

An aerial view of the Earth, showing a city in the foreground and the rest of the planet in the background. The city is densely packed with buildings, including a prominent church with a steeple. The surrounding landscape is a mix of green fields and brown, arid land. The sky is a deep blue. Overlaid on the image are several glowing white arcs that connect different points on the city and the planet, symbolizing global connectivity. The text "a connected region. global success." is written in white, with "global success." in a larger, bolder font.

a connected region.
global success.

ANN ARBOR SPARK 2012 ANNUAL REPORT

SPARK@annarborusa

a letter from the president and CEO

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 CONNECT AND COMPETE GLOBALLY.



a letter from the chair

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

2012: The Year in Review

2012 spark successes

63 | innovation
start-ups assisted

1,135 | retained
jobs

628 | new
jobs

31 | microloans
awarded

\$148 | million in new
investment
commitments

23 | pre-seed
investments
awarded

345 | companies
assisted with
1,678 Job Postings

73 | incubator
tenants
nurtured

LEVERAGING REGIONAL ASSETS



COMMERCE GUYS provides customized development, consulting, training, support and an innovative Platform-as-a-Service (PaaS). Their mission is to help Internet merchants leverage the power of Drupal Commerce to increase revenue for their business. Over 25,000 eCommerce stores have adopted Drupal Commerce in just 18 months.

"Last year, two of our staff members helped teach portions of Ann Arbor SPARK's Shifting Code Cohort 1. We also hired two full-time employees and two interns from the graduating class. Our involvement in Shifting Code has proven critical to fulfilling our staffing demands and accelerating the growth of our Ann Arbor office."

Mike O'Connor, President



THAI SUMMIT AMERICA CORPORATION (TSAC) is a Thailand-based automotive supplier located in Livingston County. In 2012, TSAC announced they would be investing \$35 million and creating 78 new jobs at their Howell facility.

"When considering locations to expand our global operations, Livingston County rose to the top. The region's easy access to transportation, wealth of quality manufacturing talent and collaborative business environment have given Thai Summit America a competitive advantage. The support and cooperation of the City, State, and region have created an ideal business climate, allowing Thai Summit America continued growth in Howell, Michigan."

Woody Iddhibhakhongse, Vice President Administration



ATTEROCOR is an innovative drug development company focused on novel therapies for adrenal cancer. Recently, the company announced a \$16 million Series A venture capital financing round.

"SPARK's Business Acceleration program provided Atterocor with an essential foundation in its early days. We benefited from their financial guidance, technical advice on our development strategy and legal assistance with our seed funding—which was ultimately matched by the Pre-Seed Capital Fund. This support facilitated our recent \$16M venture capital financing round, which has allowed us to hire local employees and plan for upcoming clinical studies at the University of Michigan."

Julia Owens, Ph.D., President & CEO

2012 IN REVIEW

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.



FAURECIA, a global player in the automotive industry, recently secured the former ACH plant in Saline. This project retained 1,135 jobs in the Ann Arbor region.

"Faurecia, an automotive components manufacturer headquartered in Nanterre, France, chose to invest in the Ann Arbor region because of its unique pool of skilled workers, proximity to our customer base, and strategic location globally. Having a plant located in the region positions Faurecia to achieve our objective of becoming the largest automotive interior supplier in North America."

Raymond Boufford, Vice President, Business Transformation



WELLNESS & PREVENTION, INC.

is a Johnson & Johnson Company dedicated to renewing the health, energy and performance of organizations, individual employees and their families.

"I became very involved with SPARK in 2012, when Wellness & Prevention—formerly HealthMedia—was forced to lay off staff due to downsizing. My colleagues and I worked with SPARK to create a talent database for prospective employers, to make contacts with local networking opportunities, and, along with SPARK team members, make presentations at local business events. Thanks to SPARK's guidance, community connections, and leadership by serving as a 'talent clearinghouse,' nearly all 25 employees found jobs in the area within 90 days."

David Gregorka, Former VP of Operations, Wellness & Prevention, Inc.
(Currently, Tech Transfer Talent Network Advisor, University of Michigan, and Principal, A2B2 Associates)



SEELIO is an online portfolio network that allows college students everywhere to showcase their skills, projects and passions. Launched in August of 2012, the company currently serves 950 campuses nationwide, including MIT, UCLA and the University of Michigan.

"During our early start-up phase, we moved into the Ann Arbor SPARK incubator for six months. In addition to the workspace itself, we benefited from accounting and legal services as well as the mentoring and networking. SPARK also assisted us in obtaining a \$40,000 microloan to help get Seelio off the ground. Thanks to the launching pad SPARK provided, we have been able to raise \$615K and grow our staff to eight employees in 2012."

Moses Lee, Co-founder and CEO

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



Photo credit | Angela. J. Cesere | AnnArbor.com

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

Caelyn 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.



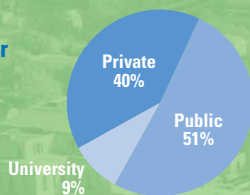
2012 HIGHLIGHTS

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

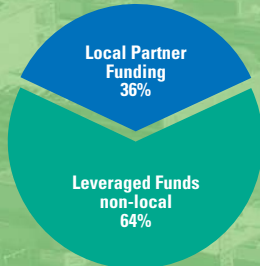
Local Partner Funding

Total
\$4,138,000



Local Partner plus Federal, State and Foundation Funding

Total
\$11,504,000



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

AnnArbor.com
Arboretum 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
Brighton NC Machine
Cataphora
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
Ornicept, Inc.
Phoenix Contact Inc.
Sakti3
Saline Electronics
Sensitile Systems
Sheridan Books- Chelsea
SimuQuest, Inc.
SRI International
Systems In Motion
Terumo Cardiovascular Systems
Trenton Corporation
Valicor
WorkForce Software

2006-2012 Results

262 PROJECT SUCCESSES

1.4 new investment commitments
Billion

95 microloans awarded
92 Companies
(\$34.4k/company average)

11,533 new jobs

Over 250 incubator tenants
Three Regional Incubators

\$53.1 million leveraged community investments

402 innovation start-ups assisted

90 pre-seed investments awarded
80 Companies
(\$239k/company average)

2,171 companies assisted with
7,702 Job Postings

through federal and state grants, equipment donation to MIED, foundations and other sources

board of directors

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Washtenaw County

Steve Powers
City Manager
City of Ann Arbor

Conan Smith
Washtenaw County Commissioner
Executive Director
Michigan Suburbs Alliance

Michael Staebler
Attorney At Law
Pepper Hamilton LLP



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.



www.AnnArborUSA.org

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