a connected region.
global success.
To our investors, stakeholders and clients:

From the smallest start-ups to the world’s leading corporations, companies know that business success depends on being connected. We know it too. That’s why our team works so hard to connect companies at all stages with our many services—ranging from incubator space and Entrepreneur Boot Camp to mentors, high-level consulting, recruiting assistance and internship support. But we do even more than that. We also connect companies with government agencies and other outside resources that can give them a competitive edge, locally and globally.

All these connections are possible—and available—because of SPARK’s careful and constant attention to the regional business ecosystem. One look at our metrics for 2012 will tell you that our efforts are paying off, with this year being the most productive year in SPARK’s history of supporting entrepreneurial activity. The seeds planted many years ago that created this ecosystem for entrepreneurs continue to bear fruit, and we are beginning to see the economic impact of creating companies.

To strengthen the business ecosystem even further, Ann Arbor SPARK maintains vital, open-source connections with organizations across the state. Our partnership with the Michigan Economic Development Corporation (MEDC) is helping diversify Michigan’s economy through programs like the 21st Century Jobs Fund, the Michigan Pre-Seed Capital Fund and the Michigan Microloan Fund. These investments fast-track the creation of companies and jobs.

Thanks to this powerful network, the regional business climate has never been healthier. And Ann Arbor SPARK has never been in a better position to help entrepreneurs and companies connect with the regional resources they need to be globally competitive.

Sincerely,

Paul Krutko
President and Chief Executive Officer
Ann Arbor SPARK
To our partners, colleagues and investors:

Powered by a strongly rebounding state economy, an asset-rich entrepreneurial ecosystem and a world-class economic development team, Ann Arbor SPARK turned in yet another record performance in 2012. On every metric—from new jobs to innovation start-ups and from microloans to pre-seed investments—the numbers are impressive.

Our continuing goal is to make the Ann Arbor region an ideal business environment—a place where organizations in every sector and every growth phase can connect with the resources they need to succeed. This past year, we achieved that goal by focusing on three key areas: business development, entrepreneurial services and talent.

Through new partnerships and alliances, we extended our economic development resources and expertise to Livingston County and other parts of the state. And through our work with OCO Global, a firm specializing in foreign direct investment and global lead generation, we’ve started pursuing an aggressive, targeted growth strategy to market our region worldwide. Through programs such as Shifting Code, an innovative IT retraining program funded by the Michigan Economic Development Corporation (MEDC), we demonstrated our ability to respond quickly to changing market needs—while retaining the kind of local talent that acts as a magnet for business.

With so many wins and such strong momentum, you can be sure that Ann Arbor SPARK will continue to provide the resources, services and expertise that enable companies to thrive and expand. In the process, we will continue to make Ann Arbor a connected region, pursuing and achieving global success.

Sincerely,

Timothy G. Marshall
Chairman of the Board
Ann Arbor SPARK

LEVERAGING REGIONAL ASSETS

2012: The Year in Review

2012 spark successes

63 innovation start-ups assisted
1,135 retained jobs
31 microloans awarded
628 new jobs
$148 million in new investment commitments
345 companies assisted with 1,678 Job Postings
23 pre-seed investments awarded
73 incubator tenants nurtured
business development

In 2012, our Business Development team connected with established companies in targeted, driving industries that sell goods and services around the globe creating regional prosperity. We provided the resources that kept regional companies going strong: site selection, relocation assistance, incentive programs, talent connections and critical business introductions.

In the spirit of open source economic development, we established two Livingston County offices in partnership with its Economic Development Council. We formed a site selection marketing strategy with our Region 9 partners. We also enhanced our business attraction efforts, making site visits to New York, Chicago, Boston, Washington, D.C., Palo Alto, San Francisco, Atlanta, San Jose and Toronto as well as international visits to France and Brazil.

entrepreneurial services

Last year, our Entrepreneurial Services team once again worked to accelerate the growth of innovation start-ups by connecting them with key resources such as mentoring and consulting, education and training, access to funding and office space.

Among the highlights of 2012, more than 2,000 people attended SPARK events—including a new event series, Selling Smart, which broadened our support to early stage companies. We also piloted a new internship program that provided matching funds of up to $3,000 for 10 start-ups and second-stage companies in Washtenaw County.

Looking ahead to 2013, we see the current growth trend continuing as we connect with businesses, resources and economic development partners across Michigan.
talent enhancement
In 2012, Ann Arbor SPARK developed additional ways to help entrepreneurs and established businesses connect with talent—a resource vital to their success. We formed a community of summer interns at several companies. The interns had a chance to experience the quality of place and opportunities Ann Arbor has to offer after graduation.

THE ANN ARBOR SPARK TALENT PORTAL
In 2012, SPARK assisted 345 companies with 1,678 job postings on the SPARK Talent Portal.

TALENT ENHANCEMENT AND CAREER CONNECTION PROGRAMS:
• HotShots: Career Connections
• SPARK Talent Portal
• Talent Search
• MiTalent.org
• Shifting Code

SHifting CODE
In response to requests from regional businesses, and in partnership with the MEDC, we implemented Shifting Code—a retraining program where individuals skilled in one IT specialty are trained in a new specialty.

“I don’t have a computer science degree, so it was unlikely I could find work even as a low-level junior developer. By spending three months studying Drupal development, I was able to transition into a paid internship, which ultimately led to a full time job. Without Shifting Code I would have been looking at going back to school, going deeper in debt, and losing years of real-world experience in the process. I cannot thank Shifting Code enough for the networking and educational opportunities it provided.”

Mike Fuerstnau, Commerce Guys
HYUNDAI AMERICA TECHNICAL CENTER, INC. is a key design, technology and engineering facility for Korean-based Hyundai-Kia Motors Corporation in Ann Arbor.

“Currently, Hyundai is investing over $15 million in its Ann Arbor technical center to expand an environmental chamber for extreme temperature testing—a project we anticipate will create 50 new high tech automotive research and development jobs over the next three years. During the planning phase, Ann Arbor SPARK provided valuable assistance, working closely with us to secure more than $2.5 million in new business development incentives from the State of Michigan and the township.”

Mark Torigian, General Counsel

BARRACUDA NETWORKS, INC. offers industry-leading solutions designed to solve mainstream IT problems. The company’s products span content security, networking and application delivery as well as data storage, protection and disaster recovery.

“Ann Arbor is key to Barracuda’s success as an R&D heavy technology world leader. With the support of SPARK, we’ve established a major R&D facility with an investment of over $6M, creating hundreds of high-tech jobs. As Barracuda continues to dominate the SME network security and storage markets, the Ann Arbor R&D and talent pool are critical to our sustained success.”

Sean Heiney, Vice President

COMPENDIA BIOSCIENCE was founded in 2006, and this Ann Arbor start-up has taken advantage of SPARK’s services at every phase of its lifecycle. In October 2012, Life Technologies Corp. announced it would acquire Compendia Bioscience. Compendia Bioscience plans to stay and grow right here in Ann Arbor.

“SPARK’s support of Compendia Bioscience, from the earliest stages to its recent acquisition by Life Technologies, has been foundational to the success of the company. As a medical student and Ph.D. graduate, I knew very little about launching a business. SPARK’s Entrepreneur Boot Camp was like getting an MBA in two days. Through every stage of Compendia’s growth, SPARK has helped make key connections for us, including access to investment capital and an introduction to our Chief Business Officer.”

Daniel Rhodes, Co-founder and CEO

2012 FASTTRACK WINNERS

Each year, the FastTrack Business Awards recognize Washtenaw County companies that have achieved outstanding business success.

One Year
- Arbormoon Software
- Estrakon, Inc.
- The Whole Brain Group

Two Year
- Beal Incorporated

Three Year
- Beal Properties

Four Year
- Caelynx LLC
- Med Hub, Inc.

Five Year
- LLamasoft Inc.
- Online Tech
- SRT Solutions

Six Year
- ForeSee Results

THE ACCELERATE MICHIGAN INNOVATION COMPETITION

Accelerate Michigan was launched in 2010 with support from a regional network of universities, corporations and economic development organizations. In 2012, hundreds of applicants competed for $1M in cash and in-kind services. Algal Scientific was awarded $500,000, making this the second year in a row that a SPARK incubator tenant has taken home the grand prize. Out of the 50 semi-finalists, 23 had received services and support from SPARK.

For more details please visit www.AccelerateMichigan.org.
**2012 Highlights**

**Financial**

- **SPARK Operating Budget**: $5,475,000
- **Michigan Pre-Seed Capital and Microloan Funds**: $5,079,000
- **Michigan Life Science and Innovation Center, LLC**: $950,000

**Total SPARK Budget**: $11,504,000

**Local Partner Funding**

- **Total**: $4,138,000
  - **Private 40%**
  - **Public 51%**
  - **University 9%**

**Local Partner plus Federal, State and Foundation Funding**

- **Total**: $11,504,000
  - **Local Partner Funding 36%**
  - **Leveraged Funds non-local 64%**

**2006-2012 Leveraged Funding**

- **Total**: $72,234,000

**Funders**

- **University**
  - Eastern Michigan University
  - University of Michigan
  - Washtenaw Community College

- **Public**
  - Ann Arbor Downtown Development Authority
  - Ann Arbor/Ypsilanti Local Development Finance Authority
  - City of Ann Arbor
  - City of Saline
  - City of Ypsilanti
  - Economic Development Council of Livingston County
  - EDA
  - Michigan Economic Development Corporation
  - Michigan Small Business & Technology Development Center
  - Pittsfield Township
  - Scio Township Downtown Development Authority
  - Washtenaw County Community Foundation
  - Washtenaw County Michigan Works! Agency
  - Ypsilanti Township

**Funders continued...**

- **Private**
  - Ann Arbor.com
  - Arboratum Ventures
  - Bank of Ann Arbor
  - Barracuda Networks
  - Comcast Business Class
  - Detroit Edison/DTE Energy
  - Domino’s Farms
  - Fifth Third Bank
  - First Martin Corporation
  - Ford Motor Company
  - GDI Infotech
  - Google
  - Honigman Miller Schwartz & Cohn LLP
  - IMRA America Inc.
  - McKinley Inc.
  - Menlo Innovations
  - Miller Canfield
  - New Economy Initiative for Southeast Michigan
  - NSF International
  - PNC Bank
  - ProQuest
  - S.I. Company
  - Terumo
  - Thomson Reuters
  - Toyota Technical Center U.S.A.
  - Yeo & Yeo, P.C., CPAs & Business Consultants

**Business Development Project Successes**

- Advanced Vision Research
- AgriSight Inc.
- Audatex
- Aven Tools
- Barracuda Networks
- Brighten NC Machine
- Caphora
- Commerce Guys
- Current Motor Company
- Deque Systems
- DNA Software
- Dynics Inc.
- Elite Defense
- Engineering Systems Inc.
- Faurecia Interior Systems Inc.
- Front Door Insights
- HookLogic
- Hygieia, Inc.
- Hyundai America Technical Center
- K-Space Associates, Inc.
- LLamasoft Inc.
- Lyons Consulting Group
- Minu Interactive, Inc.
- Northern United Brewing Company
- NubePrint
- NWP Services Corporation
- OptiFlow Incorporated
- Orniccept, Inc.
- Phoenix Contact Inc.
- Sakti3
- Saline Lectronics
- Sensible Systems
- Sheridan Books-Chelsea
- SimuQuest, Inc.
- SRI International
- Systems In Motion
- Terumo Cardiovascular Systems
- Trenton Corporation
- Valico
- WorkForce Software

**2006-2012 Results**

- **262 PROJECT SUCCESSES**
- **1,4 Billion new investment commitments**
- **95 microloans awarded 92 Companies ($34.4k/company average)**
- **Over 250 incubator tenants Three Regional Incubators**
- **90 pre-seed investments awarded 80 Companies ($239k/company average)**
- **11,533 new jobs**
- **2,171 companies assisted with 7,702 Job Postings**
- **$53.1 million leveraged community investments through federal and state grants, equipment donation to MIED, foundations and other sources**
SPARK will advance the economy of the Ann Arbor region by establishing the area 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.