizations where he established a pilot program in Africa.

Jeff studied German and European affairs in Salzburg, Austria in the early 1990's and holds a Master of Science degree in International Development Management from the American University in Washington, DC. He speaks Portuguese, as well as rusty German, and limited Swahili, Spanish and French. He enjoys playing competitive walleyball, a fast-paced version of volleyball played with a net in a racquetball court.

Born the youngest of ten children and raised on a dairy farm in central Minnesota, Jeff became familiar with a place called Luxembourg

at a very early age, because the neighboring township to his is named "Luxemburg" (Central Minnesota is one of the main destinations for Luxembourgers who migrated to the United States in centuries past).

Jeff looks forward to his two year tour in Luxembourg. While here he hopes to help broaden and deepen the public understanding of America as well as to increase opportunities for people-to-people exchanges between Americans and Luxembourgers.

nobody home?

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MIPIM

AGORA PRESENTS FIRST HYPER GREEN OFFICE PROJECT DURING MIPIM AT CANNES

Sustainable development was one of the leading issues during MIPIM (marché international des professionnels de l'immobilier) 2008, habitually held in Cannes. The organizers invented a new category for the traditional awards: the first 'Green Building Award' was attributed to a project in the Amsterdam region. Not by accident, Agora presented simultaneously the first hyper green office project at Belval which is intended to set a standard. The project is developed by the joint venture Everop from France (Everest) and the Netherlands (Evelop, part of Econcern group, one of the market leaders in energy consulting and building solutions). 24.000 m² gfa (gross floor area) host mostly office space but also several apartments and some space for retail or restaurants. Detailed plans will be available in the summer.

The Everop project was not the only new item which was presented by Agora. In the same district of Belval, the 'Square Mile' quarter, Agora presented two further projects. Luxembourg's developer Technoconsult will realize a mixed project of office and residential space in a clear and modern architectural look. During MIPIM, an agreement between Agora and Felix Giorgetti was signed to develop another 14.000 m² building. Construction start for these projects is foreseen for the end of 2008 and beginning of 2009. Buildings will then be delivered between 2010 and 2011.

At Belval, Agora offers a real alternative for offices with the recently presented projects for tenants in the Grand Duchy of Luxembourg. The tenants will find high quality projects at reasonable prices. Shopping and restaurant facilities are available in the Belval Plaza building from autumn 2008. The existing railway access is another element of attraction. There are already some interesting contacts who admire the urban living idea at Belval. Therefore the Agora team is confident to present latest at MIPIM 2009 the next chapter of the Belval success story.

Jürgen Primm
Agora



*Agora and Everop, the makers of the first Hyper Green Office Building
Vincent Delwiche, Vincent Klein, Etienne Reuter, Georges Engel, Lydia Mutsch,
Jos Bode, Robert Dockendorf.*



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BANKING SPICE

TOWARDS A COMMON LANGUAGE FOR THE FINANCIAL SECTOR

Launched on 9th of April 2008 - during a one-day conference at the Public Research Centre Henri Tudor - the international initiative Banking SPICE promotes quality standards, innovation and governance principles for the Luxembourg financial place.

Result of a partnership between the CRP Henri Tudor – through its programme INNOFinance – and the international standards community, this initiative is based on the ISO/IEC 15504 process assessment standard, initially known as SPICE (Software Process Improvement and Capability dEtermination) and universally recognized. Standard ISO/IEC 15504 is a measurement framework, with large flexibility which allows formulating simple and relevant improvement recommendations. Indeed, its scope is not restricted to the technological environment (hardware or software) but also embraces human related aspects and processes. Moreover, this standard can provide significant benefits to several domains of the banking activity: IT services management, outsourcing activities, management of operational risks by financial institutions and internal control-related activities such as KYC/AML (Know Your Customer / Anti Money Laundering). The CRP Henri Tudor regularly organizes seminars and training activities on these topics.

Nowadays the purpose of the Banking SPICE initiative is to apply this standard to the financial services sector, and, in a more general context, to position Luxembourg as a "pole of excellence in services".

Indeed, in the services domain, professionals need to be innovative and at the same time provide high quality services. So, to be efficient, companies have to improve processes that contribute to the design and the delivery of their services. In the financial sector, the result for customers does not only rely on the relationship with the person in charge of the account, but it also depends on the quality of several "elementary services" which ensure the provision of the entire service. This must lead to an examination of processes by which each individual service component is produced and assessed in order to identify potential avenues for improvement. In financial services, the situation is even more complicated because service quality is not only a matter of customer satisfaction, but also involves compliance to an increasing number of continuously evolving regulations. Therefore, professionals of the sector must, in priority, ensure that their internal processes are compliant with these regulations.

Consequently, using a common framework to describe critical services and their related processes presents several advantages:

- save resources and time by avoiding that each professional works on its own,
- improve communication through the use of a common language by using concepts and common processes, which helps compare one company with another one.

During the launch of the initiative Banking SPICE, Alec Dorling - international coordinator of the initiatives related to the ISO/IEC 15504 standard - introduced an overview of this standard's history. Developed since 1993 by a consortium called SPICE based on existing framework such as the ISO 9001 standards, ISO 12207 and CMM (Capability Maturity Model) framework, the ISO/IEC 15504 standard is now widely used in automotive, space and the medical material industries. Additionally, as the standard is following a continuous improvement process itself, a "new generation" of ISO 15504 standard will be further developed in the next few years.

Another key stake is the application of SPICE standard for new sectors, especially the banking sector, and more largely the financial services. Anne-Laure Mention and Béatrix Barafort, respectively Project Manager and Unit Manager at CRP Henri Tudor, presented the international initiative Banking SPICE: the vision and mechanisms to gather components and potential contributions like the INNOFinance's ones in order to develop structured financial governance tools, with the support of a knowledge and collaborative platform.

David Hagen, Head of Department, Supervision of IT and Support Function PFS at the Supervisory Commission of the Financial Sector (CSSF) specified the stakes for the Luxembourg Financial Center. He emphasized the importance of a common language for the financial sector, with standardized processes and quality framework, in particular in an increasingly regulated world.

For any further information regarding the INNOFinance program or Banking SPICE, please contact Anne-Laure Mention (anne-laure.mention@tudor.lu) or visit the website www.innofinance.net or www.bankingspice.com.

1. The CRP Henri Tudor has set up a partnership with the CSSF: the GRIF project (Operational risk management within financial institutions- information available at [www.cssf.lu/Dossiers/Adéquatation des fonds propres](http://www.cssf.lu/Dossiers/Adéquatation%20des%20fonds%20propres)).

 innofinance

Frédéric Girs
Anne-Laure Mention
CRP Henri Tudor

FOUR SEASONS IN ONE DAY

Never before have so many generations with such diversity worked together. With employees staying in the workforce longer than ever, and Generation Y freshening the Baby Boomer/Generation X mix, it's quite possible to have four generations in a single team, each bringing a significant variation in working style, aspirations and attitudes.

Age diversity is now a significant issue for many companies, and it's a constant struggle to manage cross-generational conflicts. So how can managers turn those conflicts into a working environment that draws out the best in all? The secret, it seems is to understand the common experiences of each generation that define their assumptions and perspective on work.

Recognizing that Boomers are process-focused and more likely to call meetings than X-ers who prefer specific jobs with concrete goals, or that Traditionalists are just as likely as Generation Y to come up with good ideas can help managers shape their style, but it's never easy.

The Haemophilia Society's 29-year old Fundraising Manager Oliver Kemp told us that it can still be hard to overcome the stereotypes: "In my sector, there's still some perception that oldies are reluctant to change and youngsters are overly demanding and impatient. But there are plenty of young people who are reluctant to change. And my most innovative colleague is 53. But when I'm talking to my peers in other charities, and to many of my younger compatriots, I see that they're frustrated by older, senior managers who are reluctant to implement changes that will benefit the organization. We've got to try and make allowances for the different ways in which we work. Generally we don't!

Within charities, I know we need to do more to value potential and talent as well as experience. At present, it's valued but within limits. I'm sure CEOs often feel it's difficult to justify taking on a talented but young individuals to their trustee board."

Matt Cooper became Managing Director of Capital One in 1998 at the age of 31 and was: "always the youngest person in the room."

"I got some quizzical looks when people coming to interview for senior roles met me, but I've found once people get to know me and I them, the working relationships are easier. The more difficult relationships are with people who have only a perception of you from afar.

My golden rule has always been 'do unto others as they would be done to.' It's about being able to put yourself in the other person's shoes: to appreciate what matters to them, not what matters to you. Every generation has its challenges. It definitely is harder to learn new things as you get older – but that's not to say you can't. It's down to managers to find the right ways to help people learn. And young people need to learn that they don't actually know everything.



While there may be more things to consider as a manager today, the basics hold true: if you know how to bring out the best in your team, that team will be successful."

Rule of thumb*

While there will be many factors that draw employees together, it's worth understanding where the differences may occur. Some rule of thumb pointers about each generation are:

Traditionalists – born before 1945

- Much more likely to be male
- Very loyal – generally have had no more than three employers in their career
- Many will have had some military background – and are comfortable with top-down management
- Motivated by recognition for a job done well.

Baby boomers – born 1946-64

- Like to be recognised for their achievements – from a personal parking space to monetary reward to enhanced job titles
- Optimistic and idealistic
- Highly competitive
- Now looking for more work/life balance and for future generations to put their shift in.

Generation X – born 1965-1980

- Sceptical about the employment system
- Work is a means to an end
- Looking for freedom that will be achieved through training and development
- Techno-literate and unimpressed by hierarchies.

Generation Y – born 1981-1999

- Want their work to have value
- Want to make a difference
- Sociable
- Multi-taskers

* Synthesised from Cook Ross, *Diversity Manager's Toolkit*, 2004



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For more information please contact Chris Purdy on (+352) 261 928 1002 or e-mail chris.purdy@faradayclark.com.

DUAL NATIONALITY

NEW LAW ON THE FREE MOVEMENT OF PEOPLE AND IMMIGRATION: ENSURING THE ATTRACTIVENESS OF LUXEMBOURG FOR FOREIGNERS THROUGH A COHERENT AND TRANSPARENT LEGAL FRAMEWORK

Following is a statement of the Luxembourg Chamber of Commerce regarding draft law n° 5802 on immigration.

In the Grand Duchy of Luxembourg foreigners represent close to 42% of the resident population and more than 66% of private sector employees. These figures show the crucial importance of immigration for the prosperity of the economy and the cultural wealth of our country. The Luxembourg Chamber of Commerce therefore welcomes draft law n°5802 regarding the free movement of people and immigration, which aims at providing Luxembourg with a modern and coherent legislation in matters of immigration. The Chamber however believes that a certain number of precisions and administrative simplifications must still be implemented in the draft law in order to give Luxembourg an attractive legislation apt to encourage the installation of foreign companies and/or of foreign workforce in Luxembourg.

The numerous types of immigration are insufficiently taken into consideration in the current law of March 28, 1972 concerning the entry and residence of foreigners. The draft law responds to this situation by creating seven types of residence permits: employees, independents, athletes, students, pupils, interns or volunteers, researchers, family members and residence based on private or personal reasons. The introduction of the majority of these categories was necessary in order to implement the six directives of the European Union.

The Chamber welcomes the simplification of formalities of which EU citizens benefit in respect to their residence in Luxembourg.



The amalgamation of work permits and residence permits for employees from third countries constitutes another major administrative simplification. The desire for simplification and transparency must guide the process of delivering residence permits to a greater extent. The duration of residence permits can not be left at the discretion of the Ministry in charge of immigration; it must be defined in the draft law. The concern for promptness demands that the draft law defines a maximum timeframe for the Ministry to make its decision.

The conditions to receive a residence permit as employee are still too strict: the proof that the activity of the petitioner must serve the economic interests of the country is difficult to comprehend in the light of a severe lack of workforce in numerous sectors. It is a pity that the petitioner must have a work contract (and not simply the prospect of employment). Although the residence permits are no longer limited to a single employer, they are nonetheless limited to a specific sector for a certain amount of time, a concept not yet defined by the draft law.

The Luxembourg Chamber of Commerce regrets that the concept of a provisional recruitment plan which sets up a collaboration between the government and the concerned economic sector is not part of the draft law. Such plans allow companies to elaborate in advance in cooperation with the authorities, annual contingents of foreigners. These plans would allow companies to benefit from accelerated and even simpler procedures in obtaining residence permits for employees.

The draft law pays tribute to a demand of the professional sector to implement a quicker administrative procedure for employees assuming a job with executive functions. It has been agreed upon to clearly define the concept of executive task: The Chamber of Commerce suggests that these are jobs assumed by university graduates or by people with a specialized professional experience and who earn three times as much as the minimum salary.

Rules regarding the temporary deployment of workforce to Luxembourg deserve to be clarified and simplified more, concerning form as well as background.

The Chamber of Commerce regrets the very strict framework in which young third country nationals can follow internships in Luxembourg and the restrictions concerning the work duration of students. The same reservations apply to the highly restrictive conditions under which students from non EU countries, who have graduated in Luxembourg, can exercise a profession.

The arrangements outlined in the draft law concerning residence permits for researchers deserve some clarifications in order to give Luxembourg a coherent legislation thereby attracting scientists to Luxembourg, while at the same time meeting the objective of the Lisbon strategy in regard to research. The residence permit for individuals living on their own financial means is limited to one year's duration. This time period is, however, too short to incite people to transfer their residency to Luxembourg. Conditions for the renewal of residence permits, which are too strict, especially pertaining to the linguistic aptitude of immigrants, may deprive Luxembourg of necessary workforce. The Chamber asks for a more differentiated approach as to the demand for integration, thereby taking into consideration the type of immigration.

The Chamber of Commerce regrets that the draft law does not include any «passages» between one type of immigration towards another, allowing a person who is already a resident to benefit from longer residence permits.

The draft law outlines the sanctions against employers involved in clandestine migration which however risk backfiring on innocent individuals (such as other employees, clients and suppliers). Therefore the Chamber of Commerce would like to see these sanctions suppressed.

The Chamber hopes that the suggestions it expressed in its assessment of the draft law will be reflected in its final text, in order to eliminate existing obstacles towards a modern and flexible immigration legislation.

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SIMON, KUCHER & PARTNERS

WHEN HIDDEN CHAMPIONS MEET

SIMON-KUCHER & PARTNERS: THE WORLD'S LEADING BUSINESS ADVISORS FOR "SMART PROFIT GROWTH" HAVE JOINED THE LUXEMBOURG BUSINESS COMMUNITY

It all began in 1985, when Prof. Hermann Simon and two of his assistants at the University of Bielefeld – Dr. Eckhard Kucher and Dr. Karl-Heinz Sebastian – had the vision of implementing the latest scientific advancements in the area of marketing and pricing into management practice. In the midst of a highly successful academic career, with visiting professorships at the world's leading business schools, 37-year old Simon and his co-founders laid the cornerstones for what is today one of the world's fastest growing management consultancies.

SIMON ♦ KUCHER & PARTNERS

Strategy & Marketing Consultants

PHARMACEUTICALS: FIRST SUCCESSES IN A FAST-CHANGING ENVIRONMENT

Prof. Simon loves to reminisce about the company's first project: "We worked for a division of BASF and revised their entire marketing and pricing strategy with only our scientific methodologies in our bags," he recalls. Today the company offers tailor-made, industry-specific consulting solutions to the strategic and commercial challenges that its clients face. However, something that has never changed over the years is Simon-Kucher's working style, which is based on thorough analysis and pragmatic solutions. The pharmaceutical industry proved to be an ideal growth platform for the company, as the industry was going through massive commercial change in the 1980s. Ongoing consolidation and market entry of generics were redefining traditional marketing and pricing paradigms. As a result, Life Sciences emerged as the first and still the biggest industry competence center of Simon-Kucher. Today the company works on a reoccurring basis for the world's leading companies in the pharmaceutical and biotechnology sectors.

INDUSTRY AND LOCAL EXPERTISE: KEY PILLARS OF SUCCESS

Over the years Simon-Kucher has replicated its success in numerous industries. The company is today structured according to industry divisions which have different "global footprints" depending on their clients' needs. The biggest divisions, apart from Life Sciences, are Telecom & Information Technology with a strong presence in the English-speaking part of the world; Financial Services with a strong exposure to the USA, Europe and Asia; and Engineering with traditional strong footprints in the German-speaking countries. In total Simon-Kucher today employs over 450 professionals who work out of 16 offices worldwide. "The unique combination of deep industry understanding and local

*Prof. Hermann Simon
Founder and Chairman*



expertise is one of the key pillars of our success,” explains Hermann Simon. “When Simon-Kucher advises world-renowned clients, such as Johnson & Johnson, Vodafone, HSBC and Porsche, in developing strategies or facilitating commercial effectiveness programs that drive profitable growth, these clients can count on us providing the ideal mix of local know-how and industry expertise.”

GROWING SMART: LESSONS LEARNED FROM HIDDEN CHAMPIONS

For many years Hermann Simon has been inspired by highly successful yet often unknown companies, for which he coined the term “Hidden Champions”. BrainLAB, Claas, Enercon and Wuerth are just a few examples. These companies show an impressive continuous track record of profitable growth. Global market access with focused offers, ongoing innovation, entrepreneurship and a firm belief in their own strengths are key characteristics of the Hidden Champions. “Multinational companies can learn a lot from Hidden Champions: above all, to be smarter and faster, to follow their own path and not to jump on every management buzz word and fashion,” states Hermann Simon. “The same principles guide the business development of Simon-Kucher and the work for our clients”.

ACHIEVEMENTS AND OUTLOOK

Since its foundation in 1985 the company has grown to achieve €80 million in revenues in 2007. Management thought leaders and business journals such as Business Week and The Economist cite Simon-Kucher as the world’s leading pricing consultancy. In the area of marketing and sales, top German managers recently rated Simon-Kucher as the leading consultancy ahead of McKinsey and the Boston Consulting Group (manager-magazin, August 2007). “We are proud of what we have achieved and we are more than confident that we will continue this development in the future,” states Simon.

Apart from Luxembourg, the company has just opened an office in Moscow and is planning new office locations in China and the UAE.

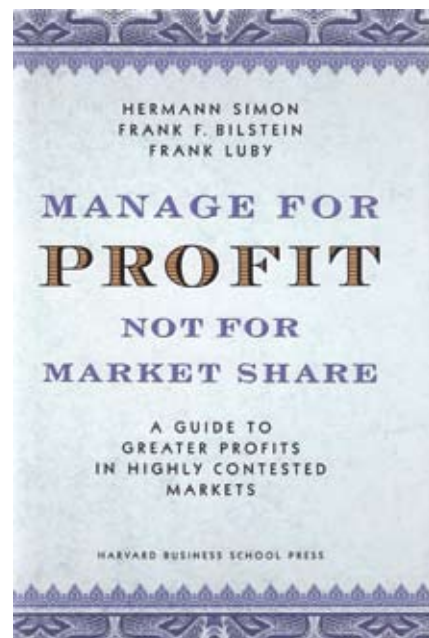
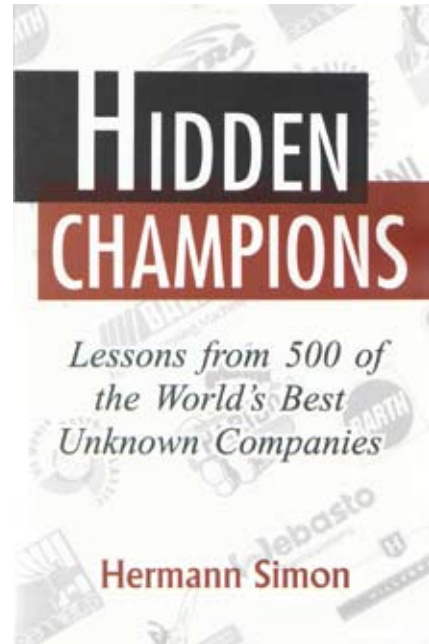
WHY LUXEMBOURG?

“Luxembourg offers a perfect environment for our international expansion,” explains Joerg Kruetten, member of the Executive Committee of Simon-Kucher and Managing Director of the Luxembourg office. “It is a global financial hub, the home of many multinational headquarters and has an unparalleled infrastructure in the heart of Europe.” Simon-Kucher Luxembourg primarily serves clients in the financial services and technology sectors. The office also hosts the company’s international Medical Technology Competence Centre. Apart from being a highly attractive business location, Joerg Kruetten sees Luxembourg as a Hidden Champion among global economies: “In many aspects Luxembourg shows the typical pattern of a Hidden Champion

*Joerg Kruetten
Executive Vice President
and Managing Director*



and we are convinced of the country’s ongoing success as an important global economic hub. This is a place we want to be.” When Hidden Champions meet...



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OPERATING IN A RESPONSIBLE WAY

Both The Thomson Corporation and Reuters Group PLC bring to Thomson Reuters ethical and transparent cultures which are embedded into the Thomson Reuters core set of values and behaviors. These values guide our people and our new company, reflecting our absolute commitment to the customer, and underpin the belief that our people make the difference and confirm our continual quest for high performance. The desired professional behaviors that spring from these values are accountability, a commitment to continuous improvement, a desire for innovation and the promotion of teamwork.

These same values and behaviors define our approach to our corporate responsibility programs, which ensure ethical and transparent behaviors are embedded in the way we do business with our suppliers and customers, in the way we recruit and manage our people, in our awareness of the impact we have on the environment and in the way we share our skills and resources with the community.

Thomson Reuters has set three key initiatives as the corporate center's "signature processes" – the things we want to do, and be known for doing, exceptionally well. These processes address setting strategy and



allocating capital, talent and innovation. These are core responsibilities for every company; however, unless done superbly well, a company cannot hope to build sustainable, long-term value. We will focus on creating a diverse workforce at all levels in the Company because we strongly believe that diversity helps drive innovation and growth. We must be world class in fostering innovation in our business - certainly in our technology solutions, but also in our business models, customer service and internal systems. Without innovation there can be no long-term organic growth.

We believe that a responsible approach to business is not optional, and we will be defining policies and procedures to integrate this working into everything we do. Whether we are considering our approach to resource allocation, talent management or new product development, without responsibility there is no sustainability.

REUTERS FOUNDATION

Reuters Foundation was established in November 1982 as a charity through which the values and concerns of Reuters and its employees could be reflected, focusing in particular on areas where Reuters skills and expertise in information gathering and communications could be put to use in ways which benefited the communities in which Reuters operated worldwide.

The Foundation is governed by a Board of Trustees including non executive directors of the Thomson Reuters Board, Thomson Reuters executives and external representatives.

The Foundation currently runs four core programs: journalism training, independent Iraqi news agency Aswat al Iraq, part-funding of the Reuters Institute for the Study of Journalism at the University of Oxford and AlertNet, a humanitarian news website that aims to keep relief professionals and the wider public up-to-date on humanitarian crises around the world.

During 2007, the Foundation offered training opportunities to journalists and humanitarian workers from all over the world, providing journalism courses for over 700 journalists and media and communications skills courses for around 500 aid workers from UN agencies.

THOMSON REUTERS IN LUXEMBOURG

Thomson Reuters has a strong presence in Luxembourg and employs 45 people in an office on the 4th floor of the Espace Monterey building in the city center. Thomson Reuters employees have been providing services to businesses and consumers in Luxembourg for 30 years.

Today, Thomson Reuters intelligent information helps to power Luxembourg's financial sector, with key services offered to local clients focusing on electronic trading systems, enterprise and risk management systems, premium desktops, feeds for fund administrators and news.

Thomson Reuters is very active in the local community. The organisation sponsored the photo exhibition 'State of the World' at the Grand Theatre for the Luxembourg 2007 European Capital of Culture and Lipper, a Thomson Reuters subsidiary company, has co-sponsored the European Fund Awards for the last 7 years. This year, for the first time, a Reuters Funds Summit was held at the same time as the ALFI Spring Conference, bringing an international focus to the Luxembourg Funds Industry (content available at: <http://www.reuters.com/finance/summit/Funds08>).

As a new member of AMCHAM, Thomson Reuters is looking forward to the ABAL luncheon in October, when Paul Taylor, European Affairs Editor and Bureau Chief for Reuters News in Brussels, will be speaking.



An artist's impression of the Espace Monterey building in which Thomson Reuters is based.

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VISIT TO SPANGDAHLEM AIR BASE

FINDING AMERICA AT THE HEART OF EUROPE...

“Building bridges” is certainly a motto AMCHAM Luxembourg operates by – enhancing the connection and exchange between the local expat community and Luxembourg authorities, among the members and non-members at the numerous networkings throughout the year or between keyplayers in the Greater Region.

The latter has led to a meeting of AMCHAM representatives, Luxembourg’s Citymanager Geraldine Knudson, the President of the “Union Commerciale de la Ville de Luxembourg” Michel Rodenbourg and U.S. Air Force representatives at the U.S. Air Base in Spangdahlem, Germany.

The mere facts are striking: The Air Base is home to 15,000 U.S. citizens and conducts operations with about 5,600 active-duty members, 210 Department of Defense civilians and approximately 1,700 German civilian employees. The 52nd Fighter Wing maintains, deploys and employs fighter aircraft and theater airspace control capability, supports strategic mobility operations and conducts the training of air and ground combat fire controllers.

Entering the Air Base means finding a piece of America at the heart of the Eifel: The infrastructure comprises housing, schools, university facilities, a hospital, restaurants ranging from Mexican to Cajun food, a bowling alley and much more.

Due to the transfer of the Rhein-Main Airlift Mission agreed upon in 1999, the Air Base Spangdahlem has been continuously expanded in order to assume 35 percent of the airlift mission formerly carried out by Rhein-Main. The Air Base is among the major employers in the region and in addition conducts business with numerous suppliers and contractors from the building and other industries. Many families have chosen to rent a home in the surrounding towns and villages, adding further income to the region. In total more than EUR 150 million are being spent annually in the region.

It goes without further explanation that the 15,000 Americans living in Spangdahlem possess a purchasing power which should not be neglected either. Is Luxembourg on their radar as a destination for leisure and shopping?

Left to right: Bernhard Schaefer, James O’Neal, François Kremer, Yves Cheret, LtCol Ronald Huzzard, Maj Patrick Maloney, Michel Rodenbourg, Paul-Michael Schonenberg, Ian Whitecourt, Tatjana Schaefer, Geraldine Knudson





Left to right: Paul-Michael Schonenberg, Geraldine Knudson, Col. Thomas Feldhausen, Michel Rodenbourg.

“What can we do to attract the members of the Fighter Wing along with their families to Luxembourg?” was AMCHAM Chairman Paul Schonenberg’s question to Commander Col Thomas Feldhausen. The practical, hands-on answer: “Concise, English-language information on shopping- and leisure offers in the Grand Duchy could be very helpful: What is going on when and where? Ideal channels are our weekly newspaper, our radiostation as well as the upcoming fair ‘Explore the Eifel’. This will get the message across...”.

Col Feldhausen explained that the Grand Duchy was already a broadly accepted destination among the members of the Air Base. A key to success was their quest for a piece of America in their new surroundings. According to Colonel Feldhausen it is a real convenience for base members to have shopping malls, like the Luxembourg malls, this close to the base. One of Luxembourg’s key advantages, the multilinguism of its inhabitants, could be seen as another highly beneficial factor. Having the opportunity to use their mother tongue certainly increases the ease with which people can immerse themselves into the daily life of the region.

During the two to three years of their stay in the Eifel, the airmen and their families are eager to explore the entire region without defining the borders as a hindrance. The Grand Duchy therefore possesses a great potential as touristic and shopping destination which can be unlocked. Luxembourg’s unique shopping possibilities nicely compliment the broad offer already available in the region.

The AMCHAM delegation saw the meeting as a first step to further enhance the relations between Luxembourg and the Air Base Spang-

dahlem – strengthening Luxembourg and the Greater Region as business location as well as getting the right people together to take the necessary steps remain among the highest priorities of AMCHAM. In this sense let’s continue to build bridges...

Tatjana Schaefer
Communications Director



DELPHI BUSINESS AWARD RECIPIENT 2008 BY LUXEMBOURG AMERICAN CHAMBER OF COMMERCE

DELPHI has been chosen for the 2008 Luxembourg American Business Award stated by the Luxembourg American Chamber of Commerce in the United States. The Award stands for its special and longstanding relationship between an American corporation and Luxembourg.

The Award will be presented on October 22, 2008, at a black tie dinner in New York, Gotham Hall, presided over by H.R.H. the Crown Prince Guillaume of Luxembourg and Luxembourg's Minister of the Economy and Foreign Trade, Mr. Jeannot Krecké.

The Delphi Luxembourg site opened in 1971, and recently inaugurated its Powertrain Systems headquarters. Delphi is a leading global supplier of mobile electronics and transportation systems, including powertrain, safety, steering, thermal, and controls & security systems, electrical/electronic architecture, and in-car entertainment technologies.

As a responsible corporate citizen, Delphi is dedicated to protecting human health, natural resources and the global environment. The products developed in Luxembourg, are helping automakers reduce the impact of the automobile on the environment.

Delphi's Luxembourg Customer Technology Center is one of the com-

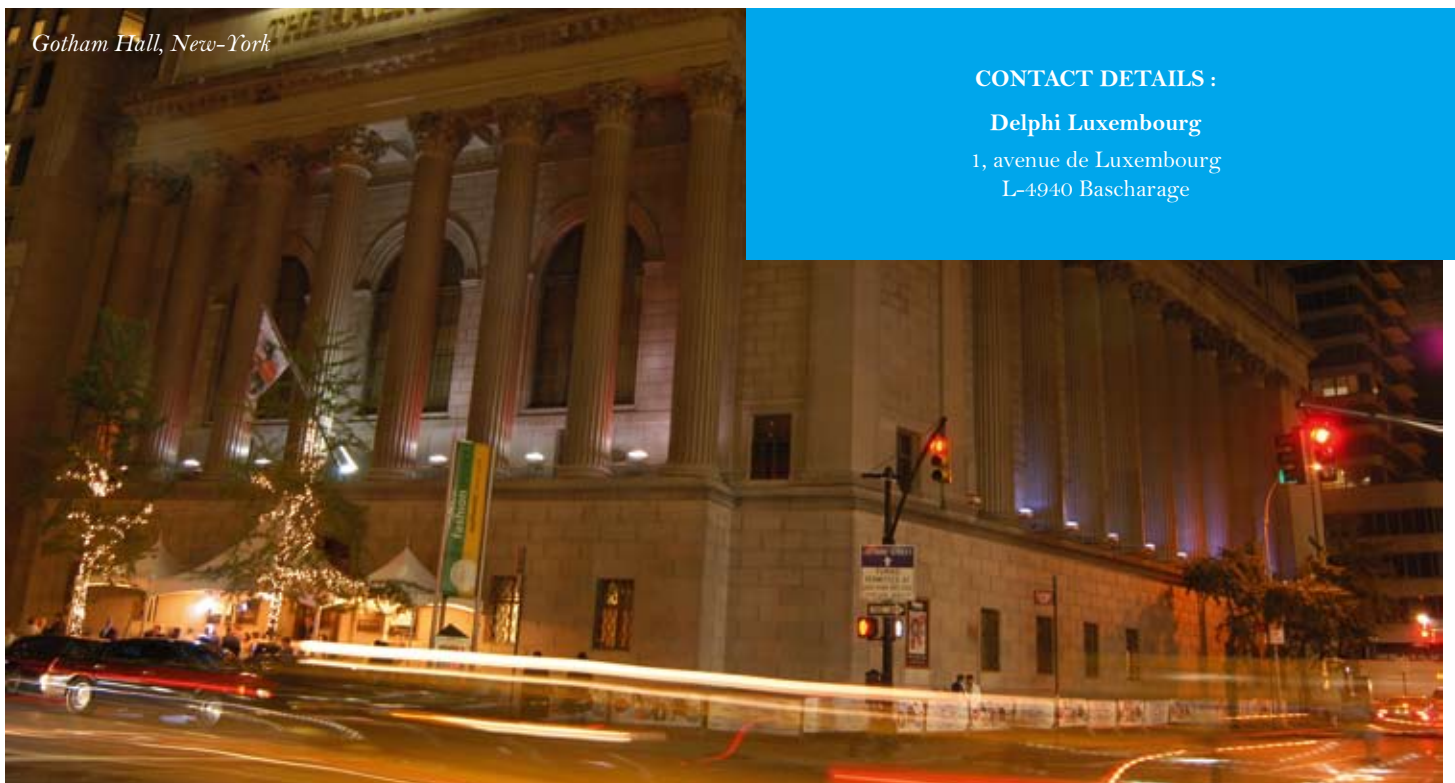
pany's most important European operations, providing crucial support for the development of energy and engine management systems, as well as thermal systems.

Delphi selected Luxembourg for a number of compelling reasons, among them being the significant ongoing engineering activity in Luxembourg combined with numerous advantages in terms of cultural diversity, pro business government, quality of life, central location, commercial neutrality to automotive customers and a favorable business climate.

Headquartered in Troy, Michigan, Delphi has approximately 163,500 employees and operates 152 wholly owned manufacturing sites in 34 countries with sales of USD 22.3 billion in 2007.

For more information about this event please see our website: www.luxembourgbusiness.org or contact: LACC at (+1) 212 88 86 70 1 or info@luxembourgbusiness.org.

Gotham Hall, New-York



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LACS RECEIVES MAJOR GIFT FROM AMERICAN CHAMBER OF COMMERCE OF LUXEMBOURG

The American Chamber of Commerce (AMCHAM) of Luxembourg recently offered a major gift of EUR 5000 (USD 7,356) to the Luxembourg American Cultural Society (LACS), Inc. AMCHAM has specified that the gift be used to enhance the Cultural Society's Research Center/Archives.



LACS Director of Development, Kevin Wester, stated: "The Cultural Society is overwhelmed by AMCHAM's generous gift. The timing of the gift is impeccable as the LACS is opening its new Research Center in Belgium, Wisconsin this spring. While the LACS' archival collection is outstanding, we have many needs for equipment and archival supplies to make the Research Center world-class. The AMCHAM gift will help make this happen."

Wester also emphasized that the Research Center for the Luxembourg American Cultural Center not only houses archival materials but also resources portraying the economic and cultural climate of today's Grand Duchy. He stated: "Our mission is 'Roots and Leaves'. Not only do we want to portray the rich history of Luxembourg and immigration, we also want to educate people about all of the opportunities and benefits of Luxembourg today. We want people to know that today's Luxembourg is a vital hub for commerce, culture, and tourism in Europe."



Construction Site Research Center

The LACS intends to permanently recognize AMCHAM as a Corporate Sponsor in its new Research Center. The Research Center is currently located in the LACS' interim facility at 755 Main Street, Belgium, Wisconsin but will move to the new Luxembourg American Cultural Center facility when it is completed later this year. The Board of Directors and Members of the LACS extend their heartfelt gratitude to AMCHAM for their generous gift and continued support.

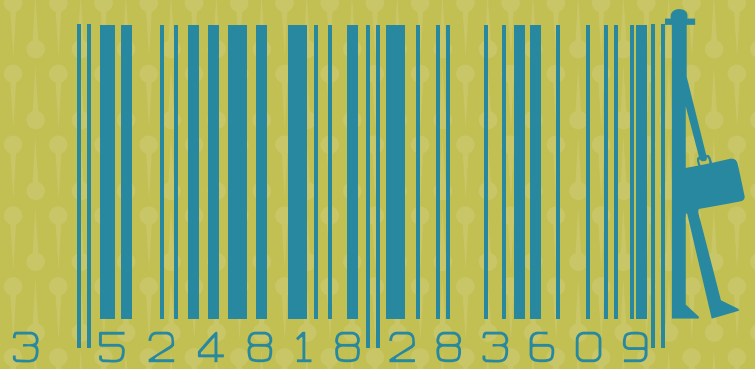


Architectural Rendering of the Luxembourg American Cultural Center

If you are interested in becoming a corporate sponsor or donor to the Luxembourg American Cultural Society and Center, please contact Wester at kwester@culturalsociety.org or (+1) 262-355-5758. Gifts are tax-deductible to the fullest extent allowed by law.

The Luxembourg American Cultural Center is a collaborative venture between the Luxembourg American Cultural Society and the Grand Duchy's Ministry for Culture along with the Roots and Leaves Society of Luxembourg. The Luxembourg American Cultural Society was founded in 2004 and numbers 600 members in 40 U.S. states and the countries of Luxembourg, Belgium, England and Switzerland.

The society's website is: www.luxamculturalsociety.org.



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Environmental information: www.bmw.lu

Average consumption (l/100km)/ CO₂ emission (g/km): 9.7-6.5/233-172

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