a letter from the president and CEO

As an annual exercise, preparing an introductory letter to an annual report is part reflection and part prognostication. Reflection on the challenges and opportunities of the last few years and the successes we have had in capitalizing on both. Prognostication anticipating what will be the new challenges and opportunities to continue to build a robust economy aspiring to benefit all of its citizens and communities.

The good news is that the work of our private-public-academic-non-profit partnership for more than a decade has resulted in, and positioned our region for, long-term success. We have created a robust entrepreneurial ecosystem in the Ann Arbor region. We have built a first rate business development team that can give GDP producing businesses the help they need to thrive. Global companies see this as a place to locate and grow.

Consider the evolution of Ann Arbor SPARK’s Entrepreneur Boot Camp. First-time participants from years ago are now mentoring startup companies, providing the wisdom that propels those businesses forward, nourishing our ecosystem through the experience of those who know businesses of any size can succeed here.

Today we celebrate the progress our community made over the last several years toward the creation of the American Center for Mobility at Willow Run (ACM). Under construction and opening this fall, ACM was designated in 2016 as a national proving ground for the new mobility solutions arising from big data, the “cloud”, and connected and autonomous vehicles. The eyes of the world are once again turned to what is happening in southeast Michigan, spearheaded by Mcity, U-M’s Mobility Transformation Center, and ACM.

However, the future is not foreordained. In his recent book, Thank You For Being Late, An Optimist’s Guide for Thriving in the Age of Accelerations, Tom Friedman describes how we are now living in the age of exponential accelerations of technology, globalization, and climate change that individually and in combination are moving faster than our capacity to adapt to them. It is my optimistic belief that the sustained engagement of our public, private, academic, and non-profit leadership through SPARK’s unique collaborative platform gives us a fighting chance to help our region adapt to and benefit from these accelerations, while at the same time creating solutions for the State of Michigan, the nation, and the world.

It truly is my honor to work with SPARK’s stakeholders and our incredibly talented and dedicated staff in this effort.

Regards,

Paul Krutko
PRESIDENT AND CHIEF EXECUTIVE OFFICER, ANN ARBOR SPARK

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a letter from the chair

My role as chair of Ann Arbor SPARK’s board gives me a unique opportunity to see the dedication and hard work that it takes to help our region grow and prosper. Economic development is a team sport, and the Ann Arbor region benefits from the collaboration of the public, private, non-profit, and academic leaders all working together to create a brighter future for us all.

From tech talent to quality of life, to educational and professional opportunities, the Ann Arbor region delivers what leading businesses and in-demand job-seekers want: A vibrant community with many choices for individuals and families to live, learn, work, and play. Our economy is built on the very attributes that define economic health. We offer an attractive location for a range of businesses and talented individuals — both new to this region as well as those who want to start here, stay here, and thrive. It is truly “All Here!”

Global competition, particularly among communities focused on the accelerating growth of new technologies, is intense and unrelenting. For more than a decade now, SPARK has worked to capitalize on the talent production prowess of University of Michigan, Eastern Michigan University, and Washtenaw Community College, giving our region the edge that employers look for. The Ann Arbor SPARK board of directors guide a strategic plan focused on the future and what we can do through partnership, collaboration, and investment to position our region for economic growth and prosperity, benefiting all of our citizens and communities.

The American Center for Mobility at Willow Run (ACM) is a shining example of how our community works together through collaboration. This project is vital to maintaining our state and region’s global leadership in automotive research and development, and the shifting mobility landscape towards a future of autonomous and connected vehicles. SPARK played an important convening role to help build and support the coalition of partners working to bring this project to fruition. Partners include the University of Michigan, the State of Michigan, Business Leaders for Michigan, Ypsilanti Township, and our federal Congressional delegation.

It is very gratifying to have been part of Ann Arbor SPARK’s leadership over the years and an honor to be the current chair. I look forward to working with the board and our partners in 2017 to continue to advance our region’s success and take advantage of future opportunities.

Sincerely,

Cynthia H. Wilbanks
CHAIR OF THE BOARD, ANN ARBOR SPARK

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Cynthia H. Wilbanks
CHAIR OF THE BOARD, ANN ARBOR SPARK
FOUNDATION FOR GROWTH
The Ann Arbor region continues to solidify its global reputation as an area of innovation and economic prosperity. The foundation that nurtures this type of ecosystem is truly unique, and it’s here. This distinct, coveted economy supports and enables the success of our DRIVING INDUSTRIES.

Driving industries are companies that sell goods and services on a local, national and global level. They are the foundation on which our region’s economy is built. They create jobs, attract investment, and form business clusters that attract other companies to the region. These companies are the catalyst for prosperity.
2016 DRIVING INDUSTRIES

- advanced manufacturing
- support the quality of life
- create jobs
- form business clusters
- software

ON FOR GROWTH OF AN INNOVATION
JOB GROWTH

ANN ARBOR SPARK works with 60% OF COMPANIES in driving industries that provide a foundation for a growing economy. Our work has a DIRECT IMPACT: These companies are thriving and, in turn, so is our region.

PRIVATE SECTOR JOB GAINS — Washtenaw County 2010-2016

13,083 New Jobs

Driving Industries

People Serving & Business Support

60%

15% driving industry job growth
11% people-serving and business support sector job growth

HAVING DRIVING INDUSTRY COMPANIES LOCATED IN OUR REGION BENEFITS US ALL:
Their employees shop and dine here, use services such as accountants and banks, and they pay the taxes that contribute to our exceptional schools, better roads, abundant parks, amazing community services, and great quality of life.

Donna Doleman
Senior Vice President, Marketing and Communications, Ann Arbor Spark
Since its inception in 2001, ENTREPRENEUR BOOT CAMP has evolved in tandem with the ecosystem it’s a part of, tapping in to the resources here to help startups succeed. At SPARK Central, entrepreneurial companies are in a prime downtown location, in the heart of Startup City USA. From here, these companies attract talent and capital, and grow our region’s economy.

157 events held
6,232 attendees

It’s exciting to see how OUR ENTREPRENEURIAL ECOSYSTEM CONTINUES TO EVOLVE. We have more serial entrepreneurs here than ever before, and they’re committed to helping the next generation.

bill mayer
VP ENTREPRENEURIAL SERVICES, ANN ARBOR SPARK

Since its inception in 2001, ENTREPRENEUR BOOT CAMP has evolved in tandem with the ecosystem it’s a part of, tapping in to the resources here to help startups succeed. This year SPARK further strengthened its teaching team by adding the veteran technologists, investors, and entrepreneurs whose experience helped refine and shape the Boot Camp curriculum. SPARK also added similar high-caliber talent to its team of mentors, who offered expertise and real-world perspective to the emerging entrepreneurs. To date, SPARK has successfully hosted 29 Boot Camp sessions.

2001–2016
BOOT CAMP AT-A-GLANCE:

- 601 jobs created
- 100+ mentors

Ann Arbor SPARK has worked with WARMILU, a University of Michigan startup that makes non-electric, reusable warming blankets for infants in impoverished areas, since 2012. The company has received several business accelerator grants, as well as support from SPARK’s collaboration with Eastern Michigan University’s Center for Digital Engagement. Recently, Warmilu shipped its first order, to help babies in Kenya.
The Ann Arbor/Ypsilanti SmartZone LDFA provides capital to commercialize products developed locally. LDFA grows these companies in Ann Arbor, funded by the State of Michigan.

**Entrepreneurial Services at-a-Glance**

- Affordable office space for startups
- Entrepreneur Boot Camp
- Expert counsel to entrepreneurs
- Access to funding opportunities
- Educational & networking events

Nurturing and supporting homegrown businesses creates new jobs and increases local investment, which will in turn increase tax revenues.

**IMPACT ON OUR LOCAL ECONOMY**

LDFA Accomplishments FY 2012-2016:

- **$109 million** in grants to startups
- **$241 million** in private equity raised
- **331 companies** served
- **638 jobs** created
- **64 incubator graduates**

The Ann Arbor/Ypsilanti SmartZone LDFA provides capital to commercialize products developed locally. LDFA grows these companies in Ann Arbor, funded by the State of Michigan.

**Michigan Angel Fund (MAF)**

With 130 members and 16 companies in its portfolio, MAF is the largest angel organization in Michigan. It fills an important funding gap by investing in very early stage companies across the state that are not primed for venture and other sources of capital. MAF is managed by Ann Arbor SPARK with support from the Michigan Economic Development Corp.

Michigan is competitive as a destination for high tech startups because of our range of comprehensive funding programs. The **Michigan Angel Fund is proof** that we’re serious about helping entrepreneurs grow their businesses here, and recognize the unique needs of fledgling companies.

**skip simms**

Senior Vice President, Ann Arbor SPARK

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**skip simms**

Senior Vice President, Ann Arbor SPARK
DRIVING ECONOMIC GROWTH

The Destination for the Future of Mobility
The future of the auto industry is in the Ann Arbor region. Not only are companies like Toyota continuing to invest and expand here, progress is accelerating at the American Center for Mobility at Willow Run. There was a groundbreaking at the site in November, and its U.S. Department of Transportation designation as a national proving ground is an important milestone in Ann Arbor SPARK’s strategic plan to continue to attract and retain advanced mobility companies.

Attracting Global Attention, Companies
Global companies continue to see the benefits of locating in this region. A prime example: SF MOTORS will invest more than $10.7 million to open its U.S. research and development operations here. SF Motors, a driving force for next-generation electric vehicles, will create 150 jobs as part of its expansion.

Unique Assets Fuel Livingston County’s Economy
Talent and available sites are driving economic growth in Livingston County. This year, C&B MACHINERY invested $2.95 million in relocating to Green Oak Township as a way to accommodate its planned future growth.

CHEM-TREND invested $7.7 million in expanding its research and development facility in the city of Howell. It will also add 25 jobs as part of the expansion.

“We don’t think about economic development in narrow terms. Ann Arbor SPARK works with its partners to deliver the funding, incentive, and talent programs that grow our economy. Our collaborative efforts ATTRACT GLOBAL BUSINESSES AND CREATE VIBRANT COMMUNITIES where people want to live, work, and play.”

phil santer
SENIOR VICE PRESIDENT AND CHIEF OF STAFF
ANN ARBOR SPARK

“SPARK is a great partner to foreign companies like us, who come to the Ann Arbor area to do business. With their assistance, we were able to be quickly acclimated into the local community and hit the ground running.”

YONG YANG, VICE PRESIDENT, SF MOTORS

IN 2016, SPARK ENGAGED COMPANIES THAT EMPLOY 17,800
28 projects facilitated
Meeting Talent Needs Through Innovative Programs, Collaborations
To inspire future high tech careers, Pinckney Community Schools established a CYBER RANGE HUB – computing and networking infrastructure to provide certification courses and cybersecurity training exercises. The Michigan Cyber Range is hosted and facilitated by Merit Network in partnership with the State of Michigan and with the sponsorship of DTE Energy.

Growing and Revitalizing Eastern Washtenaw County
The Innovate Ypsi incentive program provides grants, loans, and other economic assistance to businesses that create jobs and investment in Ypsilanti. This year, WHITE PINE SOFTWARE received an Innovate Ypsi grant to facilitate its expansion to a historic building in downtown Ypsilanti. LANDLINE CREATIVE LABS is using an Innovate Ypsi grant to redevelop the former Michigan Bell Telephone building.

In the past 12 years, SPARK’s business development team has facilitated over 416 PROJECTS – growing and retaining businesses in the region as well as attracting global companies.

From creating business development opportunities in Ypsilanti to establishing a skilled trades training program in Livingston County, SPARK provides the leadership and vision needed to help companies plan and grow.
thriving hub of innovation

TECH TREK:
66+ companies
1,300 attendees
30% out-of-town trekkers

SHOWCASING THE REGION'S INNOVATION CORRIDOR

TECH HOMECOMING:
200+ out-of-towners from 17 different states
Innovation, Growth, Success — It’s All Here

2016 at-a-glance

5.8x the national average of venture capital deals

THE REGION IS RIGHT FOR COMPANIES & TALENT

41% of companies are investing capital

58% projecting sales growth

63% hiring

35% launching new products

40K YouTube views

221 tech companies

3,000 employees

downtown innovation corridor represents

3,000 employees

221 tech companies

84% of investment

37% of new jobs

FROM FOREIGN OWNED COMPANIES

MARKETING THE REGION AT-A-GLANCE

Creating a global platform for the Ann Arbor region:
- Company successes
- World-class talent
- Career opportunities
- Startup ecosystem

From company investment to jobs, ensuring that the Ann Arbor region is on the global map as a destination is core to Ann Arbor SPARK’s mission.

AWARD-WINNING NEW-MEDIA APPROACH

3.26M social media impressions

12.5M online impressions

73K PR hits & views

508K website visits

40K YouTube views

Thank you to our partners and funders for making Ann Arbor SPARK’s work to grow businesses — and the economy — in our region a success.
Current Funders  
AS OF DECEMBER 2016

PRIVATE SECTOR — under $25,000
- Ann Arbor Area Board of Realtors
- Arboretum Ventures
- Arbormoon Software, Inc.
- Barracuda Networks, Inc.
- Black & Veatch
- Blue Cross and Blue Shield of Michigan
- Bodman
- BusinessWire
- Chemical Bank
- Citizens Bank
- Comcast Business
- Comerica Bank
- Disher Design
- Domino's Farms Corporation
- Fifth Third Bank

PRIVATE SECTOR — $25,000+
- IHA
- Saint Joseph Mercy Health System
- Bank of Ann Arbor
- Toyota
- DTE Energy Foundation
- Arbor Networks
- Google
- PNC Bank
- Lake Trust Credit Union
- New Eagle
2016 SPARK Successes

- 28 company growth projects creating 1,098 announced jobs and 2,106 retained jobs
- 255 startups assisted, 182 of those companies received intensive services – those companies currently employ 601 FTE
- 259 companies assisted with 1,281 job postings
- 99 incubator tenants nurtured
- $159 million in new investment commitments
- 238 company growth projects creating:
  - $875 million in new investment commitments
  - 5,936 announced jobs
  - 882 startups assisted, 505 received intensive services and have employed 1,935 FTE
  - 52 pre-seed investments awarded to 50 companies ($228k/company avg)
  - 1,782 companies assisted with 8,340 job postings
  - 75 microloans awarded to 72 companies ($39k/company avg)*
  - 177 incubator tenants nurtured
  - $16+ million community investments leveraged through Federal and State grants, foundations, and other sources

*Includes PSF, LDFA & Eastern Washtenaw funds

Thank you to our partners:

First Martin Corporation
GDI Infotech
Honigman Miller Schwartz & Cohn LLP
Huntington Bank
ITC Michigan
Key Bank
Liebherr
LLamasoft
Mannik & Smith Group
Menlo Innovations
Michigan Office Interiors
MLive Media Group
NSF International
O’Neal Construction
Old National Bank
Oxford Companies
Plante & Moran, PLLC
Rudolph Libbe Group
SI Company
Thomson Reuters
Truven Health Analytics
University of Michigan Credit Union

ACADEMIC PARTNERS
Eastern Michigan University
University of Michigan
Washtenaw Community College

PUBLIC PARTNERS
Ann Arbor/Ypsilanti Local Development Finance Authority
Ann Arbor Charter Township
Ann Arbor Downtown Development Authority
City of Ann Arbor
City of Chelsea
City of Dexter
City of Saline
City of Ypsilanti
EDC of Livingston County
Michigan Economic Development Corporation
Michigan SBDC
Pittsfield Township
Region 2 Planning Commission
Scio Township
Superior Township
TheRide
U.S. Department of Commerce
Washtenaw County
Ypsilanti Township
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.