

CENTERSTATE
CORPORATION FOR
ECONOMIC OPPORTUNITY



2015 ECONOMIC FORECAST

CENTERSTATE NEW YORK





Each year, CenterState CEO reaches out to industry leaders across our region for insight on the current economic climate and an outlook on the year ahead. It is our goal to provide you and your customers with a single source for strategic information across industries through this annual Economic Forecast report.

This year, 230 CenterState CEO Members and community participants from 12 counties contributed to our forecast. With support from Research & Marketing Strategies, Inc. (RMS), a third-party market research firm, we reached more businesses and gained new perspectives through online surveys and moderated focus sessions. The result is a more robust and relevant report with findings that span 14 sectors of our diverse economy. Regional trends for 2015, along with detailed data from ManpowerGroup on industry, occupation, employment, and earnings expectations through 2018, are also outlined in the following pages. I encourage you to reference this report throughout the year as regional, national and global economic trends unfold.

We are pleased to report a large majority of focus group participants anticipate continued improvement of the CenterState New York economy in 2015. Still, there are ongoing concerns about government regulation of business, aligning workforce to the specific needs of business, and the need for resources to help companies maximize global opportunities. We remain committed to helping our members address those challenges in the year ahead.

I want to thank our forecasters for their valuable insight, and our sponsors - presenting sponsor M&T Bank; corporate sponsors Dermody, Burke & Brown, CPAs, LLC, Time Warner Cable Business Class, Manpower Inc., and RMS; and media sponsors, the Business Journal News Network, Syracuse Media Group, News Radio 570 WSYR, and Visual Technologies.

I look forward to working with you as we strive for a prosperous 2015.

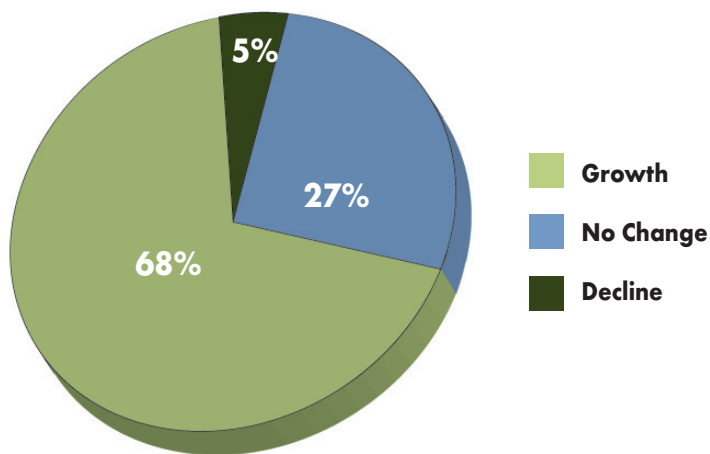
Robert M. Simpson
President, CenterState CEO

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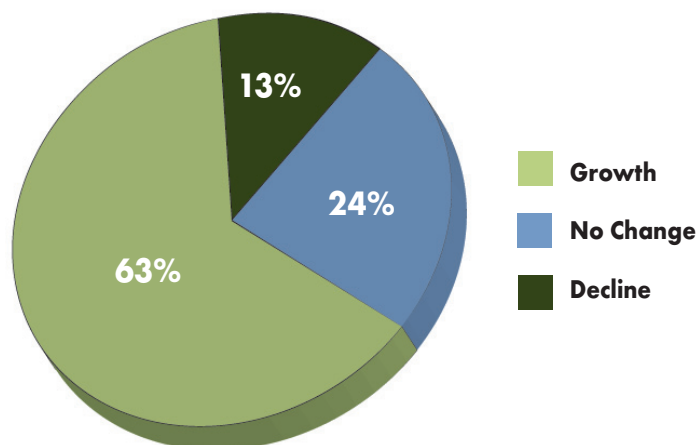
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2014 Perspective

What were your business projections for 2014?

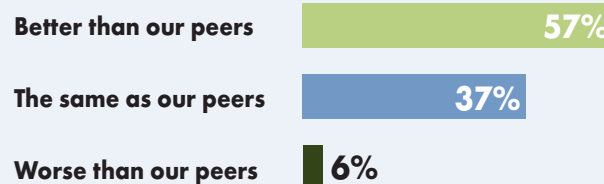


How did your business actually fare in 2014?



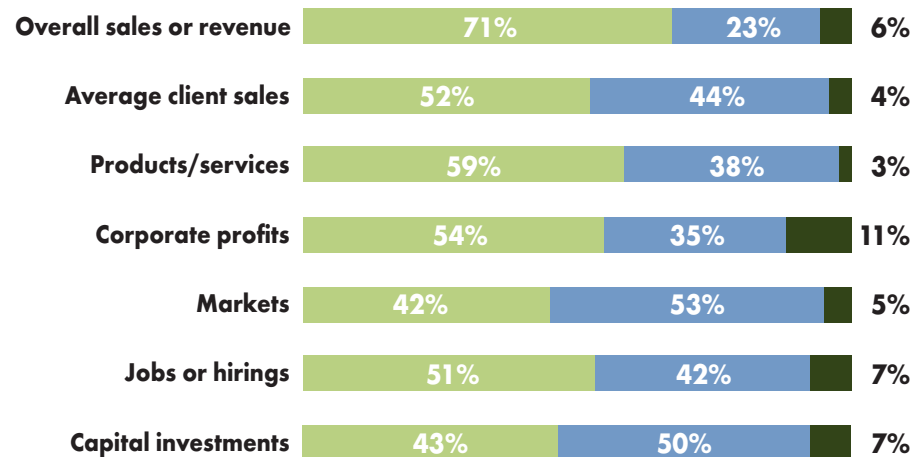
Respondents reported an average rate of growth of 15% in 2014.

Compared to your industry sector peers in 2014, how is your business performing?



2015 Outlook

What are your projections for 2015?



Legend: Increase (Green), No Change (Blue), Decrease (Dark Green)

Market Analysis of CenterState New York

Introduction

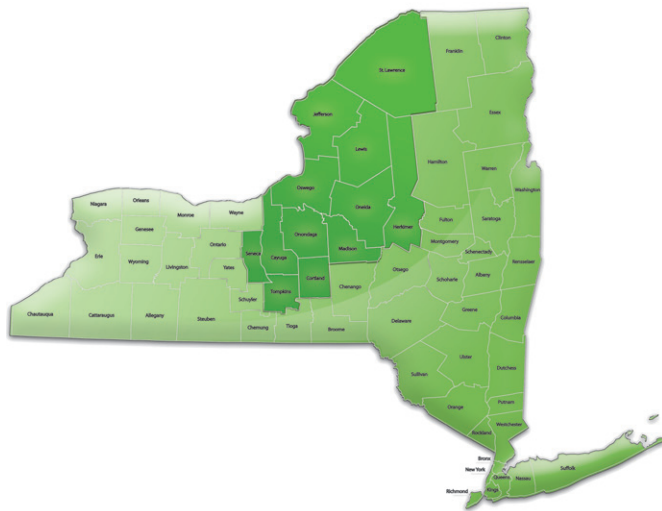
Every market is unique in terms of its occupations and industries. Each of these plays into determining the overall growth of a market, among many other factors. This analysis of the extended Syracuse market should be utilized as part of a broader discussion on how to expand skill sets within the region. For a company or Workforce Investment Board, knowledge of market-specific indicators and trends will help in strategic decisions on pricing determination, recruiting initiatives, and retention.

The following pages are an analysis of the 12-county CenterState New York region, prepared for CenterState CEO by ManpowerGroup. The analysis incorporates size, growth and demographics figures to gauge if the greater market can sustain current or greater demand within certain occupations and industries. However, the true viability of a market involves many more variables than those presented in this document. As such, this analysis should be utilized as part of a broader discussion on how to expand skill sets within the region.

Region Info

For this analysis, the CenterState New York region is defined as the twelve counties surrounding the Syracuse market:

- Cayuga
- Cortland
- Herkimer
- Jefferson
- Lewis
- Madison
- Oneida
- Onondaga
- Oswego
- St. Lawrence
- Seneca
- Tompkins



Industry Summary

2014 Industry Jobs	600,248
2018 Industry Jobs	615,634
Total Change	15,386
Total % Change	2.56%
2014 Average Earnings per Worker	\$54,779

Occupational Summary

2014 Occupational Jobs	600,875
2018 Occupational Jobs	616,154
Total Change	15,279
Total % Change	2.54%
Openings	80,276
2014 Median Hourly Earnings	\$19.90

Respectable Job Market Expected for Syracuse, NY MSA

According to the Manpower Employment Outlook Survey Syracuse, NY MSA employers expect to hire at a respectable pace during Quarter 1 2015. From January to March, 14 percent of the companies interviewed plan to hire more employees, while 8 percent expect to reduce staff. Another 78 percent expect to maintain their current workforce levels and 0 percent are not certain of their hiring plans. This yields a Net Employment Outlook* of 6 percent for the first quarter of 2015. A year-over-year comparison suggests that job seekers will find slightly diminished job prospects as compared to Q1 2014, when the Outlook was 9 percent.

Observations

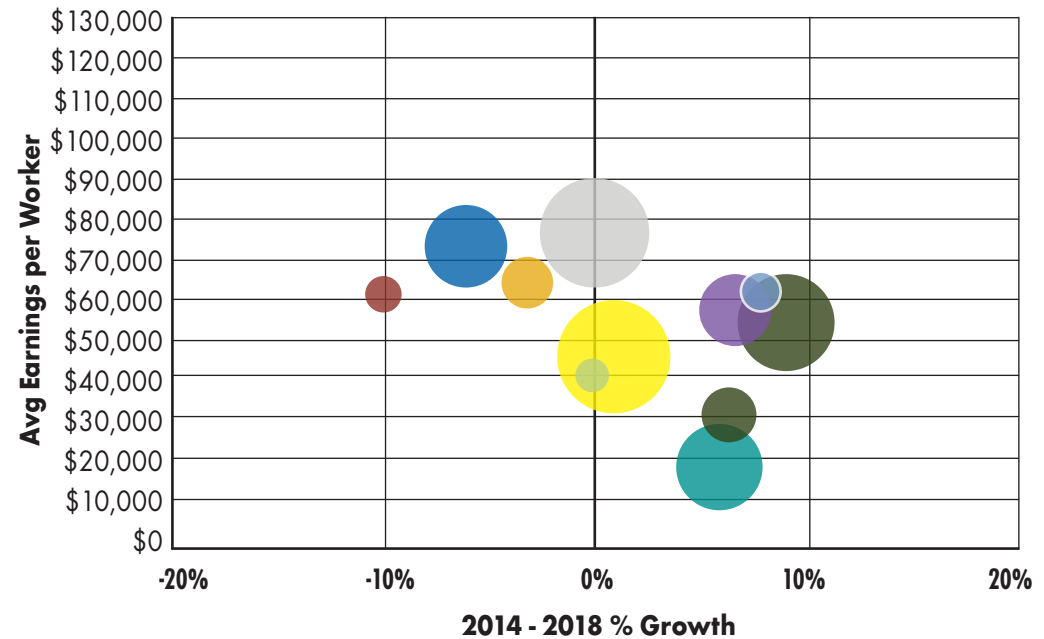
- For the coming quarter, job prospects appear best in **construction, durable goods manufacturing, nondurable goods manufacturing, transportation and utilities, professional and business services** and **other services**.
- Employers in **wholesale and retail trade** and **education and health services** plan to reduce staffing levels.
- Hiring in **information, financial activities, leisure and hospitality** and **government** is expected to remain unchanged.

	Increase Staff Levels	Decrease Staff Levels	Maintain Staff Levels	Don't Know	Net Employment Outlook
Q1 2015	14%	8%	78%	0%	6%
Q4 2014	18%	8%	72%	2%	10%
Q1 2014	18%	9%	71%	2%	9%

*Derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from this the percentage of employers expecting a decrease in hiring activity.

2014-2018 CenterState NY Industry Size and Growth

	2014 Jobs	2018 Jobs	Growth	% Growth	2014 EPJ*
Agriculture, natural resources, and mining	5,237	5,236	-1	0%	\$40,421
Construction	20,384	21,826	1,442	7%	\$60,669
Manufacturing	51,751	48,343	-3,408	-7%	\$72,583
Trade, transportation, and utilities	116,046	117,647	1,601	1%	\$43,670
Information	7,356	6,602	-754	-10%	\$61,681
Financial activities	27,138	26,312	-826	-3%	\$64,086
Professional and business services	51,314	54,441	3,127	6%	\$57,029
Education and health services	118,544	128,669	10,125	9%	\$53,379
Leisure and hospitality	59,076	61,821	2,745	5%	\$17,895
Other services	119,422	20,367	945	5%	\$29,073
Government	123,979	124,368	388	0%	\$77,072
Total	600,248	615,634	15,386	3%	\$54,805

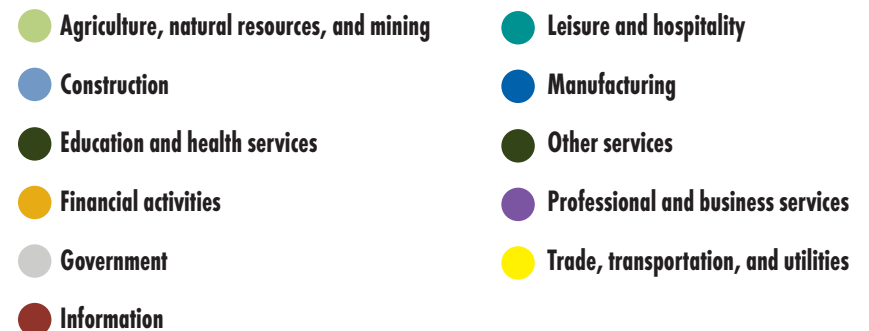


Bubble size represents 2014 jobs in each supersector.

*EPJ: Average Earnings Per Job
Source: EMSI Covered Employment - 2014.3

Observations

- CenterState NY expects overall growth of 3%, with an increase of 15,386 jobs by 2018.
- The largest industry super sector in the extended Syracuse market is **government**. Other large industry super sectors include **education and health care** and **trades, transportation and utilities**. This is overall consistent with data reported in 2012 and 2013 at the broader industry supersector level (1 digit NAICS).
- The super sector with the largest earnings per worker on average is **government** (\$77K) followed by **manufacturing** (\$73K).
- The largest growth is in **education and health services** (9%) and **construction** (7%).



Market Analysis of CenterState New York

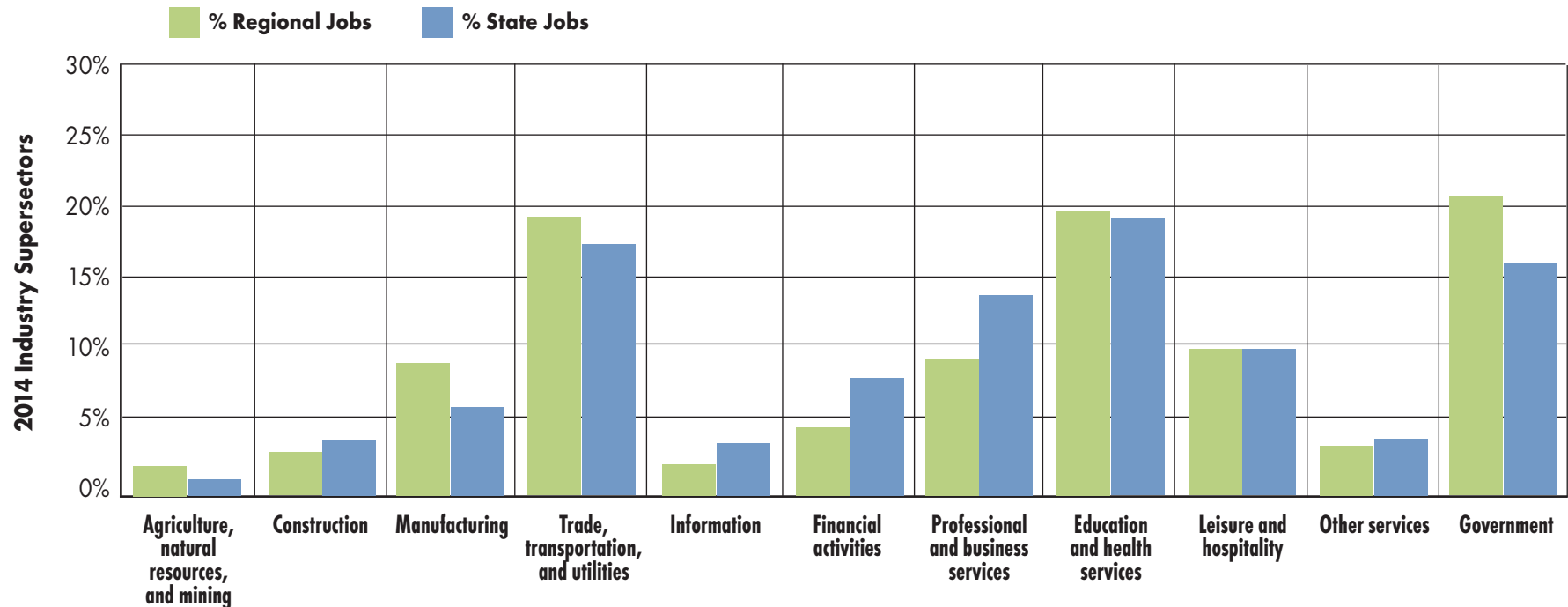
2014 CenterState NY Industrial Makeup

	2014 Regional Jobs	% Regional Jobs	2014 State Jobs	% State Jobs
Agriculture, natural resources, and mining	5,237	0.9%	28,978	0.3%
Construction	20,384	3.4%	329,670	3.8%
Manufacturing	51,751	8.6%	447,200	5.1%
Trade, transportation, and utilities	116,046	19.3%	1,542,610	17.6%
Information	7,356	1.2%	251,654	2.9%
Financial activities	27,138	4.5%	672,302	7.7%
Professional and business services	51,314	8.5%	1,234,077	14.1%
Education and health services	118,544	19.7%	1,681,668	19.2%
Leisure and hospitality	59,076	9.8%	857,065	9.8%
Other services	19,422	3.2%	343,480	3.9%
Government	123,979	20.7%	1,359,534	15.5%

Observations

- Compared to state industry jobs overall, the CenterState NY region has a higher percent age of **government, trade, transportation and utilities**, and manufacturing jobs, but less **professional services, financial activities** and **information** industry jobs.

Source: EMSI Covered Employment - 2014.3



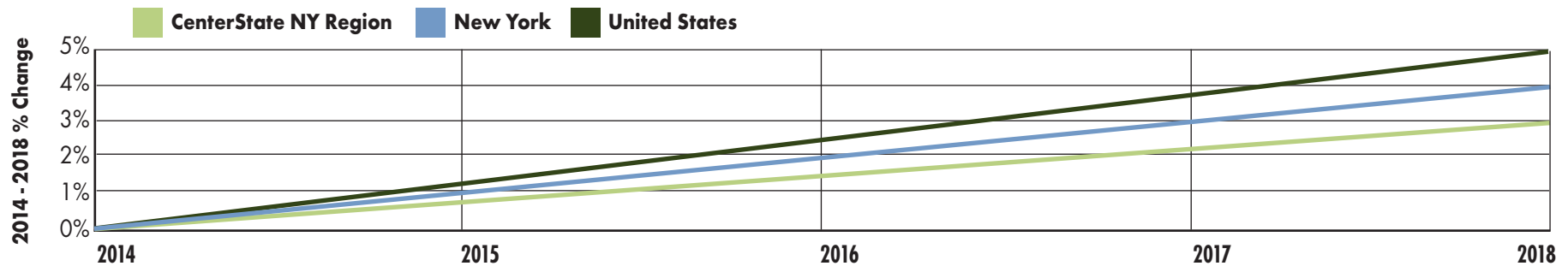
2014-2018 Industry Sector Change Summary (at 2-digit NAICS)

	2014 Jobs	2018 Jobs	Change	% Change	2014 EPJ	2013 Establishments
CenterState Region	600,248	615,634	15,386	3%	\$54,805	34,602
New York	8,748,238	9,108,629	360,391	4%	\$78,693	572,755
United States	136,101,654	142,840,266	6,712,98	5%	\$61,489	9,062,772

Observations

- The CenterState NY region is projected to grow just slightly slower than the nation overall, based on all industry jobs at the 2 digit NAICS level. The region is expected to grow at 3% in the next four years while jobs are expected to grow 5%, nationally.
- There are an estimated 34,602 establishments in the area, which makes up 6% of the state, similar to last year's analysis.

*EPJ: Average Earnings Per Job, Source: EMSI Covered Employment - 2014.3



Industry Breakdown (at 2 digit NAICS)

NAICS Code	2014 Jobs	2018 Jobs	2014 EPJ	2013 Establishments	NAICS Code	2014 Jobs	2018 Jobs	2014 EPJ	2013 Establishments
11 Crop and Animal Production	4,523	4,578	\$36,914	456	55 Management of Companies and Enterprises	4,561	4,400	\$84,492	220
21 Mining, Quarrying, and Oil and Gas Extraction	713	657	\$62,655	59	56 Administrative and Support Services	21,662	22,663	\$35,540	1,662
22 Utilities	4,913	4,584	\$141,440	95	61 Educational Services	30,302	32,081	\$66,110	360
23 Construction	20,384	21,826	\$60,669	3,480	62 Health Care and Social Assistance	88,242	96,588	\$49,007	3,598
31 Manufacturing	51,751	48,343	\$72,583	1,377	71 Arts, Entertainment, and Recreation	7,787	8,530	\$20,087	702
42 Wholesale Trade	20,737	21,357	\$66,934	1,597	72 Accommodation and Food Services	51,290	53,291	\$17,562	3,574
44 Retail Trade	75,136	76,001	\$29,761	5,111	81 Other Services (except Public Administration)	19,422	20,367	\$29,073	3,511
48 Transportation and Warehousing	15,260	15,704	\$49,060	774	90 Government	123,979	124,368	\$77,072	1,720
51 Information	7,356	6,602	\$61,681	467	Total	600,248	615,634	\$54,805	34,602
52 Finance and Insurance	21,064	20,208	\$70,826	1,763					
53 Real Estate and Rental and Leasing	6,074	6,104	\$40,712	1,286					
54 Professional, Scientific, and Technical Services	25,091	27,378	\$70,588	2,790					

*EPJ: Average Earnings Per Job, Source: EMSI Covered Employment - 2014.3

Opportunities

- Projected growth was anticipated in 2014 for agribusiness. Growth in global demand, has resulted in an increased need for niche products.
- A reduction in commodity costs going into 2015 has resulted in agribusiness reporting higher than anticipated profits. There are additional players and supply in the marketplace.
- Agribusiness corporations are seeing savings as the result of lower than anticipated fuel costs and energy costs across the board.

Challenges

- Downward price trends have put pressure on local agribusiness companies. This has come from many vertical channels including retail.
- An oversupply of raw milk and milk products globally has increased supply beyond the expected demand. There is also a continuing decreased demand for fluid milk globally which has presented challenges within this particular sub-market.
- Fluctuation in supply and demand for several products has varied in recent years which have caused stabilization issues for local production entities.
- An inability to hire technically-skilled employees and immigration challenges have presented problems with fulfilling workforce needs, creating labor issues among some.

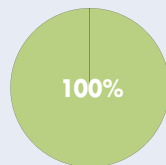
New Products/Services

- There have been requests for expanded spirits portfolios, apparel, and non-alcohol offerings.
- New dairy ingredients have been applied in the industry and more are expected.
- Agribusiness has continued to develop new yogurt products.
- The industry has gained traction with new extended shelf life milk products.

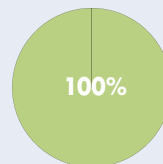


2014 Year in Review

What were your 2014 projections?



How did your business fare?



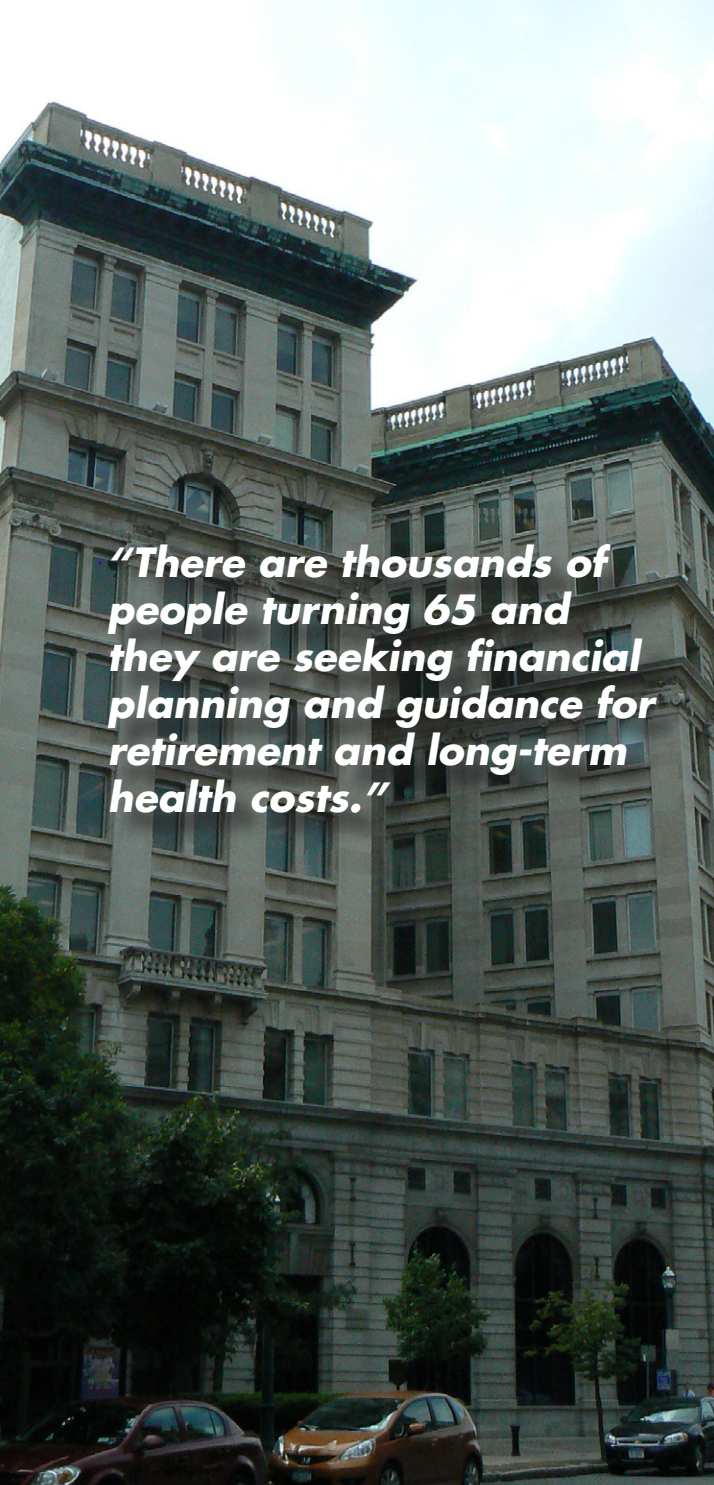
■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Regulatory requirements/changes
- Global economic conditions
- Changing customer preferences

2015 Business Outlook





“There are thousands of people turning 65 and they are seeking financial planning and guidance for retirement and long-term health costs.”

Opportunities

- The industry is being impacted by advancements in technology, including more time-efficient and beneficial platforms for users. Additional IT advancements have created opportunities for big data insights.
- Lending and lending product portfolios continue to rise partially due to the stable interest rates seen in 2014.
- Due to the aging population and Baby Boomers, customers are seeking more financial advice as they plan for retirement. Some are looking to consolidate their wealth management accounts for easier administration.
- The domestic economy continues to improve and global economic conditions are showing modest improvement.

Challenges

- Additional government regulation and new policies have been reported with mortgages, lending and insurance. Significant growth in taxes and regulatory requirements create challenges for the industry.
- The industry reports difficulty in managing new expenses, including health care costs for employees. Customers are also seeing increased costs and expenses in other areas, leading to a lower likelihood to invest.
- Many face staffing challenges, including finding skilled labor for specific positions.

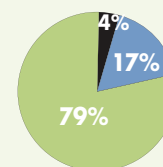
- Security of financial information is becoming paramount due to numerous credit card breaches in 2014. Privacy has become a major concern for customers.

New Products/Services

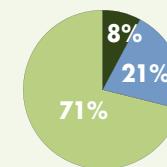
- The industry is seeing new cyber insurance policies to protect financial information and online payment data.
- The industry reports a growth in tactical electronic funds transfer portfolio models. Comfort in electronic banking and fund exchange has also increased the need for user-friendly internet banking options.
- New financial planning products, 401K plans, credit card portfolios and long-term care insurance policies are just a few of the new products and services emerging in the industry.

2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Regulatory requirements/changes
- Domestic economic conditions
- Global economic conditions

2015 Business Outlook

Jobs or Hirings ◀▶ Capital Investments ◀▶ Overall Revenue ▲ Average Client Sales ▲ Corporate Profits ▲ Products/Services ◀▶ Markets ◀▶

Opportunities

- Some report the re-shoring of manufacturing in the United States due to the growth and outlook for the national economy. This will help reduce material and transportation costs tied to construction and real estate.
- The country's aging infrastructure, including bridges and tunnels, creates new demand and opportunities for the sector. Several companies report a growing need for remodeling buildings and other spaces.
- The industry has realized some energy costs savings particularly tied to new efficient LED products and solar array, supported in part by NYSERDA.
- There is a growth in K-12 school funding for construction after a long period of budget stabilization. Women owned business enterprises have reported opportunities for construction and consulting services within New York State and SUNY schools.
- A continued focus on revitalizing downtown Syracuse has driven additional commercial and residential development opportunities.

Challenges

- Increased taxes, specifically property taxes, and regulatory issues are a major concern.
- Health care costs are on the rise with reported increases of 15% to 25%, or higher, which has made it difficult to provide a stronger benefits package for workers. Several have reported increased expenses and costs tied to workers' compensation.
- The competitive environment in the construction industry has resulted in price and cost challenges and decreased margins for builders and designers.
- The increased cost of labor and skilled young adults leaving the region create challenges.
- Permitting NYS Labor Law 240 (Scaffold Law) and 241 continues to increase construction costs to unsustainable levels.

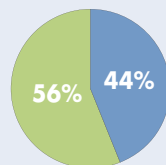
New Products/Services

- A need for corporate reporting and property management has opened up new opportunities to large corporations and investors.
- There have been some great new advances in residential construction products.
- New codes will be passed early in 2015 in the state, so there will be a market for new products and services.
- Sales of solar and data communication products have increased.

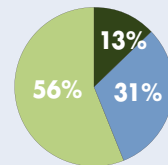


2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Regulatory requirements/changes
- Stagnant/declining markets
- Domestic economic conditions (tie)
- Employee benefits and costs (tie)
- Domestic political leadership (tie)

2015 Business Outlook





Opportunities

- New York State’s Reforming the Energy Vision Initiative intends to reform the energy industry and regulatory practices. The proposal aims to promote efficient use of energy, deeper penetration of renewable resources and create a wider development of distributed resources.
- The energy market is seeing needs for advanced energy storage, microgrids and new technologies that will transform the industry.
- There has been increased federal funding from the U.S. Department of Energy for university-based R&D in advanced building technologies.

Challenges

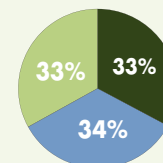
- The potential changes in funding programs administered by NYSERDA could present challenges for the industry.
- There is tougher competition in the industry due to consolidation, mergers and acquisitions.
- Some report smaller contract and project sizes which have resulted in lower than average sales figures.
- Financial resources to fully address aging infrastructure are limited.

New Products/Services

- The industry will see new R&D as a focus in energy technologies.
- Some new products, services and processes include geotechnical engineering, construction management and instrumentation.
- A new and increased focus on distributed generation and net metering.

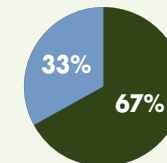
2014 Year in Review

What were your 2014 projections?



■ Growth ■ No Change ■ Decline

How did your business fare?



Top 3 Trends/Pressures in 2014

- Domestic economic conditions
- Developing new products/services/markets
- Domestic competition (tie)
- Global economic conditions (tie)
- Changing customer preferences (tie)

2015 Business Outlook

Jobs or Hirings	Capital Investments	Overall Revenue	Average Client Sales	Corporate Profits	Products/Services	Markets
▲	◀▶	▲	▲	▲	▲	▲

Government & Economic Development

Opportunities

- Increasing economic development assistance from New York State and new programs such as START-UP NY are supporting local businesses and development.
- The government and economic development industry reports an expected growth in opportunities in the agriculture, local food, exports, environmental and tourism industries.
- Stable or declining energy costs, and the advancement in clean energy, has helped with economic development and local cost savings.
- Growth in the unmanned aircraft systems (UAS) industry is creating opportunities for jobs and business development.

- Workforce remains a challenge in this sector. Hiring qualified staff among all levels is often difficult.

New Products/Services

- New platforms, such as nanotechnology, continue to be developed.
- New efficiencies and benefits are emerging with the implementation of UAS.

Challenges

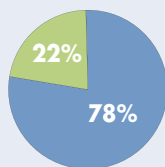
- There is a lack of funding to develop new business parks and commercial space, specifically among county governments.
- There is limited funding available to invest in infrastructure, including water, sewer and power.
- There is a perception of a negative business climate including regulation, taxes and fees. Some still fear the risk of an economic downturn.



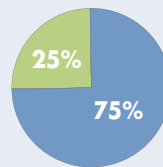
“Growth in the UAS (Unmanned Aircraft Systems) industry is creating significant new opportunities across the region.”

2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Domestic economic conditions
- Employee benefits and costs
- Regulatory requirements/changes (tie)
- Domestic political leadership (tie)

2015 Business Outlook



“The aging population in the U.S. is driving growth in the nursing industry. We expect to hire 20-30 more nurses in 2015.”



Opportunities

- The aging population has created additional needs for long-term and elder care. A continuum of care model is expected to emerge and grow.
- Opportunities exist in niche health care markets including mental health.
- There has been a significant shift from fee-for-service primary care reimbursement to value-based payments. Health care providers are being paid on quality care outcomes instead of volume.
- Telehealth services are growing; IT infrastructure and connectivity among health care systems and organizations is improving.
- The Delivery System Reform Incentive Program aims to rework the health care system and reduce unnecessary visits to the emergency department among the Medicaid population.
- The industry reports a greater awareness of personal accountability for one’s health and preventative health behaviors.

Challenges

- New health care regulations are forcing reform and impacting the delivery of care.
- An emphasis on newer facilities and newer equipment has put a strain on funds in order for industry players to keep in-line with the competition.

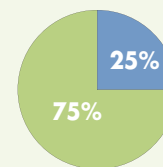
- Consolidation of health care organizations and hospital systems has made it difficult for individual practices and organizations to remain equal players.
- Medicaid transition to managed care could prove costly and difficult.
- The emergence of high deductible plans and the rise of increased out-of-pocket costs for patients has been an obstacle for patient access to health care services.
- Recruiting talent and keeping highly educated quality physicians is a challenge.

New Products/Services

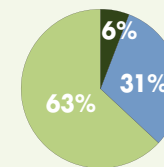
- Memory care units and facilities are continuing to emerge.
- The advent of personalized medicine using genomics and sequencing has created more targeted cancer therapies.
- Ancillary services are becoming more commonplace and have resulted in the emergence of outpatient clinics and ambulatory surgery centers.
- New Electronic Medical Records and related technologies in the field continue to push integration and efficiency.
- Data-driven products are being used to collate data and produce meaningful reports for health care organizations.

2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Regulatory requirements/changes
- Employee benefits and costs
- Availability of skilled personnel/workforce development

2015 Business Outlook



Higher Education

Opportunities

- Opportunities for distance learning and remote class sessions allows non-local residents to pursue continuing education in the region's schools.
- Technology advancements in classrooms and in curriculum delivery create a better-rounded, interactive and engaging experience in higher education.
- More attention is being paid to executing new enrollments and to academic retention.
- The use of big data to support student success has created new insights to drive student experience and new enrollment.

Challenges

- Keeping costs down, particularly tied to increased benefits and labor costs, has been a challenge for higher education institutions.
- There is an evident decline in new enrollment pools at some local institutions.
- Recent demographic and economic trends have resulted in new challenges for recruitment and retention.
- Government regulations have impacted some areas of the industry.

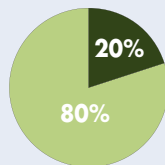
New Products/Services

- Offering new graduate programs, courses and certificates and other educational offerings.
- Expanded academic programs in health care.

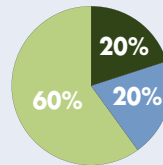


2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Regulatory requirements/changes
- Employee benefits and costs
- Stagnant/declining markets (tie)
- Changing customer preferences (tie)

2015 Business Outlook





Opportunities

- Human services and not-for-profit organizations have witnessed an increased emphasis on preventative health.
- There has been a growing availability of programs and access for those in need. This has presented more training opportunities for staff.
- Reorganization of entities has reduced some fixed costs and overhead in the industry. Collaboration with community partners and mergers with like-minded organizations has proved beneficial.
- There has been an increased emphasis on volunteer management and recruitment.
- Youth development programs with tie-ins to school districts are growing and have seen positive results.

- There is continued decline in contributions and donations, while the number of impoverished people served continues to increase.
- A stagnant economy requires many volunteers to work more than one job, which reduces their amount of time available to volunteer.

New Products/Services

- New health and fitness programs.
- Child care subsidy funding.
- Training funds and small equipment funding.
- New support groups.
- New therapy programs.
- New culinary programs.

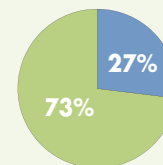
Challenges

- Labor costs, and the rising cost of benefits, have been a significant challenge for human services organizations and not-for-profits.
- There is a struggle to have businesses invest and spend on improvements such as training, equipment purchases, work studies and capital improvements.
- The industry has seen a decrease in grants, including federal, state and local funding.

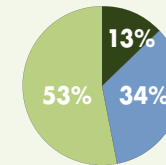
“The industry is placing an increased emphasis on volunteer management and recruitment because people are critical to our ability to deliver services.”

2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Employee benefits and costs
- Domestic economic conditions (tie)
- Regulatory requirements/changes (tie)
- Availability of skilled personnel/workforce development (tie)
- Keeping pace with evolving technologies (tie)

2015 Business Outlook

Jobs or Hirings ▲ Capital Investments ◀ Overall Revenue ▲ Average Client Sales ◀ Corporate Profits ◀ Products/Services ▲ Markets ◀

Opportunities

- Some in the industry have reported a revival of manufacturing in America.
- Many have seen growth opportunities in sub-markets such as specialty automotive, food and beverage, rail, energy, wireless technologies, and green building.
- Rising wages and increased consumer confidence are expected to drive demand and grow sales.
- New market opportunities exist in the semiconductor industry.
- A changing distribution landscape, including the widening of the Panama Canal, will promote great manufacturing opportunities locally.
- There is evidence of supplier consolidation.
- Many manufacturers are seeing a rise in demand for exportable goods.
- Some have reported new government and utility rebate programs.
- Opportunities exist for utilizing current product process technologies in new industry segments.

Challenges

- Finding qualified talent for specific roles is an ongoing challenge.
- Customers look for cost reductions, which forces manufacturers to streamline operations and deliver more with less.

- Keeping a workforce engaged and motivated, while managing high workloads, is a challenge.
- Rising benefit and material costs have proven to be a barrier.
- Government regulation and increased competition have shrunk profit margins.
- A rapid digital evolution creates unpredictable changes in consumer behavior.
- Some report declining customer bases and a difficulty in finding new markets.

New Products/Services

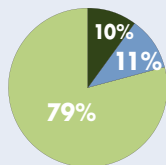
- Wholesale foods.
- Mass spectrometer, gas chromatography and thin film instrument sales.
- New multi lay capacitor products.
- Providing more private label opportunities to independent stores.
- CNC machined parts.
- Digital signal processing.
- Alternate product offerings, new vertical markets.
- LED commercial lighting.
- Additional product platforms with new customers.



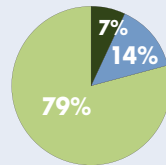
“There is a revival of manufacturing in America.”

2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Developing new products/services/markets
- Availability of skilled personnel/workforce development
- Domestic economic conditions

2015 Business Outlook

Jobs or Hirings	Capital Investments	Overall Revenue	Average Client Sales	Corporate Profits	Products/Services	Markets
▲	▲	▲	▲	▲	▲	▲



Opportunities

- There are emerging opportunities to partner with non-profit organizations.
- The growing health care and education industries create opportunities for the small business and professional service industries.
- Expanding social media opportunities can be beneficial to many organizations.
- Some reported that the lower cost of energy in the United States is driving competitiveness globally.
- Specialized services and niche markets are an opportunity for businesses within this industry, requiring skilled workers.
- Government funded projects, as well as increased regulations are creating opportunities for business in the region.
- Start-ups are growing and are attracted to the area.
- There are benefits in embracing and utilizing new technologies.
- Green-friendly energy initiatives are creating opportunities for the industry.

Challenges

- The ability to find skilled and professional workers.
- Many industry organizations report the economy is growing slowly.
- Government mandates and regulations restrict growth within the industry.
- The increasing costs of health insurance and the number of government regulations.
- The industry faces the difficulty of staying ahead of the curve with new technology.
- Some professional services are being offered as commodities at a low price, making it difficult for some organizations to remain competitive.
- Some organizations indicated that taxes were a burden, as well as a lack of incentives for long-time business in the area.

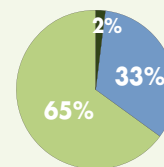
New Products/Services

- Business consulting services.
- Merger and acquisition assistance.
- Digital marketing.
- Small group training.
- Hard drive, pharmaceutical & paper destruction services.
- Human resource consultation for special projects.
- Landscape lighting.
- Retail personalized brand products.

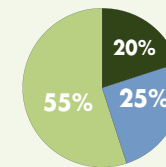
“New government required work, grants and projects are driving workload.”

2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Domestic economic conditions
- Employee benefits and costs
- Developing new products/services/markets

2015 Business Outlook

Jobs or Hirings ▲ Capital Investments ◀ Overall Revenue ▲ Average Client Sales ▲ Corporate Profits ▲ Products/Services ▲ Markets ◀

Opportunities

- Employers are looking to employee growth and engagement as a way to stay ahead in their industry.
- Loyalty programs are becoming increasingly useful for tracking consumer behavior and providing insight for retailers.
- Improvements in digital technology allows local retailers to better embrace e-commerce and social media marketing.

Challenges

- Competing with off-shore imports, due to their low costs. Additionally, there is concern with competitive retailers sending jobs overseas.
- Retailers are concerned with lack of population growth in the region.
- The cost of health insurance, as well as taxes, present challenges for retailers.
- Some respondents indicated there was a lack of skilled labor in the current workforce. Additionally, some organizations stated retention of employees was an issue.

New Products/Services

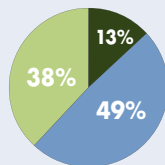
- Growth in entertainment.
- Retailers are expanding their e-commerce and social marketing efforts.
- Digital technology is on the rise.

“The growth of digital technology, the rise of e-commerce, and social marketing are all creating new opportunities for retailers.”

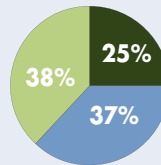


2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Employee benefits and costs
- Domestic competition
- Stagnant/declining markets

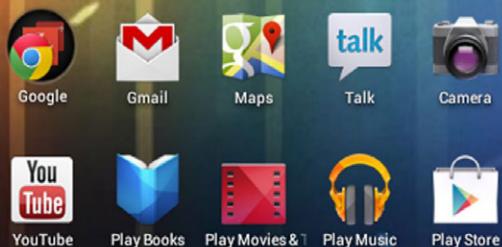
2015 Business Outlook

Jobs or Hirings ◀▶ Capital Investments ▲ Overall Revenue ▲ Average Client Sales ▲ Corporate Profits ▲ Products/Services ▲ Markets ◀▶

Google

Google

“There is a continued growth in applications for wireless technology in-home or office and mobile.”



4:10

Opportunities

- Clients of the industry are increasingly demanding various technology services (including wireless, mobile integration, remote workforce technology and managed services).
- The growing need for cloud-based services is proving to be an opportunity for some organizations. Additionally, the increased need for data security and insurance is becoming an opportunity for the industry.
- Government regulation in the health care field is creating opportunities for the technology industry.
- Locally, the industry is seeing significant growth and new opportunities.
- Open source technology is becoming common-place in the industry.

Challenges

- The increased use of cloud-based technology is causing organizations to change their business models.
- Keeping organizations up to speed on delivering what customers need through online platforms.
- Deteriorating infrastructure, including roadways and internet.
- Some organizations are concerned with changes in net neutrality, specifically that many will not be able to afford increased costs for preferential traffic.

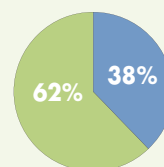
- Government regulations and requirements are causing concerns for some organizations.
- Security is becoming increasingly challenging, particularly in the area of data protections and prevention of malicious software infections.
- Organizations indicated that there is a lack of skilled workers available.
- Social media and other forms of online marketing are constantly evolving, requiring businesses to stay up to speed.
- While technology is improving everyday, this also presents a challenge as some organizations may struggle to keep up.
- The ability to expand and remain a leader in the industry requires significant capital investment.

New Products/Services

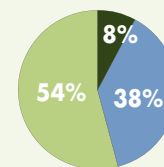
- Additional wireless service applications.
- Fiber optic technologies, managed services and unified communication.
- Information security & penetration testing.
- Replacement of aging infrastructure.
- Business continuity/Backup services.
- Customization of existing software.

2014 Year in Review

What were your 2014 projections?



How did your business fare?



Top 3 Trends/Pressures in 2014

- Regulatory requirements/changes
- Availability of skilled personnel/workforce development
- Keeping pace with evolving technologies

2015 Business Outlook

Jobs or Hirings Capital Investments Overall Revenue Average Client Sales Corporate Profits Products/Services Markets

Tourism & the Arts

Opportunities

- There is an increase in consumer and business travel and tourism due to the strengthening economy. International travel is increasing among local and national travelers.
- An increase in rates creates an opportunity for higher profit margins in the industry. There is a need to control costs, which also provides an opportunity for some organizations.
- Educational institutions are helping drive the industry.
- Reductions in gas prices have created more cost-effective travel opportunities for individuals in the market.
- The potential for less expensive airlines to service Syracuse Hancock International Airport could be an opportunity for the industry.

Challenges

- Local travel agencies face ongoing competition from online travel agencies.
- The increasing costs of food.
- Rising wages may become a challenge for industry organizations.
- Meeting the demand for specific skills in the workforce is an obstacle in the industry.
- While the economy is recovering, it is moving along slowly. This leads to less disposable income and spending in the tourism industry.

- An increasing supply of hotels, arts, and other tourist activities is making it more difficult for some organizations to compete.

New Products/Services

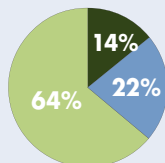
- Bus tours.
- Retail products and tourist attraction.
- Tourism consulting and association management.
- Event centers and entertainment venues.
- Destiny USA continues to expand retail, entertainment and dining offerings to local, national and international visitors.

“Hotel room occupancies are at an all time high since 2007.”

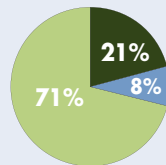


2014 Year in Review

What were your 2014 projections?



How did your business fare?



■ Growth ■ No Change ■ Decline

Top 3 Trends/Pressures in 2014

- Domestic economic conditions
- Changing customer preferences
- Developing new products/services/markets

2015 Business Outlook

Jobs or Hirings	Capital Investments	Overall Revenue	Average Client Sales	Corporate Profits	Products/Services	Markets
◀▶	▲	▲	▲	▲	▲	▲

“Improving technologies will provide value added services for customers.”



Opportunities

- Reduced fuel costs should provide increased margins for the airline industry and alleviate upward pressure on airfares.
- The growth of global economic development and international trade is a growing benefit for many organizations.
- Technology improvements provide value-added services for customers within the industry.
- The outsourcing of non-core competences will provide opportunities for supplier provided services.
- Some organizations specified that providing excellent customer service and marketing through various channels (trade shows, personal contact, etc.) can provide new opportunities.

Challenges

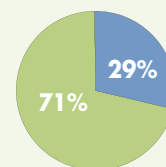
- Smaller suppliers face the challenge of meeting expectations set by national accounts.
- Organizations reported facing the obstacle of finding qualified workers, as well as meeting the costs of labor.
- Government regulations and policies are putting pressure on organizations.
- Workforce challenges, and recently enacted regulations, make it difficult for airlines to add capacity even in markets where they experience increased demand.

New Products/Services

- Exporting.
- GPS guided arrival system for customers to track vehicles.
- Increase breadth of products complimenting existing product offerings.
- Specialty truck bodies and additional up-fit services.
- Potential for a CNY Inland Port.
- New Investments at the Port of Oswego.

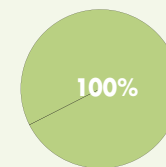
2014 Year in Review

What were your 2014 projections?



■ Growth ■ No Change ■ Decline

How did your business fare?



Top 3 Trends/Pressures in 2014

- Changing customer preferences
- Regulatory requirements/changes (tie)
- Employee benefits and costs (tie)
- Domestic political leadership (tie)
- Developing new products/services/markets (tie)
- Materials/supplies/equipment (tie)

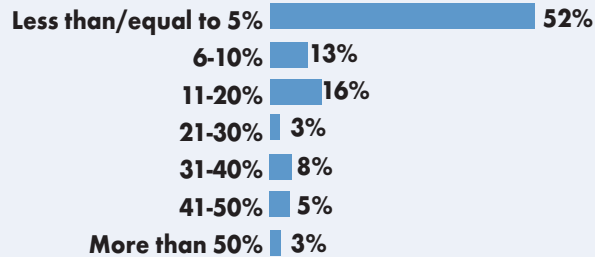
2015 Business Outlook

Jobs or Hirings ▲ Capital Investments ◀▶ Overall Revenue ▲ Average Client Sales ▲ Corporate Profits ▲ Products/Services ▲ Markets ◀▶

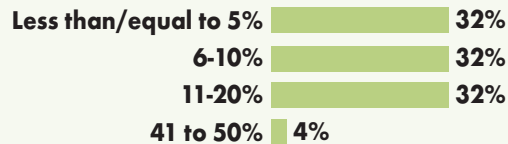
Exporters were asked for feedback on their exporting experiences, challenges they face with the export market, and export trends they see within their industry.



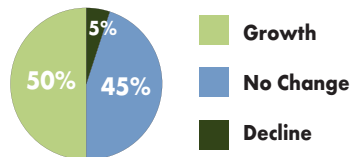
What percentage of your business is currently in exports?



What percentage do you expect your export business to grow in 2015?



How do you expect your export business will change in 2015?



Top needs of exporters as they expand into foreign markets:

- Knowledge of, and connections to, foreign market opportunities.
- Licensing/compliance assistance.
- Transportation expense assistance.
- Logistical assistance.

Central New York International Business Alliance (CNYIBA) works to increase the exporting activity of businesses in the 12-county CenterState New York region. It provides new and seasoned exporters with mentorships, information on international trade, assistance with marketing, and the development of exporting business plans.

Results for 2014:

- Connected with 120 businesses looking to increase or begin exporting.
- Supported 43 member companies.
- Seven companies accompanied CNYIBA on a trade mission to Singapore and ASEAN nations.
- 20 companies participated in two ExportNY programs in 2014.

(Source: CNYIBA)

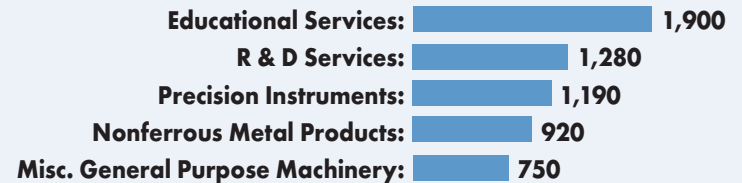
Top five industries by real exports 2013 (Syracuse MSA)



Top five industries by share of 2003-2013 export growth (Syracuse MSA)



Top five industries by total export supported jobs 2013 (Syracuse MSA)



(Source Global Cities Initiative - A joint project of Brookings and JPMorgan Chase.)

Regional Projects Driving Growth for CenterState New York in 2015

The 12-county CenterState NY region received \$116.7 million for 173 catalytic projects in the fourth round of the state’s Regional Economic Development Councils (REDC) competitive funding process. These projects are creating jobs, supporting key industries and export-intensive businesses, and transforming the economic landscape of CenterState New York. Key projects from across the region are highlighted below.

REDC Region	CenterState NY Counties	Total Awarded	# of Projects
Finger Lakes	Seneca	\$4,702,480	8
Southern Tier	Tompkins	\$7,395,698	18
Central New York	Cayuga, Cortland Madison, Onondaga, Oswego	\$80,200,000	85
Mohawk Valley	Herkimer, Oneida	\$12,470,432	32
North Country	Jefferson, Lewis, St. Lawrence	\$11,967,895	30
Round 4 CenterState New York Total		\$116,736,505	173
4-Year Central New York Total		\$344,600,000	
4-Year CenterState New York Total		\$562,065,792	

Central New York

Syracuse Community Hotel Restoration Company, LLC (Onondaga County)

Syracuse Community Hotel Restoration Company, LLC will redevelop the vacant former Hotel Syracuse as the Onondaga County Convention Center Headquarters Hotel, including 261 guest rooms and ballrooms.

Total Project Cost: \$61.89 million

Awarded: \$3.64 million

Jobs: 186 new, 252 construction



Regional Projects

Central New York (cont.)

Le Moyne College (Onondaga County)

Le Moyne College will renovate and equip two floors of the Coyne Building to upgrade science labs and related academic facilities, which will enable growth of the college's health professions programs and increase its capacity to attract international students.

Total Project Cost: \$8.75 million

Awarded: \$1.5 million

Jobs: 95 construction



Good Nature New Farm Brewery Facility (Madison County)

Good Nature Brewing, Inc. will construct a new 4,000-square-foot brewery including indoor/outdoor retail and event space for tours, classes, public/private events, as well as renovate an existing 3,500-square-foot structure for use as warehouse and office space. Outdoor space will enable the facility to offer entertainment, open-air markets, a demonstration beer garden, and more.

Total Project Cost: \$1.5 million

Awarded: \$350,000

**Jobs: 16 new, 10 retained,
6 existing**



Photo courtesy: Brew Central/Mitch Wojnarowicz^o

Woodbine Group – Tailwater Barn Banquet Facility (Oswego County)

Woodbine Group will build the Tailwater Barn, a 10,000 square-foot full-service banquet facility designed to complement the newly opened Tailwater Lodge.

Total Project Cost: \$2 million

Awarded: \$200,000

Jobs: 35 new, 50 construction



Stonewell Bodies Machine, Inc. (Cayuga County)

Stonewell Bodies Machine will expand the existing facility and workforce to add high technology equipment and CNC machines. The expansion is necessary to keep up with growing demand and to maintain existing market share.

Total Project Cost: \$3.74 million

Awarded: \$300,000

Jobs: 22 new, 33 existing



Mohawk Valley

UAS Test Range Instrumentation (Oneida County)

Northeast UAS Airspace Integration Research Alliance, Inc. will install Surveillance & Airport Surface Radar at the FAA-designated Griffiss International Airport test range and in the North Country.

Total Project Cost: \$18.47 million

Awarded: \$4 million (\$2 million for CNY REDC and \$2 million for MV REDC)

Jobs: 13 new, 343 construction



North Country

Regional Arts and interactive Learning (RAIL) Revitalization Project (St. Lawrence County)

Renovation of two buildings in Potsdam's historic town square creates a mixed-use center of creativity that includes housing, office space and regional arts and interactive learning programs and museums.

Total Project Cost: \$25 million

Awarded: \$1.18 million

Jobs: 13 new, 343 construction

Finger Lakes

The Center for Great Women Museum (Seneca County)

The "Hall" in Seneca Falls has embarked on a major rehabilitation project to move into the historic Seneca Knitting Mill. The renovated mill will be transformed into "The Center for Great Women," a national attraction with exhibit, museum and event space on the Seneca-Cayuga Canal.

Awarded: \$150,000 grant

Jobs: 5 permanent, 100 construction

Southern Tier

Veterinary Class Expansion for Educating Rural Veterinarians (Tompkins County)

This project is critical to increasing the Veterinary School's student enrollment by 30% and retaining its position as the top academic institution in the nation. It supports the region's strategic priority to strengthen and grow the rural farm economy.

Total Project Cost: \$67.22 million

Awarded: \$ 2.8 million

Jobs: 16 new



Thank You Forecasters

Nate Andrews
Morse Mfg. Co., Inc.

John J Arquette
John Arquette Properties,
REALTORS

Aminy I. Audi
L. & J.G. Stickle, Inc.

Becky Auyer PT, CMC
Inspire Care of CNY

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Syracuse University/SyracuseCoE

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Destiny USA

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