a letter from the president and CEO

To our colleagues, partners and community:

The Ann Arbor region continues to solidify its global reputation as an area of innovation and economic prosperity. While this is gratifying, it’s the potential that this base of success presents that’s truly unique. As our economy continues to grow, it presents new opportunities for our future success.

The signs that our future is bright shine across the region: The continued development of the American Center for Mobility at Willow Run, the expansion of SPARK Central, SPARK East reaching full capacity, Liebherr breaking ground on a new facility in Saline, TD Ameritrade moving to downtown Ann Arbor, and the opening of Lake Trust Credit Union’s new headquarters in Brighton are just a few.

A recent survey of area CEOs offered further reinforcement of our prospects. The CEOs indicated that 83 percent of them will hire in the coming year and that 50 percent of them are launching new technology, products, or services.

When considering what our region will look like in the future, many cited a commitment to continuing to build on our current success – quality of life, infrastructure, and availability of talent. These elements are the foundation for imagining the future of the Ann Arbor region.

At the same time, our region’s CEOs identified many things we need to work on to ensure our future economic success. Some of those ideas are presented inside this annual report.

SPARK’s public, private, and academic stakeholders are beginning the process of thinking deeply about the future of the Ann Arbor region, or #Imagine2030. What can our region be in 2030 if we continue to build on our current success? How will we continue to help businesses #StartLocateGrow in this region?

Ann Arbor is a place where companies want to locate and talented people want to work and live. Our future depends on ensuring that we create the environment that continues to be welcoming to the businesses of the 21st century and the people that want to work for those companies.

Regards,

Paul Krutko

PRESIDENT AND CHIEF EXECUTIVE OFFICER, ANN ARBOR SPARK

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da letter from the chair

To our partners, funders and colleagues:

Last year, we celebrated Ann Arbor SPARK’s 10 years of growing economic prosperity in the Ann Arbor region. Since 2005, we’ve seen the region’s focus and efforts on supporting early-stage companies evolve and mature. Startups are attracting talent and capital, and bringing products and services to market faster than ever before, and faster than they could if they were located outside of this region. The seeds of entrepreneurial success planted years ago are bearing fruit that will grow our economy well into the future.

We’ve also seen established global businesses, from Google to Mahindra to Toyota, make significant investment and create jobs here. This region has a unique combination of assets to benefit these leading companies: talent, collaboration across all our sectors, and a robust support system for growing businesses.

As we began our second decade with a solid ten years of progress under our belts, we decided to engage in a look forward with the leaders of our region’s private sector companies that are the drivers of our economy. Through our CEO Roundtable process, we asked the question – “How do we keep this momentum going?”

The CEOs emphasized how important our region’s quality of life is to their decisions to invest and grow here. The key input to their success is talent. In today’s national and global economy, we know talent is highly mobile and companies follow the talent rather than vice versa; our goal must be to retain and attract talent here into the future. As we share in this annual report, there is work to be done to make the investments to secure our region’s economic success. This critical feedback provides the central focus for SPARK’s 2030 vision.

The uniqueness of the Ann Arbor SPARK platform, the regional collaboration of businesses actively growing our GDP, in strong partnership with the State of Michigan, local governments in Washtenaw and Livingston Counties and our three leading academic institutions is a continuing recipe for success. The commitment from our board of directors representing these partners has never been greater to build an even stronger region that creates economic opportunity for all of our residents.

These are exciting times for our region and I am proud to be a part of our collective efforts to help support and grow a more prosperous future.

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
CEO COMPANY PLANS NEXT 12 MONTHS:

What do you hope the Ann Arbor region will be like?

What are our competitive advantages now versus other US regions?

83% plan to hire additional employees

50% making a major capital investment

Ann Arbor SPARK's strategic plan, founded on creating a thriving area of innovation. Over the last 11 years, SPARK's direct efforts to accelerate the growth of early stage companies, nurture existing companies and attract global companies in driving industries has established a strong foundation for economic growth in the region. The companies guided by these leaders are driving the region’s economic growth. Their vision and voice on issues facing this region provide a thoughtful framework for continuing to move our economy forward.

At the heart of all of our work is a strong partnership with business leaders who give us insight on their needs and inform our vision for the region’s future.

Coupled with the growing talent pipeline, Ann Arbor has a distinct and innovative economy.

Great place to work and live – an oasis in southeast Michigan

Desirable place to raise a family

Affordable cost of living

Proximity to Detroit Metro Airport

University of Michigan

Growing reputation as tech hub

Deep engineering pool within a 50-mile radius

Early-stage companies have matured to global businesses headquartered in Ann Arbor.
Imagine it is 2030, fourteen years from now:

Five new employers of 1,000+
Region has iconic real estate development, including new adequately sized convention center and convention hotel
A north-south mass transit system connects North Campus, downtown and State/Eisenhower
Unique image that resonates with our history

What must we tackle in the next five years to position ourselves to be a successful economic region in 2030?

Identify and benchmark against competitive set of communities
- What do they have that we don’t and why?
- How is the private sector involved?
Physical brand and image that is more than a slogan
Rail transportation to and from Detroit
Where is the talent instrumental to growth going to live and work?
Where are our growing companies going to locate?
Develop a common infrastructure plan that supports all sectors
Speed up the development process and make it more rational
Align the private and public sector economic development strategies with the University of Michigan’s vision of the future

What are the key issues facing our community to get to that desired state?

The ability to retain and grow the businesses incubated from our entrepreneurial ecosystem
Improve the capacity of local government to respond to development opportunities
Maintain and enhance a positive national image in the context of Detroit and Michigan
Improve our infrastructure system: roads, electrical, water, storm, sanitary and sewer
Improve business clusters outside downtown Ann Arbor – adding downtown-like assets that employers and workers find attractive
Maximize downtown growth and create features of vibrancy for tech businesses
Deepen community involvement from the businesses represented in the CEO Roundtable in defining our region’s economic future

67% actively recruiting new employees
50% launching a new technology product or service
92% experiencing sales or revenue growth
Why Ann Arbor – The Ann Arbor region offers a unique culture and inspires an entrepreneurial spirit. That special force is magnetic: It draws people here and calls people back home. The quality of place, combined with the variety of jobs available, is the culmination of opportunity, community, and innovation.

— donna doleman
SENIOR VICE PRESIDENT, OPERATIONS & COMMUNICATIONS
ANN ARBOR SPARK

#13 Ann Arbor Top Places to Live
LIVABILITY 2015

#1 City for Millennials
AMERICAN INSTITUTE OF ECONOMIC RESEARCH

#1 Ann Arbor “Small American Cities of the Future,” Human Capital
FDI MAGAZINE

#3 City for IT Talent
CAREERBUILDER

The Ann Arbor region has 3.6% of the state’s population but provides 5% of the state’s GDP.

.64% annual population growth rate compared to .58% national average
DATA: CENSUS    ANALYSIS: WORKFORCE INTELLIGENCE NETWORK

+7% projected employment growth over time 2016-2025
DATA: EMSI    ANALYSIS: WORKFORCE INTELLIGENCE NETWORK

The Ann Arbor region has 3.6% of the state’s population but provides 5% of the state’s GDP.
shortening the cycle

In the last 11 years, Ann Arbor SPARK has provided regional start-ups with incubator space, grants and talent assistance that have accelerated their growth and success. Ann Arbor SPARK has also served as a navigation system for entrepreneurs, guiding them through our region’s entrepreneurial ecosystem and helping them tap into the right resources at the right time.

In 2015, RetroSense secured FDA approval for human clinical studies of its therapy for one of the leading causes of vision loss and blindness and raised a $6M Series A, including investment from outside of Michigan.

In 2015, SkySpecs, Inc., an industry leader in drone collision avoidance and provider of an automated drone infrastructure inspection platform, raised a $3M Series A.

In 2015, clinical-stage life sciences company Millendo raised a $62M Series B financing round — the largest venture capital round in MI history and entered into an exclusive license agreement with AstraZeneca.

What’s particularly exciting about shortening the cycle is that as entrepreneurs achieve success, they’re turning around and investing time, resources, and money in the next generation start-up, ensuring that this cycle continues to accelerate.

“— Bill Mayer
Vice President, Entrepreneurial Services, Ann Arbor SPARK

Successful businesses create jobs and attract the investment that increases the quality of life in our region.

Expanding the Ann Arbor tax base is critical for the funds needed for a community to thrive.
Nearly 800 people attended the inaugural A2 Tech Trek. This free event featured open houses at downtown Ann Arbor’s technology companies and organizations. Ann Arbor SPARK, with the Ann Arbor/Ypsilanti SmartZone Local Development Finance Authority (LDFA) support, hosted the event.

“Tech Trek inspired young minds by showing the range of STEAM careers available right here in our community. Students also gained exposure to a variety of work environments and companies, which helped them think about their future potential in a new way.”

DR. JEANICE KERR SWIFT
SUPERINTENDENT, ANN ARBOR PUBLIC SCHOOLS

“At Tech Trek, we enjoyed showcasing what we do, discussing apps, and of course, talking about career opportunities. Engaging with the local downtown tech community was amazing and we even hired someone from the event!”

SHAWN PLANKO
Engineering Manager, Expedia | Mobiata

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

IMPACT ON OUR LOCAL ECONOMY
LDFA Accomplishments FY 2010-2015:

- $96.5 million in grants to start-ups
- $223.7 million private equity raised
- 369 companies served
- 551 jobs created
- 63 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.
Supporting businesses at every stage.

2013: Ann Arbor SPARK publishes “Ahead by a Century: The Future of Automotive Technology,” a white paper on how this region’s assets can support the emerging connected vehicles industry.

2014: In partnership with Walbridge, SPARK is awarded a $247,170 grant from the U.S. Department of Commerce to continue work on developing Willow Run.

2015: SPARK convenes partners at the MEDC, University of Michigan, Business Leaders for Michigan, Walbridge, Center for Automotive Research, MichAuto, and others to ensure the future of Michigan leadership in mobility.

2016: American Center for Mobility founded with support from public, private, and academic partners, and a $20 million investment from the state. SPARK assumes leadership role in attracting companies to develop mobility technologies and products at the Willow Run site.

American Center for Mobility

The American Center for Mobility’s progress from idea to concept to reality illustrates Ann Arbor SPARK’s strategic plan in action. Through our work, the region and our state are moving full speed ahead in staking a strong leadership position in the future of automotive technology. As we shift our work to attracting global companies to the site, we will see the region’s success accelerate through the creation of new job opportunities and economic growth.

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

In the past 11 years, SPARK’s business development team has facilitated over 374 PROJECTS – growing and retaining businesses in the region as well as attracting global companies.

SPARK is in a unique position to identify and take advantage of the assets of each community, business, and job seeker in Washtenaw and Livingston counties. This strategic vantage point is what makes us effective: We can gather input, identify opportunities, and provide specific support that drives growth.

— phil santer
VP BUSINESS DEVELOPMENT, ANN ARBOR SPARK

The wide array of available properties and incentives, combined with a diverse and creative talent pool make eastern Washtenaw County and the greater Ypsilanti area an ideal location for start-ups and established businesses alike. SPARK continues to spotlight the area’s assets and create innovative programs to support economic growth.

Working with the Economic Development Council of Livingston County and area partners, transportation options were created that brought in-demand talent from outside the region, including Flint and surrounding communities, to employers in the county.

BUSINESS DEVELOPMENT AT-A-GLANCE

- Local business expansion
- Business attraction
- Business retention
- Business introductions and referrals
- Site search and selection
- Incentive support
- Talent services

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In 2015, Ann Arbor SPARK recognized 14 Washtenaw County companies with FastTrack awards. These companies had revenue of at least $100,000 in 2011, with annual growth of 20% for the past three years.

**ONE-YEAR**
Arbor Assays

**TWO-YEAR**
DreamMaker Bath and Kitchen
Human Element
Image Data Conversion
InfoReady Corporation
Power Marketing Research
TekWissen IT Services

**THREE-YEAR**
McCreddie Group
Sungrace Software

**FOUR-YEAR**
Oxford Companies

**SEVEN-YEAR**
Caelynx
MedHub

**EIGHT-YEAR**
LLamasoft
Online Tech

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The FastTrack Awards are proof positive that this region has the right assets in place to fuel successful businesses.

— Paul Krutko
President and CEO, Ann Arbor SPARK
Ann Arbor SPARK’s leadership and planning contributed to an economy ripe with talent attraction and retention, and business investment. The tech sector in our region is growing and thriving as a result.

The Michigan Angel Fund (MAF), the largest angel organization in the state, helps the earliest stage ventures hit the ground running. In 2015, MAF investment totaled $2.91 million, and it had 15 companies in its portfolio.

More investors than ever before—in and out of state—are excited to back emerging Ann Arbor companies. There’s increasing recognition that start-up companies will get the support here that they need to grow.

—skip simms
SENIOR VICE PRESIDENT, ANN ARBOR SPARK

Arborlight
In 2015, the Michigan Angel Fund led a $1.7 million round of funding for Arborlight. The company will use the funding to further commercialize efforts for its award-winning LightWell product. Arborlight, a U-M spin-out and 2010 SPARK Boot Camp participant, previously received LDFA grants as well as funding through the Michigan Pre-Seed Capital Fund.

Tech in A2
A series of strategic activities continues to grow the base of tech companies and talent in our region. These examples spotlight the private, public, and academic sectors coming together to support continued economic success:

TECH CONNECT
More than 30 companies participated in an IT-focused career fair with hundreds of job seekers

EASTERN MICHIGAN UNIVERSITY
Digital marketing students provided support for a dozen tech start-ups, gained valuable professional experience

TECH HOMECOMING
Led by Duo Security, Ann Arbor SPARK and a group of tech businesses partnered to attract talent back to hometown jobs

MARKETING THE REGION AT-A-GLANCE
Creating a global platform for the Ann Arbor region:
- Company successes
- World-class talent
- Career opportunities
- Start-up ecosystem

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

AWARD-WINNING NEW-MEDIA APPROACH:

Facebook 13.2M social media impressions

Twitter 13.2M online impressions

Website 497K website visits

YouTube 21.5K 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.
### 2015 Financial Highlights

#### Operating Budget

- **$1.65M**

#### Budget Total

- **$5.28M**

#### Budget Sources

- **Public**
  - 38% $630,000
  - Includes government & municipal funding

- **University**
  - 23% $385,000
  - University of Michigan, Eastern Michigan University, and Washtenaw Community College

- **Private**
  - 39% $635,000
  - Includes contributions & sponsorships

- **Total** $1,650,000

### Current Funders

**AS OF DECEMBER 2015**

**FOUNDER**
- Google
- University of Michigan

**LEADER**
- DTE Energy
- McKinley
- St. Joseph Mercy Health System and IHA
- Eastern Michigan University

**ACCELERATOR**
- Arboretum Ventures
- Bodman PLC
- Domino’s Farms
- First Martin Corp
- GDI Infotech
- Honigman Miller

**INNOVATOR**
- Arbor Networks
- Bank of Ann Arbor

**Funders**
- Fifth Third Bank
- Lake Trust Credit Union
- PNC Foundation
- Toyota Technical Center
- Washtenaw Community College

**Other**
- Huntington Bank
- MLive Media Group
- New Eagle
- NSF International
- Old National Bank
- Oxford Companies
- SI Company
- Talmer Bank and Trust
- Thomson Reuters
- Truven Health Analytics
- University of Michigan Credit Union
### 2015 SPARK Successes

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company growth projects creating</td>
<td>37</td>
</tr>
<tr>
<td>$1.9 billion in new investment commitments</td>
<td>$1,300 million in new investment commitments</td>
</tr>
<tr>
<td>Jobs announced</td>
<td>891</td>
</tr>
<tr>
<td>Jobs retained</td>
<td>5,010</td>
</tr>
<tr>
<td>Pre-seed investment awarded</td>
<td>1</td>
</tr>
<tr>
<td>Start-ups assisted</td>
<td>266</td>
</tr>
<tr>
<td>Microloans awarded</td>
<td>3</td>
</tr>
<tr>
<td>Incubator tenants nurtured</td>
<td>77</td>
</tr>
<tr>
<td>192 of those companies received intensive services – those companies currently employ 584.5 FTE</td>
<td></td>
</tr>
<tr>
<td>850 received intensive services and have employed 4,672 FTE</td>
<td></td>
</tr>
<tr>
<td>99 companies ($236k/company avg)</td>
<td></td>
</tr>
<tr>
<td>115 companies assisted with 1,301 job postings</td>
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</tr>
</tbody>
</table>

### 2006-2015 Results

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company growth projects creating</td>
<td>374</td>
</tr>
<tr>
<td>$1.9 billion in new investment commitments</td>
<td>$1,300 million in new investment commitments</td>
</tr>
<tr>
<td>Jobs announced</td>
<td>15,194</td>
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<tr>
<td>Jobs retained</td>
<td>1,873</td>
</tr>
<tr>
<td>Pre-seed investments awarded to 99 companies ($236k/company avg)</td>
<td>1,077</td>
</tr>
<tr>
<td>Microloans awarded to 103 companies ($44.3k/company avg)</td>
<td>115</td>
</tr>
<tr>
<td>Incubator tenants nurtured</td>
<td>260+</td>
</tr>
<tr>
<td>Million community investments leveraged through Federal and State grants, foundations and other sources</td>
<td>$76.6 million</td>
</tr>
</tbody>
</table>

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**Entrepreneur**
- Ann Arbor Area Board of Realtors
- Barracuda Networks
- Blue Cross and Blue Shield of Michigan
- BusinessWire
- Comerica Bank
- Mahindra GenZe
- Mannik & Smith Group
- Menlo Innovations
- Plante & Moran
- Rudolph Libbe
- Russell Video

**Public**
- Ann Arbor/Ypsilanti SmartZone Local Development Finance Authority (LDFA)
- Ann Arbor Charter Township
- Ann Arbor Downtown Development Authority
- Business Leaders for Michigan
- City of Ann Arbor
- City of Chelsea
- City of Dexter
- City of Saline
- City of Ypsilanti
- EDC of Livingston County
- MEDC
- Michigan SBDC
- Pittsfield Township
- Scio DDA
- Superior Township
- US Economic Development Administration
- Washtenaw County
- Washtenaw County Michigan Works
- Ypsilanti Downtown Development Authority
- Ypsilanti Township

*Includes PSF, LDFA & Eastern Washtenaw funds*
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.