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 continuing 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 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.

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

At Ann Arbor SPARK, we are proud of the concerted and persistent efforts we make to bring new and significant employers to our region and support wealth-creating technology businesses. These successes are not just important to our economy, they also foster a broader understanding of the important role economic development plays in the fierce competition for growth opportunities.

Certainly, not all of our efforts to support new businesses, attract investment and talent, and promote this region’s strengths outside its borders result in a national headline. But the hard work of our staff consistently delivers smaller-scale successes that are collectively just as important to the Ann Arbor region as those that are broadly reported.

As Board Chair for Ann Arbor SPARK, I’ve therefore encouraged the SPARK team to talk about successes that might otherwise go unnoticed — to tell the stories of how our work makes a difference to all of our clients. In this way, we’re able to see beyond the tallies of investment, job creation, and the significant number of startups we help launch contained in this report, and perhaps best demonstrate the positive difference that SPARK makes in and for this community.

So, as you read this year’s annual report, pay special attention to those stories — stories of real impact, real people, and real results. There is much to be proud of, yet always more work to do.

Sincerely,
David N. Parsigian
CHAIR OF THE BOARD, ANN ARBOR SPARK
global investment

The seeds of growth planted years ago here in the region are flourishing. The proof: This region is on the radar for global companies seeking new opportunities for expansion.

Duo Security, acquired by Silicon Valley tech giant Cisco for $2.35B, validates the future potential of Ann Arbor’s growing cybersecurity cluster.

Japan-based Trillium Secure, a mobility cybersecurity company, established its R&D lab and Midwest operations in Ann Arbor. In its first year, the company will invest $240K and create 25 new jobs.

Autonomous vehicle company May Mobility expanded to a new headquarters in Pittsfield Township.

Accenture acquired software company Pillar, bolstering the global consulting firm’s ability to help companies innovate smart products. The Forge by Pillar has been growing in Ann Arbor since 2013.

SPARK Central Innovation Center client and MIT spin out Derq established significant partnerships with tech powerhouses, including Qualcomm and Siemens. Derq’s life saving technology can predict and prevent car accidents.

local investment

In 2018, the Ann Arbor/Ypsilanti SmartZone and the Local Development Finance Authority (LDFA), committed to funding mobility startups in the region, including the creation of a position at SPARK to support the acceleration of businesses and partnerships. This action is quickly yielding results that will benefit our local economy for years to come.

The membership of the now year-old A2 Mobility Tech Meetup hosted by SPARK has grown by 250 percent. It encourages industry partnerships and strengthens the regional mobility ecosystem.
While consulting with Derq as part of the SPARK ENTREPRENEUR-IN-RESIDENCE program, it was exciting to see how much mobility innovation was happening in the Ann Arbor region, including how the community leverages both its startup and legacy mobility communities. After completing the EIR program while still based in Chicago, I was excited to accept Derq’s offer to join the team full-time here in Michigan!

WILL FOSS
Director of Business Development & Partnerships, Derq

The Entrepreneur-in-Residence (EIR) program connects C-level executives who have a proven record of success in early-stage companies with up-and-coming startups.

Spark Impact

31 Company Growth Projects Creating

- $147M in new investment commitments
- 1,280 announced jobs
- 1,149 retained jobs

224 Startups Assisted
183 of those companies received intensive services and currently employ 748 FTE

312 Companies Assisted
with 823 job postings

68 Incubator Tenants Nurtured

2013 - 2018 Results

- 257 company growth projects creating:
- $1.1 billion in new investment commitments
- 7,503 announced jobs
- 807 startups assisted, 522 received intensive services and have employed 2,415 FTE
- 10 pre-seed investments awarded to 9 companies ($175.4k/company avg)
- 2,094 companies assisted with 9,163 job postings
- 25 microloans awarded to 23 companies ($33.6k/company avg)*
- 186 incubator tenants nurtured
- Million community investments leveraged through Federal and State grants, foundations, and other sources

*Includes PSF, LDFA & Eastern Washtenaw funds

#1 Best Place to Live
LIVABILITY.COM 2018

#1 Best College Towns & Cities in America
WALLETHUB.COM 2018

#6 Most Innovative City in U.S.
USA TODAY 2018

Photo: Doug Combe
Michigan Angel Fund (MAF) —

With 120 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 yet primed for venture and other sources of capital. MAF is managed by Ann Arbor SPARK with support from the Michigan Economic Development Corporation.

Support from the Michigan Angel Fund and SPARK came at a critical time, offering capital to build upon a core strategy that had been tested and tweaked. The funding contributed to our ability to hire top talent, execute the strategy, and set up for significant growth.

DEB FELLOWS
GeoTix

The funding and support we received from our investors allowed us to accelerate our go-to-market to quickly establish ourselves as a market leader in home furnishings, providing us a sustainable competitive advantage and platform from which to grow.

LAURA KHOURY
Shoptelligence

SPARK funding helped us research our product and grow our team when we needed it most. They’ve been an invaluable partner to our southeast Michigan startup, helping us with capital, connections, and guidance as we have grown.

KATHLEEN CRAIG
HT Mobile Apps

Mi Padrino has quickly become the leading Hispanic event planning platform in the U.S. In 12 months, over two million guests have attended Mi Padrino events. This investment allows us to continue to improve the Hispanic party planning experience, helping even more Latinx families enjoy and celebrate their traditions.

KIM GAMEZ
Mi Padrino

$13.8M invested into 24 companies

$156M total funding attracted

259 employed

Impact
Serial entrepreneurship is growing its roots in Ann Arbor as more founders exit their businesses and create new ventures. Case in point: Larry Freed, founder of website satisfaction company ForeSee Results, is back in action as founder of startup — and SPARK Central Innovation Center client — Give and Take. The startup, based on concepts developed at the University of Michigan and talked about in the bestseller Give and Take, helps companies create a giving culture. In doing so, those companies improve engagement, efficiency, productivity, and loyalty for employees, which in turn improves business outcomes. Freed is not only growing his business here in the region, his business model is designed to help other businesses here grow, too.
From its start as a Boot Camp participant in 2015 to its $2 million Series A in 2017 and its $30 million Series B this past year, insurance data automation and analytics firm Groundspeed Analytics’ growth has been meteoric. Prior to expanding from the SPARK Central Innovation Center to its current office in Pittsfield Township, Groundspeed has tapped into a range of SPARK services. From grants to produce its brand identity to funding for intern support, Groundspeed Analytics has benefited from our programs designed to help startups grow at an accelerated speed. Groundspeed also received support from the Michigan Angel Fund. In the coming year, Groundspeed will continue to grow its team of 75 employees and counting.

Global capital equipment company KLA Corporation established a research and development facility in Ann Arbor last year. This new office is expected to result in $70 million in investment in the region and the creation of up to 500 jobs. KLA, headquartered in Milpitas, California is currently occupying Ann Arbor SPARK’s “soft landing” space at the SPARK Central Innovation Center while it works on building out a permanent location in the region. SPARK partnered with U-M and Ann Arbor Township on this company attraction.

In 2009, fledgling startup Mobiata, creator of the wildly popular FlightTracker mobile app, established operations in downtown Ann Arbor. That year, the company reached $1 million in iTune store sales. Fast forward a year and the company was acquired by global travel technology company Expedia, which has continued to grow in Ann Arbor. Located in the historic Nickels Arcade, Expedia expanded its offices last year to support its steadily increasing team of developers here. The expansion doubles Expedia’s footprint and gives the company room to grow to 40 developers.

In the fall of 2012, SkySpecs joined the SPARK client roster as a Boot Camp participant. Since then, it was a tenant at the SPARK Central Innovation Center, received funding from the Michigan Angel Fund, and was awarded grants for legal, business development, and marketing services that were critical to the company’s growth. Last, SkySpecs raised an impressive $8 million Series B and moved into new, expanded office space in downtown Ann Arbor to accommodate its growing team. The company also expanded internationally, opening an office in Amsterdam.
Ann Arbor SPARK’s work to attract mobility innovators to the region includes promoting the American Center for Mobility. Our work last year yielded impressive results:

- 21 direct, qualified business development leads
- Hundreds of potential customers hosted on-site
- Created trade show booth and collateral materials

We celebrated the 10 year anniversary of the SPARK East Innovation Center in Ypsilanti with a bang, literally. We renovated the facility by removing walls, adding a kitchen and gathering space, and flipping the tenant space from the back of the facility to prime window space overlooking Michigan Avenue. More than just a facelift, the renovations at SPARK East were designed to showcase the real heart of our incubator: The tenants who are choosing to grow their businesses by taking advantage of our services and support.

Ann Arbor SPARK’s services — from site selection to introductions and connections to grants — all pave the road for business growth. Our track record of success proves that SPARK knows how to fuel investment and job creation.
2018 FINANCIAL HIGHLIGHTS

PRIVATE SECTOR – $25,000+

Business Accelerator $2.86M
SPARK East Incubator $395K
SPARK Central Incubator $419K
Livingston County Support $368K
Business Development Grants (MEDC, MI Works!, Ypsi Incentive) $554K

PRIVATE SECTOR – under $25,000
Ann Arbor Area Board of Realtors
Ann Arbor State Bank
Arboretum Ventures
Barracuda Networks, Inc.
Blue Cross Blue Shield of Michigan
Bodman PLC
BusinessWire
Butzel Long Attorneys and Counselors
Chemical Bank
Citizens Bank
dISHER
Domino’s Farms Corporation
Fifth Third Bank
Ford Motor Company
GDI Infotech, Inc.
Honigman Miller Schwartz & Cohn LLP
IBM Watson Health
ICON Interactive
IMRA America, Inc.
ITC Michigan
Key Bank
Liebherr-Aerospace Saline, Inc.
LLamasoft
Mannik & Smith Group
Menlo Innovations LLC
Michigan Office Interiors
MLive Media Group
NSF International
O’Neal Construction
Old National Bank
Oxford Companies
Plante Moran, PLLC
Rehmann
Reinhart Realtors
Rudolph Libbe Group
SI Company
TD Ameritrade
The Collaborative
Thomson Reuters
University of Michigan Credit Union

ACADEMIC PARTNERS
Eastern Michigan University
University of Michigan
Washtenaw Community College

PUBLIC PARTNERS
American Center for Mobility
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

PUBLIC PARTNERS
EDC of Livingston County
Grand Circus Detroit LLC
LDFA
MEDC
Michigan Angel Fund
Michigan SBDC
Michigan Works! Southeast
Pittsfield Township
Ralph Wilson Foundation
Scio DDA
Superior Township
Washtenaw County
Ypsilanti Township

$1.875M Operating Budget Sources
Public
includes government & municipal funding $339,500
University
University of Michigan, Eastern Michigan University & Washtenaw Community College $390,000
Private/Foundation Contributions, sponsorships & other (rent, event admin income) $1,145,500

$1,875,000

$1.875M Operating Budget Sources

$6.47M Budget Total

$339,500

$390,000

$1,145,500

$1,875,000

CURRENT FUNDERS (as of December 2018)
SPARK will advance the economy of the Ann Arbor region as a desired place for innovation, business location and growth, and for talented people to live and work. The Ann Arbor region will be recognized for our academic, business and community resources, and our collaborative culture.
Created by Ann Arbor SPARK in 2018, a2TECH360 promotes the region’s ecosystem and area of innovation. This week-long program of tech-related events creates connections between key community actors — innovators, researchers, investors, businesses, academic institutions, non-profits, job seekers, and the general public — that meaningfully generates discussions, ideas, and new opportunities.

**CURRENT PROGRAMS INCLUDE:**

**A2 Tech Trek:** A walking tour of Ann Arbor’s innovation-based businesses, who host open houses to show off their technologies and workplaces.

**Tech Talk:** This great lineup of TED-style talks presents leading innovators from the region.

**Mobility Row:** An outdoor exhibit featuring connected and autonomous vehicles and other assets being developed by the region’s leading mobility companies.

**Ann Arbor Mobility Summit:** This symposium fosters participation and encourages collaboration among attendees to grow the mobility ecosystem in the Ann Arbor region.

**2029: What the Future Holds:** An insightful seminar as global thought leaders discuss trends and revolutionary products in healthcare, IoT, AR/VR, mobility, and other driving industries.

**FastTrack Awards:** This evening reception and award ceremony recognizes public and private companies headquartered in Washtenaw and Livingston counties for consistently high business growth.

**HackA2:** A 24-hour challenge where teams of local developers solve a problem facing our community. Ann Arbor SPARK co-hosts the hackathon with ITHAKA, NETSCOUT, Nexient, and Tech-Inclusive.

Several partner organizations, including Intermitten, MI-HQ, the Women’s Exchange of Washtenaw, Bank of Ann Arbor, and Daysmart Software have brought their events under the a2TECH360 umbrella for 2019. Ann Arbor SPARK enthusiastically welcomes the opportunity to explore other potential partnerships.
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.

152K social media interactions
336.7K website visits
187.7K video views
67.1K PR hits & views
3.8M social media impressions

FOR MORE MARKETING INFORMATION
VISIT: annarborusa.org
CALL: (734) 761-9317
EMAIL: marketing@annarborusa.org

Career Connections

In 2018, Ann Arbor SPARK’s marketing team began to steadily increase the value of its new website as a platform for amplifying the news created by the companies we serve. The amount of blog posts talking about talent, jobs, and investments increased by 40 percent from the prior year. A strategic push to connect companies with journalists resulted in the creation of monthly stories across TV, radio, print, and digital. Combined, the blog and media push showcases this region as an area of innovation on a broad and consistent basis, providing additional value to the companies and job seekers who are at the heart of SPARK’s mission.

a2TECH360 events by-the-numbers:

Tech Trek, Tech Talk & Other Events 2018:
- 6,048 total registrations
- 3,000 Tech Trek registrations
- 1,886 Tech Talk registrations
- 1,163 Job Seeker registrations
- 20K website views
- 40K page views

Tech Homecoming 2018:
- 301 registered
- 120 checked-in
- 73 resumes collected
- 11 states represented

Tech Homecoming 2016 – 2018 Totals:
- 479 attendees
- 46 companies participated
- 216 resumes collected
In 2018, SPARK’s entrepreneurial services team assisted more than 224 innovation startups — nurturing and supporting those businesses creates new jobs and increases local investment.

Ten years ago, Shoptelligence became a SPARK client by attending the Entrepreneur Boot Camp. Today, the company has 10 full-time employees with plans to add even more. In 2018, Shoptelligence was one of four women-led companies to receive funding from the Michigan Angel Fund, a participant in the SPARK-sponsored EMU Digital Engagement Clinic internship program, and is currently collaborating with C-suite talent through SPARK’s Entrepreneur-in-Residence program.

Ann Arbor SPARK also provides a soft-landing for international businesses expanding in the U.S. Billy, a product designed to monitor the safety and wellbeing of independent elderly loved ones, is one such example. Founded in Australia, it quickly expanded to the U.S., seeking the best possible destination for success. Billy chose to locate at the SPARK Central Innovation Center over sites on the west coast. The company continues to grow here, and will soon graduate SPARK Central for larger office space in downtown Ann Arbor.

In 2018, physiological performance data analytics company Impellia became the anchor tenant at the SPARK East Innovation Center. The company moved from Ann Arbor to Ypsilanti to be closer to Eastern Michigan University, where its technology originated. From its SPARK East location, Impellia plans to add additional full-time employees as well as pursue outside investment to fuel its forward momentum.

Spellbound, a startup that uses patented augmented reality technology to reimagine patient experience through pain management, patient education, and helping patients engage with treatment, graduated from the SPARK Central Innovation Center this year, to an office in downtown Ann Arbor that afford the opportunity to grow. Prior to the move, it had been incubated by SPARK since 2015. Spellbound has benefited from numerous SPARK services, including grants to support marketing, legal, and internship needs, and Entrepreneur-in-Residence mentoring. Supporting the move was its recently closed seed round, which was oversubscribed by investors from the Midwest and Washington, DC.
Entrepreneurial Services At-A-Glance

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

**LDFA ACCOMPLISHMENTS FY 2013-2018:**

419 companies served
653 jobs created
135 incubator graduates

$4.62 million in grants to startups
$490 million private equity raised

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

**FOR MORE ENTREPRENEURIAL SERVICES INFORMATION**

VIEW:  annarborusa.org/entrepreneurial-services/
CALL:  (734) 372-4063
EMAIL:  EntrepreneurialServices@annarborusa.org

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**Entrepreneur-in-Residence (EIR)**

**Kinetica Labs LLC**, a U-M spin out, focuses on technologies that reduce ergonomic injuries in the workplace. As Kinetica’s Entrepreneur-in-Residence, Brenda Jones, helped its founder, Professor SangHyun Lee, create a business plan, finalize a license agreement with U-M, and negotiate the company’s first distribution agreement. The process discovered complimentary skills between SangHyun and Brenda, resulting in her being asked to join the company as its CEO.

As Kinetica’s **Entrepreneur-in-Residence**, I was able to help Dr. Lee create a business plan, finalize his U-M licensing agreement, and negotiate the company’s first distribution agreement. While working together during the EIR program, we found that we had complimentary skills and a great working chemistry. I was able to assess the market potential of the technology, and Dr. Lee was able to assess my abilities to launch a successful company. This led to Dr. Lee asking me to become the CEO of the company.

**BRENDA JONES**

Kinetica Labs LLC, CEO
Thanks to a partnership with the Economic Development Council of Livingston County, Ann Arbor SPARK’s efforts extend beyond Washtenaw County. This partnership affords the opportunity to support a broader range of businesses, ultimately expanding economic prosperity across the region. In 2018, Ann Arbor SPARK supported more than $12.8 million in capital investment in Livingston County.

Fowlerville-based, bullet-resistant glass manufacturer Total Security Solutions opened the doors on its new 46,000 sq. ft. plant in late 2018. The company invested $5 million in this expansion that will ensure its continued growth. Ann Arbor SPARK helped the company secure incentives to support the project and had worked with its leadership since beginning work in Livingston County on training programs and marketing efforts. Going forward, SPARK will continue to help Total Security Solutions attract the talent critical to its success and support leadership as they grow in Fowlerville.

Ann Arbor SPARK works to attract foreign direct investment in the region, bringing outside capital into the community. In 2018, SPARK worked to bring Trillium Secure here, and provided the company with a soft-landing location at the SPARK Central Innovation Center. The automotive cybersecurity company, headquartered in Japan and California, benefited from SPARK’s entrepreneurial services grant support for hiring interns, shoring up its search engine optimization, and more.

Attracting a business from Silicon Valley to the Ann Arbor region was a win-win for SPARK and SiTime. In 2016, the company visited here after speaking at the Society of Automotive Engineers conference in Detroit. Fast forward to 2018 and SiTime, a leader in the micro electro mechanical solutions timing industry, established an office in Dexter. Ann Arbor SPARK facilitated the project on behalf of the California-based team by finding real estate and making valuable introductions locally.

Innovate Ypsi is a grant program designed to incentivize businesses to locate in Ypsilanti. Ann Arbor SPARK administers the program in conjunction with the Washtenaw County Office of Community and Economic Development. Restaurant wholesale supplier Restaurant Depot, headquartered in New York, used the grant as part of its funding for a new, 55,000 sq. ft. facility in Ypsilanti Township. Ann Arbor SPARK helped the company throughout the process of securing the grant as well as identifying availability property. Going forward, SPARK will work with Restaurant Depot on promoting the business’s location to prospective employees and customers.
Business Development At-A-Glance

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

From creating business opportunities to promoting talent enhancement and recruitment, SPARK provides the leadership and vision needed to help companies plan and grow.

Career Connections

Among Ann Arbor SPARK’s 2018 talent initiatives to retain, develop, and attract talent to the region were Tech Homecoming and Manufacturing Day.

Combined, these events showcase the spectrum of high-value career opportunities within the region.

MFG Day fosters high school students’ interest in skills training and manufacturing careers.

Tech Homecoming appeals to professionals “home” for Thanksgiving hoping to hire into one of the region’s growing companies.

For more business service information
Visit: annarborusa.org/business-development/
Call: (734) 761-9317
Email: BusinessDevelopment@annarborusa.org

Ann Arbor SPARK
AnnArborUSA.org