Since 2005, SPARK has been a driving force in establishing the Ann Arbor region as a destination for business location, retention and expansion.

In 2009, despite a challenging economy, SPARK accelerated the pace of business growth and powered entrepreneurial success throughout the region.

The numbers tell the story:

- 7 new companies chose the Ann Arbor area and committed over $37,500,000 in capital investment
- 32 businesses located or expanded in the Ann Arbor area
- 1,995 total committed in capital investments
- 450 existing jobs retained
- $145,063,238
61 companies received business acceleration services

887 jobs posted by 323 companies through Ann Arbor SPARK

78 tenants served in 3 regional incubators

$3,682,500 invested in 30 companies through the Michigan Pre-Seed Capital Fund and the Michigan Microloan Fund Program

new jobs committed

job seekers assisted with employment searches
To our partners, colleagues and investors:

As many of you know, this is my one-year anniversary as Ann Arbor SPARK’s Chairman of the Board. Our past chairman and one of the original founders of SPARK, Rick Snyder left big shoes to fill. SPARK and the community owe Rick a heartfelt “thank you” for the years of service and continued assistance he provides to our economic development efforts.

As we near the fifth full year of operations at SPARK, I ask…How do we move a successful start-up like SPARK to the next level? And in turn, how can SPARK continue to help the region and state reinvent itself? Although this is exactly what SPARK does every day for the entrepreneurs and start-ups in the area, it’s always an interesting task to look inward. Fortunately, I am working with a motivated, forward-thinking Board of Directors, Executive Committee and SPARK leadership team which is focused on strategically moving our region “fast forward.”

SPARK has and will continue to make a dramatic impact on the Ann Arbor area. Our goal over the next five years will be to regionally expand the successful programs and initiatives which can have a dramatic impact on Southeast Michigan and the state. Through the partnerships we’ve formed and the unified desire to succeed, I’m confident that SPARK will continue to grow locally while spreading its wings beyond the Ann Arbor area—creating opportunities for the innovation-based businesses of the future.

Sincerely,

Stephen R. Forrest
Chairman of the Board, Ann Arbor SPARK
a letter from the president and ceo

To our investors, stakeholders and clients:

By every account, 2009 was a year for the history books. During those turbulent 12 months, we witnessed bank failures, Wall Street bailouts, corporate rescues and spiraling unemployment, all fueled by the collapse of the sub-prime lending market.

At times, it seemed as if the national economic engine had ground to a halt. And yet, across the country, there were pockets of remarkable economic resilience and even progress.

Washtenaw County was one of those places. Here, the entrepreneurial spirit prevailed. And despite grim forecasts and serious financial challenges to both the national and state economy, Ann Arbor SPARK was as busy as ever—working to fulfill its mission of growing, retaining and attracting business in the region and the state.

The statistics that appear on the preceding pages—and throughout this year’s annual report—tell a story of strong signs of economic recovery for our area. Although we’ve all faced challenges, setbacks and slowdowns this year, the positive numbers reflecting new jobs committed, business relocations and expansions, major capital investments, successful start-up launches, and acceleration, career transitions and connections, reinforce that we’re moving in the right direction. SPARK is doing the right things to effect business transformation.

Thanks to this “fast forward” approach, Ann Arbor SPARK is helping to change the narrative. In collaboration with corporate, governmental and academic partners, we are shifting the national and international conversation about Michigan—reframing the discussion by diversifying our business landscape, encouraging entrepreneurship and expanding the regional talent pool.

Our thanks to all of you who supported us in 2009 as we moved ahead in fast forward mode. Together, we will continue to change Michigan’s narrative to an exciting, unfolding story of promise and progress.

Sincerely,

Michael A. Finney
President and Chief Executive Officer, Ann Arbor SPARK
SPARK’s attraction strategy focuses on the key attributes of Ann Arbor and Southeast Michigan: a well-educated workforce, a highly desirable quality of life, a strong infrastructure, easy access to major transportation hubs, a culture of innovation and entrepreneurism, reasonable lease rates, and an abundance of natural resources. SPARK’s proactive attraction efforts have continued to expand and diversify the business base in our region.

ProQuest is a global information technology company that serves the needs of academia, corporations, government, public libraries, the scientific community, and independent researchers. The company has had a strong presence in Washtenaw County since its founding as University Microfilms International in 1938.

“ProQuest has been able to grow in the Ann Arbor area in a number of ways. In 2008, SPARK collaborated with MEDC and the city of Ann Arbor to obtain a substantial Michigan Economic Growth Authority (MEGA) tax credit on our behalf, which allowed us to remain in Ann Arbor and invest heavily in staff and product development. Most recently, SPARK helped secure tax abatements that enabled ProQuest to acquire an Ohio-based affiliate, preserve 60 local jobs that would have otherwise disappeared, expand our product base, and grow our market share by nearly 40 percent.”

Eliot Forsyth, Senior Vice President of Human Resources and Business Services
AxioBionics develops and markets wearable electrical-stimulation medical devices for the treatment of chronic pain and neurological conditions such as spinal cord injuries, traumatic brain injury and multiple sclerosis. In October of 2009, the company relocated to Ann Arbor from Columbus, Ohio.

“Ann Arbor was one of several appealing destinations. The deciding factor was a state tax incentive that totaled $1.4 million over seven years. Ann Arbor SPARK initiated the application process and guided us through every phase. They also introduced us to our current patent attorney and provided an entrée to the University of Michigan that has led to an important collaboration. Thanks to SPARK, we’re well positioned to attract investors and move ahead aggressively in product development, marketing and recruitment.”

PHILLIP MUCCIO, CEO

Systems In Motion launched in 2009, seeks to revitalize the IT service industry in the U.S. by creating high quality, cost-competitive onshore service centers. The company is now in the process of staffing and training an Ann Arbor-based “IT service factory” with plans to ultimately employ more than 1,000 people.

“In choosing an affiliate location, we looked for several things: a vibrant talent pool, access to major universities and partnerships with business and government. We found Ann Arbor SPARK to be extremely well organized and able to facilitate key relationships with the State of Michigan, MEDC, Washtenaw County etc./Michigan Works!, local colleges and universities, and area business and policy leaders. SPARK was also instrumental in helping us to obtain a $7.4 million Michigan Economic Growth Authority tax credit.”

DEBASHISH SINHA, CHIEF MARKETING OFFICER

2009 business expansions

A&D Technology, Inc.
Arbor Photonics, Inc.
Avfuel Corporation
AVL Powertrain Engineering, Inc.
CAS-MI Laboratories
CEI Composite Materials, LLC
Chelsea Milling Company
Dexter Research Center, Inc.
Edwards Brothers, Inc.
JADI, Inc.
LaVision
NanoMAG LLC
NuStep, Inc.
OG Technologies, Inc.
Quantum Learning Technologies, Inc.
Scherer & Trier USA
Sensitile Systems LLC
SoloHill Engineering, Inc.
SRI Technology Group
SRT Solutions
Terumo Cardiovascular Systems Corporation
Terumo Heart, Inc.
Toyota Technical Center
Velesco Pharmaceutical Services
Xoran Technologies, Inc.
Economic development is not a sprint. It’s a marathon. The jobs created and capital commitment made as part of a retention or attraction project are just the beginning. Through 250+ area retention visits, talent enhancement efforts and the Business Accelerator, SPARK continues to provide area businesses with the tools and resources they need to hire staff, grow their companies and fulfill their job and investment projections.

**Barracuda Networks** is a California-based global leader in comprehensive security, networking and storage solutions that combines premise-based gateways and software, cloud services, and sophisticated remote support. Barracuda’s R&D facility in Ann Arbor currently employs more than 80 people.

“Our relationship with SPARK began in 2006, when we set up an experimental research and development satellite in Ann Arbor and hired seven computer engineers, most of them U-M graduates. Within a year, the staff had grown to 35 and we realized that the area’s significant talent pool made it an excellent location for a major R&D office. Through the efforts of SPARK and MEDC, and with a matching-fund contribution from the City of Ann Arbor, we received a five-year tax incentive that has enabled us to continue creating jobs in the region.”

**BRUCE BROWNLEE**,
**SENIOR EXECUTIVE ADMINISTRATOR**

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**Toyota Technical Center** (TTC) is the Research and Development division of Toyota Motor Engineering and Manufacturing North America. Headquartered in Ann Arbor, TTC employs over 1,000 engineers and technicians and is responsible for engineering design and development of Toyota vehicles for the North American market.

“Toyota Technical Center has a 30-year history in Ann Arbor, growing from a small garage-based enterprise to a full scale operation responsible for Toyota’s R&D in North America. Ann Arbor SPARK, along with the Michigan Economic Development Corporation, was instrumental in helping Toyota secure a 700-acre parcel from the State of Michigan as a site for its second campus. In close cooperation with SPARK and MEDC, Toyota received Brownfield tax credits, MEGA tax credits and Tax Increment Financing. This expansion has enabled TTC to add 400 engineering positions.”

**SEAN HEINEY,**
**DIRECTOR OF NEW PRODUCT INITIATIVES**
Each year, the FastTrack competition recognizes companies in Washtenaw County that have achieved outstanding business success. Winners must demonstrate consistent growth records, with revenue of at least $100,000 in 2006, and average growth of 20 percent for the following three years. In addition, 2009 revenues must surpass 2008 revenues.

**ONE YEAR**
Beal Properties LLC
Caelynx LLC
InterClean Equipment
MedHub
Sungrace Software

**TWO YEAR**
LlamaSoft
SRT Solutions

**THREE YEAR**
ForeSee Results
Nanocerox

**FOUR YEAR**
Adaptive Materials
AKASHA-US, Inc.
Online Tech
Soft-Link International

**FIVE YEAR**
Menlo Innovations

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**Dexter Research Center** was founded in 1976, and was among the first to successfully commercialize infrared radiation (IR) sensor technology. Today, the company provides customers worldwide with infrared detectors for non-contact temperature sensing, medical and environmental gas analysis, military fire suppression and other applications.

“Several years ago, we began exploring options for aggressively growing Dexter Research Center. In collaboration with MEDC, Ann Arbor SPARK helped us take advantage of various state and local funding opportunities. The high-tech, five-year MEGA we secured with their help will enable us to hire as many as 48 new employees in engineering and sales. The MEGA also enabled us to negotiate with the Village of Dexter for tax incentives to defray expansion costs. We view SPARK as a valued partner in securing our company’s future.”

ROBERT TOTH, JR., CEO

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**ann arbor SPARK’s 2006-2009 results**

134 project successes generating more than $1 billion in new investment commitments

9,049 new job commitments and 6,190 jobs retained

216 innovation start-ups provided assistance

42 investments totaling $8.93 million through the Michigan Pre-Seed Capital Fund

16 loans through the Michigan Microloan Fund Program totaling $661,500

117 tenants in three regional incubators

33 million dollars leveraged in community investments sourced by foundations, federal and state grants, and Michigan Innovation Equipment Depot donations

1,001 companies assisted with 2,781 job postings
In this year’s annual report, we’re spotlighting three local start-ups. All of them have benefited from the programs and resources of SPARK and its economic development partners. What differentiates the companies is that each one is at a different stage of growth and requires a customized solution to the development, growth and business challenges they face. Bringing the right tools and resources to bear at the right time — to achieve the greatest impact possible and to drive business acceleration and commercialization success.

Business Accelerator
Designed to meet the needs of innovation-based companies in the early stages of product or customer development, SPARK’s Business Accelerator offers:
- Business plan development assistance
- Entrepreneurial education programs
- Intellectual property advice
- Assistance in locating potential financing sources
- Referrals to qualified service providers
- Management coaching
- Access to the SPARK Regional Incubator Network
- Connections to executive and technical talent
- Business networking opportunities

Business Accelerator tools and resources:
- New Business Assessment
- Starting Your Own Business Seminars
- Ann Arbor SPARK Boot Camp
- Cantillon Online Business Formation Course
- Entrepreneur Education Programs 1.0 and 2.0
- Business Acceleration Engagement
- SPARK Expert Resource Board
- SPARK Regional Incubator Network
- Michigan Microlonan Fund
- Michigan Pre-Seed Capital Fund
- Talent Enhancement and Career Connection Services

Business Acceleration is about impact, it requires experience working with entrepreneurs along with a deep understanding of the resources and timing required to successfully grow an innovation-based start-up.

SPARK Business Accelerator services enable companies to move quickly through the idea, business formation, proof of concept, marketability and commercialization stages of development. Our suite of resources is comprehensive. And whether it’s business acceleration services, bricks-and-mortar incubation space, access to pre-seed and microlonan funding, talent identification and recruiting, or education and networking, every resource we offer contributes to a healthy entrepreneurial ecosystem in Southeast Michigan.

Compendia Bioscience, Inc. launched in 2006 with life science technology developed at the University of Michigan. The company uses the world’s published cancer genomic data to create systems that help pharmaceutical companies locate new drug targets and identify cancer patients likely to respond favorably to specific drugs.

“As a medical student and Ph.D. graduate, I knew very little about launching a business. For me, Boot Camp was like getting an MBA in two days. But even more important were the connections I made — including our company’s current chief business officer. Also, as a result of our work at Boot Camp, Compendia was in a better position to apply for and receive its first Pre-Seed Investment Fund loan. SPARK has been foundational to the success of our company.”

DANIEL RHODES, CO-FOUNDER AND CEO
Hygieia, Inc., is a medical device start-up housed in the SPARK Central incubator facility and launched in 2008 by co-founders Dr. Eran Bashan and Dr. Israel Hodish. Designed to dramatically improve the effectiveness of insulin therapy, Hygieia’s technology promises a safe, easy-to-use, cost-effective approach for millions of people living with diabetes.

“SPARK’s experienced advisors helped Hygieia build a solid business plan, one attractive to investors. The company has since achieved two significant milestones: FDA 510(k) clearance for its blood glucose measuring platform and completion of the first pilot production units of Hygieia’s proprietary device. In addition, Hygieia has developed a network of internationally-known diabetes specialists, some of whom are based in Ann Arbor and Detroit. SPARK also helped us acclimatize to the U.S. business environment, coaching us in ways that helped make Hygieia a local success.”

ERAN BASHAN, CEO

Meadowlark Energy Solutions, a home performance contractor, provides detailed in-home energy efficiency (EE) audits and comprehensive retrofit services for homeowners as well as software/franchise solutions for EE contractors. The official company launch is planned for mid-2010.

“We’ve taken advantage of almost every resource Ann Arbor SPARK has to offer, starting with their Incubator facility and including the Cantillon Online Program and Entrepreneur Launch 1.0. The SPARK Expert Resource Board was extremely helpful to us as a start-up. Mingle and Match gave us the opportunity to network and perfect our elevator pitch. But most valuable of all was the Boot Camp experience, which forced us to rethink and improve our business plan. Recently, I’ve also participated in the Shifting Gears program as a mentor and coach.”

SCOTT PHILLIPS, CO-FOUNDER AND ADVISOR

Pre-Seed capital investments and microloans provide early-stage companies with crucial gap funding for everything from executive recruitment to prototype development and legal assistance. Awards range from $50,000 to $250,000 and require a matching cash investment from the recipient for the pre-seed investment.

To date, the Michigan Pre-seed Capital Fund has invested over $8.93 million in 42 Michigan companies. The Pre-Seed Fund was established by the Michigan SmartZones, including Ann Arbor SPARK.

The $1.5 million Michigan Microloan Fund program makes loans of $10,000 to $50,000, is managed by SPARK and receives funding from the Michigan Economic Development Corporation, Washtenaw County and the City of Ann Arbor.
In 2009, Ann Arbor SPARK continued to steer Michigan toward a vital and viable future through innovative partnerships.

Ann Arbor SPARK has taken a page from the software development practice of open source programming and has developed the innovative practice of Open Source Economic Development. This strategic approach focuses on teamwork, mutual benefit and shared access to knowledge and best practices. By sharing freely and building upon foundation programs and practices, Open Source Economic Development partners can quickly implement winning strategies and customize them for their use. We’ve highlighted a few of the numerous open source programs from 2009 and are proud to feature the 40+ regional partners assisting with this regional and state approach.

**Washtenaw County etc/ Michigan Works!**
With its focus on community action and workforce development, Washtenaw County etc/ Michigan Works! provides funding and vital resources for SPARK’s many talent enhancement programs—including recruitment, training and networking. In addition, links to the Michigan Jobs Bank database enable companies and job seekers to conduct in-depth career searches and customized employee recruitment campaigns.

In 2009, Washtenaw County etc/ Michigan Works! provided access to federally-funded job training programs, with subsidies of up to $10,000 per employee. Michigan Works! is also a key program partner in the SPARK East business incubator as well as the Eastern Leaders Group and has been instrumental in forming the Eastside Innovation Campus—an array of incubator services and entrepreneurial support organizations.

**Michigan Life Science and Innovation Center**
In July of 2008, the Greater Wayne Economic Development Corporation partnered with the Michigan Economic Development Corporation, the New Economy Initiative for Southeast Michigan, a private foundation and Ann Arbor SPARK to create the Michigan Life Science and Innovation Center (MLSIC) in Plymouth Township. Within one year, a vacant Pfizer laboratory was transformed into what Wayne County Executive Robert Ficano described as “a unique concept in economic development [that] connects experienced life science entrepreneurs to business accelerator organizations and start-up companies under one roof.”

In 2009, Wayne County underscored its commitment to MLSIC with a $250,000 grant for start-up tenants. Currently, Ann Arbor SPARK is working to support Wayne County’s new initiative, the Detroit Region Aerotropolis—an “airport city” linking Willow Run Airport with Detroit Metro Airport.

**The Michigan Pre-Seed Capital Fund and Microloan Program**
The Michigan Economic Development Corporation works with local and regional partners to supply customized services for companies throughout Michigan. “We look at business funding as a continuum,” said Ned Staebler, vice president of Capital Access and Business Acceleration for MEDC. “Our goal is to fill the financial gaps with programs that are tailored to local areas and administered at the local level. Partners such as Ann Arbor SPARK are crucial. They function as our eyes, ears and feet on the ground.”

The Michigan Microloan Program and the Michigan Pre-Seed Capital Fund are two excellent examples of MEDC collaborations. Each year, Microloans provide crucial funding for launching start-ups, while Pre-Seed loans provide larger amounts of capital for business and product development. Combined, MEDC, Washtenaw County and the City of Ann Arbor made $1.5 million available in microloans for start-ups.
regional partners

- Ann Arbor Angels
- Ann Arbor/Ypsilanti Regional Chamber of Commerce
- Ann Arbor Area Convention and Visitors Bureau
- Ann Arbor Area Board of Realtors
- Ann Arbor Area Community Foundation
- AnnArbor.com
- Ann Arbor-Ypsilanti Local Development Finance Authority (LDFA)
- Automation Alley
- Business Leaders for Michigan
- County and Local Units of Government
- Detroit Regional Economic Partnership
- Eastern Leaders Group
- Economic Development Coalition of Southeast Michigan
- Educational Institutions:
  - Eastern Michigan University
  - Michigan State University
  - University of Michigan
  - Washtenaw Community College
  - Wayne State University
- Enterprise Group of Jackson
- Genesee County/Flint Regional Partnership
- Home Builders Association of Washtenaw County
- Lenawee Economic Development Corporation
- MichBio
- Michigan Department of Labor & Economic Growth
- Michigan Economic Development Corporation
- Michigan Manufacturing Technology Center
- Michigan Small Business & Technology Development Center
- Michigan SmartZones
- Michigan State Housing Development Authority
- Michigan Venture Capital Association
- New Economy Initiative for Southeast Michigan
- NextEnergy
- Southwest Michigan First
- TechTown
- Traverse City Chamber of Commerce
- United Way
- Washtenaw County etc/Michigan Works!
- Wayne County EDGE
- West Michigan Science & Technology Initiative
- Ypsilanti Area Convention and Visitors Bureau
- Ypsilanti Gateway, CEDC
The Ann Arbor area consistently ranks among top U.S. metro areas as a desirable place to start a business and a region offering highly-educated and well-trained work forces. Over the last five years, SPARK has developed a robust offering of talent- and entrepreneur-focused services, resources, training and events—all geared toward retaining and attracting the best and brightest to Ann Arbor USA.

Network and Learning Community Events
- **Marketing Roundtable** – A ten-session monthly series aimed at helping start-ups and second-stage companies improve their marketing
- **CEO Power Lunch** – Based on best/next practices, executives from diverse business sectors meet informally to share information
- **BioArbor** – Educational networking events for the life sciences industry with a focus on technology commercialization, business development, regulatory affairs and marketing
- **Ann Arbor OpenCoffee** – A networking event for entrepreneurs, investors and those who work with technology and innovation-based businesses
- **Michigan Energy Forum** – A monthly program that brings together thought leaders, business professionals and alternative energy advocates in a panel and networking format
- **Community Groups** – Ann Arbor SPARK provides resources and facilities for a number of community groups including Ann Arbor Ad Club, Drupal User Group, Social Media Club Ann Arbor and U-M

Entrepreneurial Education and Mentoring
- **Entrepreneur Boot Camp** – A two-day intensive program taught by successful entrepreneurs and focused on business plan development and start-up assistance
- **Entrepreneur 1.0 Launch Program Series** – Business development programs for innovation-based entrepreneurs in the process of launching their own companies
- **Entrepreneur 2.0 Grow Program Series** – Designed to augment Boot Camp and Entrepreneur 1.0, this series focuses on specific business challenges confronting start-up companies
- **SPARK Expert Resource Board (SERB)** – A business accelerator consulting service that pairs business specialists with start-ups and fledgling technology companies
- **Starting Your Own Business** – Information-packed full-day seminar that teaches prospective entrepreneurs the basics of business formation
- **Cantillon Online Business Planning** – A computer-based business development course coupled with one-on-one mentoring

Talent Enhancement and Career Connection Programs
- **Hot Shots: Career Connections** – Monthly career fairs that showcase local talent with growing companies in a relaxed social setting
- **Mingle & Match** – Bi-monthly networking events that connect start-ups with potential employees, partners, investors and advisory board members
- **Talent Search** – Ann Arbor SPARK’s online weekly job posting newsletter
- **Custom Career Programs** – Recruiting events and job placement assistance designed around the specific needs of local companies
- **Shifting Gears** – A program that helps “big company” talent transition into leadership roles at small companies

“Shifting Gears helped me understand the kind of company I wanted to work for and provided networking opportunities that ultimately led to my current position. Overall, a great experience.”

GREG OHL, ADAPTIVE MATERIALS

“Shifting Gears was instrumental in exposing me to the unique challenges—and opportunities—of entrepreneurship and small, innovation-driven firms.”

SCOTT BELANGER, SRI INTERNATIONAL

“Through Shifting Gears, I was able to give expression to my passions and interests and rediscover the qualities I was seeking in my work life.”

RODNEY KETEVIAN, COMPENDIA BIOSCIENCE
funders

- Ann Arbor Area Board of Realtors
- Ann Arbor Area Community Foundation
- Ann Arbor Charter Township
- Ann Arbor Downtown Development Authority
- Ann Arbor News
- Ann Arbor/Ypsilanti Local Development Finance Authority
- Arboretum Ventures, Inc.
- Bank of America Charitable Foundation
- Bank of Ann Arbor
- Biotechnology Business Consultants
- CFI Group
- City of Ann Arbor
- City of Saline
- City of Ypsilanti
- Community Foundation for Southeast Michigan
- Detroit Edison/DTE Energy
- Eastern Michigan University
- Fifth Third Bank
- First Martin Corporation
- GDI Infotech
- Google
- Greater Wayne County Economic Development Corporation
- Honigman Miller Schwartz and Cohn LLP
- ITC Holdings Corporation
- James Libs
- McKinley, Inc.
- Michigan Economic Development Corporation
- Michigan Information Technology Center
- New Economy Initiative for Southeast Michigan
- NSF International
- Pattco, Inc. - Flatout Bread Company
- Peter A. Long, Attorney at Law
- Pittsfield Township
- PR Newswire
- ProQuest
- S.I. Company
- Salesforce.com
- Scio DDA
- Superior Township
- The Esperance Family Foundation
- Thomson Reuters
- U.S. Small Business Administration
- United Bank & Trust
- University of Michigan
- University of Michigan Medical School
- Village of Manchester
- Washtenaw Community College
- Washtenaw County
- Washtenaw County etc/Michigan Works!
- Ypsilanti Downtown Development Authority
- Ypsilanti Township
SPARK will be the driving force in establishing the Ann Arbor region as a desired place for business expansion and location...by identifying and meeting the needs of business at every stage, from those that are established to those working to successfully commercialize innovations.