



igniting innovation.

@nn arbor usa

## we have ignition

A new idea. A promising start. A growing company. A corporate success story. Each is a spark in the engine of our economy. Each contributes to our shared goal: to drive our region forward with cooperation, inspiration and innovation. The mission is far from accomplished, but we have begun. We have ignition.



### HYUNDAI

Adding to their state-of-the-art research facility, SPARK assisted Hyundai with a \$165M expansion that was approved for a 12-year tax abatement.



### COMPENDIA BIOSCIENCES

A SPARK Entrepreneur Boot Camp graduate and Accelerator client focused on the discovery and validation of cancer biomarkers and drug signatures, received a \$1.1M award from the 21st Century Jobs Fund with SPARK's support, Business Accelerator and Talent Enhancement teamed up to assist with sales, marketing and CEO recruitment.



### GOOGLE

Ann Arbor SPARK worked closely with Google's site selector to identify office space for the firm's AdWords division. SPARK helped negotiate a MEGA incentive package with the MEDC.



### OTOMEDICINE

SPARK provided financial assistance and business formation consulting which enabled this company, developing a product to prevent hearing loss, to prepare for private equity funding.

## mission

*SPARK will be the driving force in establishing the Ann Arbor Region 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.*

# @ann arbor usa

## a letter from the chairman

To Our Partners, Colleagues and Investors:

We are pleased to present this inaugural annual report of Ann Arbor SPARK. With vision and leadership from the University of Michigan, several other key founding investors, and a number of the area's most progressive business and community leaders, our organization was officially launched in the spring of 2005. Their shared goal was the attraction and growth of innovation-based companies to our area.

Since then, SPARK and the Washtenaw Development Corporation were merged to create one stronger and more effective organization. Ann Arbor SPARK now provides seamless resources and advocacy for the acceleration of new business start-ups as well as the successful retention, expansion and attraction of business in our area.

This report is filled with examples of innovative thinking, remarkable progress, and inspiring success stories. We have had a strong beginning. But, we need to remain dedicated to our efforts for many years to come. Let's strive to make Ann Arbor USA an international model for providing the best balance of innovation, economic vitality, quality of life and social responsibility.

Sincerely,



**Rick Snyder** *Chairman of the Board, Ann Arbor SPARK*

## a letter from the president and chief executive officer

To Our Investors, Stakeholders and Clients:

For the Ann Arbor area, the past year was a time of tremendous accomplishment, of preparation and of positioning. The years to come will bring times of unprecedented challenges and unique opportunities. Our success has been, and will continue to be, due in large part to the enthusiastic support of our key partners and united communities.

It is this willing spirit of community and camaraderie that makes the Ann Arbor area so unusual. Successful entrepreneurs willingly share their acquired wisdom with fledgling business owners. Talented professionals have the vision, the encouragement and the resources necessary to make the leap from employee to entrepreneur. Cooperation at the highest levels of our universities leads to the accelerated transfer of ideas from research labs to new business start-ups. Public and private investment enables the mentoring, growth and attraction of all kinds of business. A magnificent talent pool helps local business grow and thrive.

As you review the progress made by Ann Arbor SPARK over the last year, it is our sincere hope that you will be inspired, as we are, by the economic potential of our area. We look forward to another year of working shoulder to shoulder with you — our key partners, investors, stake-holders and clients — toward a future of innovation.

Sincerely,



**Michael A. Finney** *President and Chief Executive Officer, Ann Arbor SPARK*



**Rick Snyder**



**Michael Finney**

## 2005-2006 financials in 000

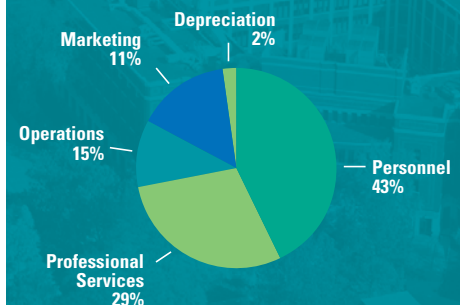
### Revenue

|               |       |
|---------------|-------|
| Public .....  | 1,856 |
| Private ..... | 586   |

|                            |              |
|----------------------------|--------------|
| <b>Total Sources .....</b> | <b>2,442</b> |
| Total Uses .....           | 2,388        |

|                      |           |
|----------------------|-----------|
| <b>Balance .....</b> | <b>54</b> |
|----------------------|-----------|

## 2006 Expenses





# fanning the economic flame

## talent services and resources

Business cannot grow and flourish without access to a pool of skilled workers and talented professionals. In the last twelve months, Ann Arbor SPARK has taken on a leadership role in preserving and preparing the area's workforce

**47** successes for employment in life sciences, high technology and other promising industry sectors.

- Using our web resources, SPARK promoted 89 job openings for 43 area employers. This generated an average of two qualified referrals per position and several positions were filled with SPARK referrals.
- Recruitment was undertaken for six positions with BusinessAccelerator companies during 2006; three positions were filled with SPARK referrals.
- SPARK counseled dozens of start-up companies on talent-related issues and negotiated a discount with Monster.com for the area's start-up organizations.
- Talent-related collaboration was established and fostered in relationship with Washtenaw County ETCS/Michigan Works!, the University of Michigan, Concordia University, Washtenaw Community College, Cleary University, Eastern Michigan University and the New Enterprise Forum.

## business attraction and retention

- Abeltech
- ACH Instruments and Plastics
- Advanced Photonix, Inc.
- AGC Automotive Americas R & D, Inc.
- Ann Arbor Plastics
- Bosal NA
- Cafflor Industries
- Creative Solutions
- Dapco Industries
- Dexterland, LLC
- General Motors Corp/ Powertrain Div
- Google AdWords
- GTI Risk Management
- Hardwood Solutions, Inc.
- Hyundai America Technical Center
- Infonizer NA Inc.
- Kunststoff-Technik Scherer & Trier USA, Inc.
- Martinrea Industries, Inc.
- Perk & Brew
- Pierce Fastener Products Inc.
- Production Service Management, Inc.
- Saline Electronics
- Toyota Technical Center York Twp
- Xoran Technologies



**205** qualified leads

## start-ups

- AAPharmaSyn
- Airway Innovations
- Bioflow Therapeutics
- CHI Metrics
- Compendia Biosciences
- Edge 3D Microscope
- ElectroJet
- ERT Systems
- Eventrue
- Humax-Virtual Reciprocity
- HybraDrive
- Innovational Therapeutics
- M-Bots
- MedArray
- Menlo Innovations
- Mindworks, Inc.
- MPPS
- Myo Diagnostics
- MyST
- OtoMedicine
- Phrixus Pharmaceuticals
- Tissue Regeneration
- ViDx

**\$600,000,000** total investment

## entrepreneurs and start-ups

Because innovation sparks entrepreneurial thinking, success stories in the Ann Arbor area are abundant – which results in increased interest and enthusiasm for the commercialization of new ideas. SPARK is engaged in the identification and active mentoring of emerging entrepreneurs.

- Two Entrepreneur Boot Camps were conducted in 2006. SPARK professionals were able to provide one-on-one mentoring to help attendees focus their development efforts and refine marketing strategies. Nearly 50 entrepreneurs representing 22 start-up companies attended the Camps. Post-camp surveys indicated an approval rating above 90%.
- More than 20 educational programs were offered on topics related to creating and building an innovation-focused company. Of the nearly 2,000 people who attended these presentations and panel discussions, approximately 60% were entrepreneurs.
- Cantillon, a new, on-line program for start-up businesses was created and launched. This self-paced training program is presented by experts from around the nation and provides participants with the tools and the professional critique they need to evaluate their opportunities, craft a business plan and run a high-growth business.

47 entrepreneurs trained



## business retention, expansion and attraction

1,878 total jobs retained

SPARK's efforts in 2006 will yield results in the attraction and retention of jobs and investments in 2007, 2008 and beyond. Our efforts over the last twelve months were focused on building essential partnerships and initiating the momentum needed to leverage regional assets.

- To identify expansion opportunities and to promote incentives and other supportive business programs, Ann Arbor SPARK completed 93 business retention visits during 2006.
- Ann Arbor SPARK facilitated expansion or start-up operations for 23 companies. Development efforts for 2006 totaled \$600 million in investment commitments and were spread throughout nine area communities. The projects ranged in size from under \$1 million to over \$135 million.
- SPARK's efforts resulted in 2,868 new job commitments and the retention of 1,878 existing jobs.
- A comprehensive database of developers/brokers was created. The database enables SPARK to promote site selection and assistance in the area through 24 and 48-hour on-line broker "blasts."

2,868 total jobs gained

# kindling growth

## events and programs



Encouraging economic growth takes continuous effort. To this end, SPARK hosted or participated in nearly 30 events during 2006, including:

- Talent Primer for Entrepreneurs
- Ninth Annual FastTrack Awards
- Quarterly CEO Forums
- Pre-Seed Fund kick-off event
- Entrepreneur Boot Camps

## marketing and public relations

Communication to Ann Arbor SPARK's many audiences – entrepreneurs, job seekers, investors, developers, stakeholders and businesses – requires professional and aggressive marketing and public relations programs. During the last fiscal year, we made great strides in positioning the Ann Arbor area as "the address of innovation."

- A SPARK website was launched with more than 200 pages of content, a blog and on-line program applications.
- At the end of the year, SPARK had produced a number of professional collateral elements including a SPARK Resource Guide, a Pre-Seed Fund flyer and a four-page, full color ad insert for the Super Bowl.

# 29

events



- More than 12 news stories were pitched to local, national and international media outlets to promote Ann Arbor USA as well as SPARK programs, activities and accomplishments. These efforts resulted in 91 positive stories about the Ann Arbor area in 24 different media outlets – the equivalent of \$570,000 in paid advertising.

**26,532** | total number of website hits for fourth quarter '06

### partnership, cooperation and fundraising

Collaboration is key to the success not only of Ann Arbor SPARK, but also of the economic well being of the entire Ann Arbor area. By leveraging relationships, SPARK is building and stretching its resources for maximum impact.

- SPARK is now a recognized leader among the twelve Michigan SmartZones and is a collaborative partner with the Southeast Michigan Regional Development Partnership and with Detroit Renaissance.
- Because of its leadership position, Ann Arbor SPARK was able to work with partners such as MichBio to drive the Michigan Innovation Equipment Depot (MIED) to rapid and resounding success. The MIED was launched in September 2006 with more than \$1 million of pharmaceutical research equipment donated by Pfizer. The program

was rolled out to start-up life science companies across the state. In just two months, 75% of the equipment was distributed to 26 companies, 13 of them in the Ann Arbor area.

- In October, after nearly nine months of concerted effort and working in partnership with Michigan's SmartZone network, SPARK received an \$8 million award from the 21st Century Jobs Fund program. The award is being used to fund start-up companies across Michigan in four designated competitive edge technology sectors: life sciences; advanced automotive, manufacturing or materials; homeland security and defense; and alternative energy.
- The state of Michigan awarded SPARK a \$1 million grant that will be used to subsidize a wet lab incubator. The 12,000 square foot facility will be managed by SPARK and will accommodate an anticipated six start-up life sciences companies, one of which will be a tenant of significant size.
- To provide needed educational programs and services, SPARK is working closely with important partners such as Washtenaw County ETCS/Michigan Works!, the Small Business and Technology Development Center (SBTDC), Great Lakes Entrepreneurs Quest (GLEQ), New Enterprise Forum (NEF), the University of Michigan Tech Transfer Office, MichBio and the Ann Arbor IT Zone.

### Key Partners and Investors

- Altarum
- Ann Arbor Angels
- Ann Arbor Area Chamber of Commerce
- Ann Arbor Area Convention & Visitors Bureau
- Ann Arbor Business Review
- Ann Arbor Community Foundation
- Ann Arbor IT Zone
- Ann Arbor News
- Ann Arbor-Ypsilanti, LDFA
- Bank of Ann Arbor
- County and Local Units of Government
- Detroit Regional Economic Partnership
- Detroit Renaissance
- Dow Foundation
- DTE Energy
- Home Builders Association of Washtenaw County
- Jackson-The Enterprise Group
- Local School Districts
- MichBio
- Michigan DLEG
- Michigan Economic Development Corporation
- Michigan SmartZones
- Michigan Venture Capital Association
- Pfizer Global Research and Development
- Small Business & Technology Development Center
- SW Michigan First
- U-M, EMU, WCC, WSU, MSU
- United Way
- Washtenaw Contractors Association
- Washtenaw County ETCS/Michigan Works!
- Ypsilanti Area Chamber of Commerce

# igniting innovation

**Ann Arbor SPARK is a partnership of government, public organizations and private companies. The members of our Board and Executive Committee are leaders in the Ann Arbor area's university, business, government and entrepreneurial sectors.**

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