



SPARK@nn arbor usa

building a
prosperous region
for



ANN ARBOR SPARK 2015 ANNUAL REPORT



a letter from the chair

To our partners, funders and colleagues:

It's incredible to look back 10 years, to when Ann Arbor SPARK was founded, and think of how far we've come. We've evolved from a region facing the loss of a leading employer, to a community that's known as a destination for start-ups with big dreams and global powerhouses with big business needs.

It's particularly remarkable to think back to being around the table with other community leaders from our businesses, our universities and our local government – before SPARK existed – and knowing that we had to do something. It was in that moment that SPARK was founded and our economy has been stronger ever since.

As a member of this community, I see the effect of this attention to advancing the economy, and benefit from it daily. I see houses for sale one day, marked "sold" the next day. I drive past award-winning schools on my way to the office. I notice the crowded coffee shops and restaurants filled with people who want to support local business. I see a vibrant region with undeniable energy, fueled by a growing economy and the state's lowest unemployment rate.

Thanks to our region's strong economy, unemployment is down, housing values are up and quality of life is a reality. SPARK's partners, funders and supporters recognize that everyone benefits every time a business starts up or grows in the Ann Arbor region. As chair of SPARK's board, I'm proud of the work that this organization does every day to make sure our economy continues to grow. As a citizen, I'm thankful for SPARK's work and impact.

Looking forward, Ann Arbor SPARK's deliberate, collaborative effort to cultivate a thriving area of innovation here in the Ann Arbor region will continue to make a difference in our community. The Ann Arbor SPARK Board of Directors, Executive Committee and staff are committed to this vision of our future, and grateful for the support in achieving this mission.

Sincerely,

Timothy G. Marshall - CHAIRMAN OF THE BOARD, ANN ARBOR SPARK

a letter from the president and CEO

To our colleagues, partners and community:

The strength of our region's economy is completely unique. This is a community that is committed to collaboration. Collaborating with partners to create a prosperous region was the catalyst for Ann Arbor SPARK, and it's as important to our team today as it was 10 years ago.

The ongoing growth and expansion of Toyota is a great example of how collaboration has a profound effect on our collective success. Working with the state and local partners, Ann Arbor SPARK was able to help Toyota consolidate its powertrain operations in this region, leading to an investment of \$126 million and more than 250 jobs. In 2014, the region's partners worked together to provide tours and information to workers relocating to Ann Arbor. This wealth of talent – an incredible asset to our economy – is choosing to call Ann Arbor home, and is becoming part of our neighborhoods, schools and the fabric of the community. This is the culmination of years of collaboration. Toyota has made investments in 2006, 2008, 2009, 2013 and now 2014.

The Toyota success story is just one example. Start-ups thrive here because they have access to a vast network of incubators and accelerators, working together to foster the growth of a strong entrepreneurial ecosystem. Our talent pool is stronger because existing businesses are influencing curriculum at our region's universities, to ensure graduates have the skills and knowledge needed in the workforce. The examples of working together to achieve more are as numerous as they are impressive.

It's this commitment to collaboration that motivates and inspires the Ann Arbor SPARK team to continue to pursue its mission of advancing the economy. We are proud to be part of a world-class community, and to work with others who share our vision of economic vitality and regional prosperity.

It's exciting to think of what our community will look like 10 years from now, and to be part of that continued progress.

Regards,

Paul Krutko - PRESIDENT AND CHIEF EXECUTIVE OFFICER, ANN ARBOR SPARK



What is Economic Development?

It is the sustained, concerted actions that promote the **standard of living** and **economic health** of a community. The Federal Economic Development Administration defines economic development as creating the conditions for improved **quality of life** by expanding the capacity of individuals, firms and communities to maximize the use of their talents and skills to support the **innovation** that drives economic growth.

“Cities are central to innovation and new technology. They act as GIANT petri dishes, where creative types and entrepreneurs rub up against each other, combining and recombining to SPARK new ideas, new inventions, new businesses and new industries.”

— RICHARD FLORIDA

SPARK
@nn arbor usa

2005
Ann Arbor SPARK launches!

THANK YOU to all of our academic, public, private and non-profit sector partners, who work tirelessly to cultivate economic prosperity throughout our region. Ann Arbor SPARK is proud to be part of a strong ecosystem supporting business growth in the region, and our work would not be possible without help from you. On behalf of the businesses and individuals who directly benefit from the culture of innovation in Ann Arbor, SPARK is grateful for your support of our mission.

BETTER TOGETHER



nova

Hyundai

Invests \$200M in 2006 expansion

AMI

Invests \$25M in 2007 expansion



Google

Opens Ann Arbor office in 2006

Aernnova

Invests \$10M in 2007 expansion

ProQuest

Expansion in 2009 results in \$19M investment



Faurecia Interior Systems

Saline LLC

Invests \$130M in new North America operations in 2009, 2012 expansion

Estrakon, Inc.

Raises \$410k to date

Hygieia

Insulin Guidance System approved in Europe in October 2012

2006

2008

2010

Toyota

Since 2006, invests \$300M+ in expansions

2007

SPARK East

Launched 2008

2009

Arbor Networks

Since 2008, invested \$28M in expansions

Masco

Invests \$20.6M in new headquarters in 2010

2011

Bosal

Invests \$25M in 2006 expansion

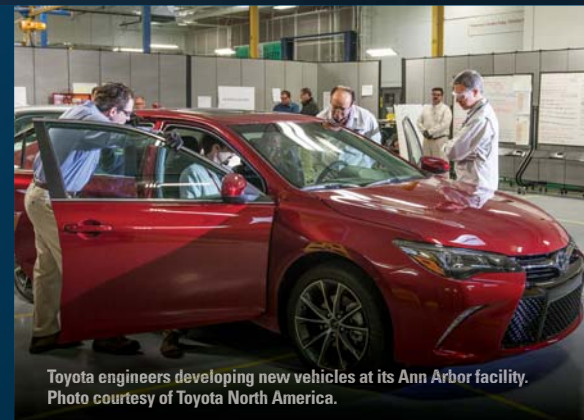


Pixel Velocity, Inc.

Raises \$6.7M in 2009



The consistent, long-term growth of Toyota is proof positive that Ann Arbor has the talent, infrastructure and commitment to grow a global powerhouse. Since 2006, the company has invested more than \$300 million and created 600 new jobs in the region. In 2014, Toyota announced several expansions here, including the consolidation of all of its powertrain operations to its Ann Arbor facility. Additionally, 250 procurement jobs are moving from Erlanger, Kentucky to Toyota's York Township campus.



Toyota engineers developing new vehicles at its Ann Arbor facility. Photo courtesy of Toyota North America.



Atterocor, Inc.
Clinical trials of adrenal cancer drug in June 2013



UMG
Invests \$568k in 2013 in new Ann Arbor operations



THOMSON REUTERS

Thomson Reuters
Invests \$19.9M in 2014 expansion

RetroSense Therapeutics, LLC
Raises \$6M in 2015 Series A



Lake Trust
Invests \$30M in new HQ in 2013



Dexter Fastener Technologies, Inc.
Invests \$33M in 2013 expansion

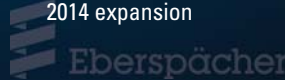
Seelio Inc.
Raises \$900k in 2013, acquired by PlattForm



Eberspächer North America, Inc.
Invests \$51M in 2014 expansion

Ornicept, Inc.
Raises \$900k in May 2014

Toyota
Invests \$126M in 2014 expansion



Atterocor is an Ann Arbor success story that shows just how powerful Ann Arbor SPARK's support can be to a start-up business. The company received eight business accelerator grants in 2012, from financial modeling to recruiting employees and seed financing legal work. In early 2013, Atterocor received a Michigan Pre-Seed Capital Fund investment totaling \$250,000, and went on to raise more than \$15 million in venture capital funding that year – funding that helped launch clinical trials of its adrenal cancer drug. Today the company continues development of this potentially important new therapy and now has 10 employees in their downtown Ann Arbor office.



Co-founders Gary Hammer and Julia Owens shepherd ATR-101 to market.

WHAT WE DO

Entrepreneurial Services

Entrepreneurial Ecosystem

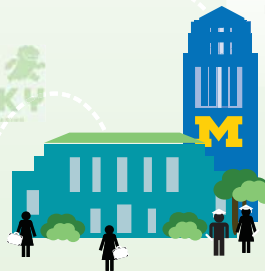
Creating Companies and Growing Economic Prosperity in the Ann Arbor Economy

ABOUT SPARK & LDFA



TECH TRANSFER

Keeps university companies, research in Ann Arbor



ANN ARBOR COMMUNITY

Growing property values, award-winning schools, vibrant neighborhoods



Grows from 2002 start-up to creation of incubator space for start-ups in 2014. In 2014, 3,200 global visitors toured Menlo's 17,000 sq ft Joy Inc. Factory.



START UP COMPANIES

8 out of 10 companies that SPARK served are still in business



DOWNTOWN ANN ARBOR

Companies create vibrant downtown increasing both tax base and building occupancy



SPEEDING THE CYCLE OF COMPANY GR



ENTREPRENEURIAL SERVICES AT-A-GLANCE

- Affordable office space for start-ups
- Entrepreneur Boot Camp
- Expert counsel to entrepreneurs
- Access to funding opportunities
- Educational and networking events

High-growth start-ups impact U.S. economy, generating revenues equal to an estimated

21% of U.S. GDP and creating roughly
11% of all U.S. private sector jobs

impact on our local economy

Nurturing and supporting homegrown businesses creates new jobs, increases local investment, which will in turn increase tax revenues. Expanding the tax base is critical for the funds needed for a community to thrive.

231

COMPANIES SERVED

LDFA ACCOMPLISHMENTS FY 2009-2014:

\$24.8M
grants received

\$93.6M
private equity raised

426

JOBS CREATED

24

INCUBATOR GRADUATES

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

Putting People to Work

From Boot Camp, the first program funded by the Ann Arbor/Ypsilanti Local Development Finance Authority (LDFA), to the expansion of the SPARK Central Business Incubator to accommodate second-stage companies, SPARK has a solid track record of helping businesses start up and grow in Ann Arbor.

Over 10 years, more Ann Arbor start-up companies are achieving success, faster than ever before. The Ann Arbor entrepreneurial ecosystem, anchored by SPARK, is the catalyst for companies bringing products to market, quicker and more efficiently.

Talent, capital, incubation and acceleration: Everything a business needs to start up and grow is available in Ann Arbor.

2014 highlight

SKYSPECS

For Ann Arbor start-up **SkySpecs**, the sky's the limit! Its WingMan platform uses artificial intelligence that allows an aerial drone to hover near an object without hitting it. Founder and COO Tom Brady explains:

“The University of Michigan and Ann Arbor SPARK have really helped us move our technology forward and in to the market. The University provides an enormous talent pool to draw from, whether we're looking for a PhD in robotics or a first-year computer science intern. SPARK provided a business accelerator grant, assistance with our business plan and pitch through its Boot Camp program, and connections through its First Customer Program. The support available through our regional ecosystem was exactly what we needed to make things fly.”



HYGIEIA

DeNovo Sciences

seelio

Grows to 20 employees in Ann Arbor, attracts national attention

seelio

SPARK@ann arbor usa

PURE MICHIGAN
SMARTZONE
Ann Arbor SPARK

order

OWTH

WHAT WE DO **Business Development**

SPARK's business development efforts are focused on a singular goal: **Helping mature companies identify and pursue opportunities for growth.** SPARK's work supports a broad range of businesses, from global companies like Toyota, to homegrown successes like American Broach.

In the past 10 years, SPARK's business development efforts have focused on growing and retaining businesses in the region as well as attracting global companies.

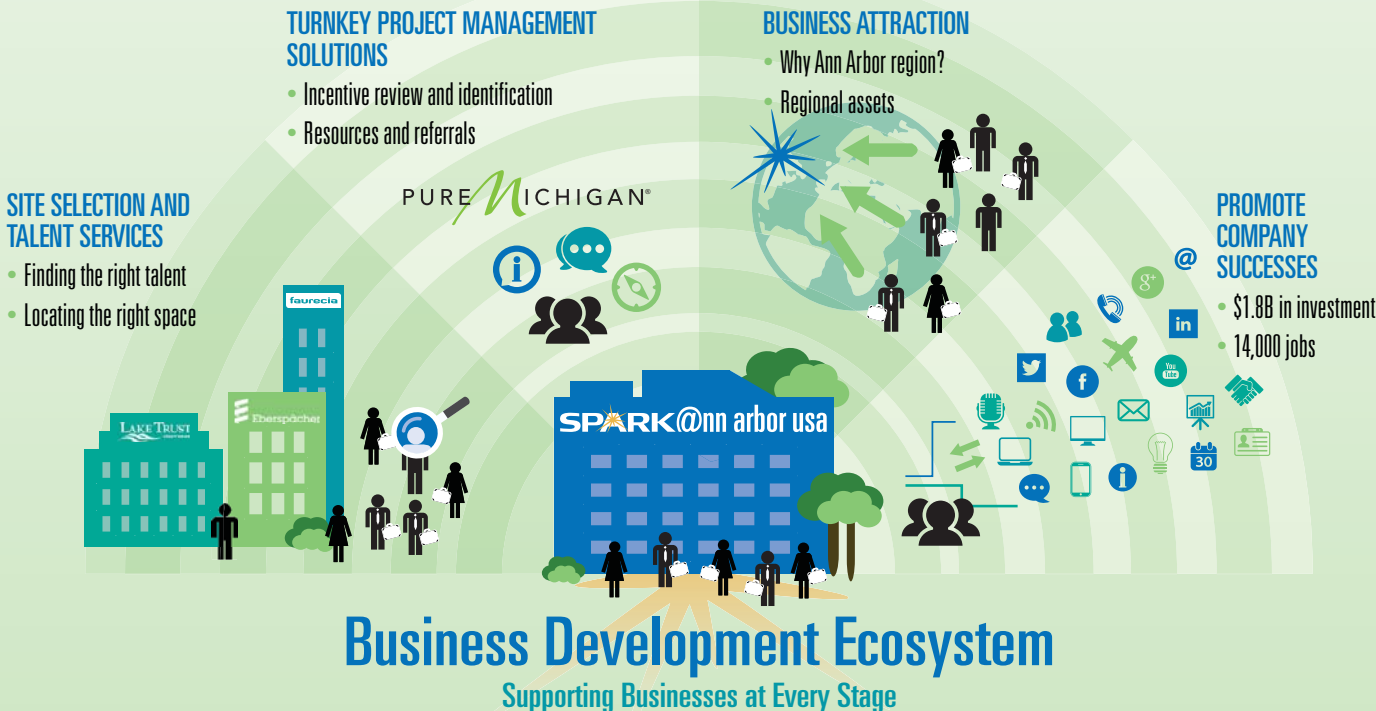
2014 highlight



THOMSON REUTERS

An exceptional workforce was a compelling reason behind **Thomson Reuters'** consolidation in the Ann Arbor region, announced in 2014. The company committed to investing \$19.9 million and adding at least 300 jobs, bringing its total number of employees in the region to more than 1,400. Thomson Reuters provides technology and information services to the financial, legal, tax and accounting, and intellectual property and science markets. It also includes the Reuters news organization.

Ann Arbor SPARK provided assistance to Thomson Reuters in securing critical incentives from MEDC and Pittsfield Charter Township. Ann Arbor SPARK continues to support the company's talent and recruiting needs.





BUSINESS DEVELOPMENT AT-A-GLANCE

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

In the past 10 years, SPARK's business development team has facilitated over 337 projects — growing and retaining businesses in the region as well as attracting global companies.

Hyundai America Technical Center invested \$175M in a 2006 expansion of its Superior Township facility.

French automotive supplier **Faurecia** invested \$45M in Saline in 2009 and an additional \$85M in 2012.

In 2013, **Lake Trust Credit Union** announced it would build its new headquarters in Brighton, a \$40M investment.

Dexter Fastener announced in 2013 that it would expand in Dexter Village, investing more than \$33M.

Navitas announced in 2013 that it would expand in Pittsfield Township, a \$9.3M capital investment.

Eberspächer North America, Inc. announced plans in 2014 to triple its plant in Brighton, where it will invest \$122M.

Putting People to Work

Entrepreneurial Services + Business Development support at every stage



ORNICEPT

Ornicept's story of growing from start-up to small business highlights the need for seamless and easy-to-access entrepreneurial and business development support in Ann Arbor. Ornicept's SPECTEO technology, developed at the SPARK Central incubator, is an all-in-one, high-tech solution for any kind of fieldwork data. It is now being used by Fortune 500 companies.

Throughout its early life, Ornicept benefited from key SPARK programs: Boot Camp, incubator space, business accelerator grants, Ann Arbor/Ypsilanti Local Development Finance Authority and state-funded microloans. When looking for a new office, Ornicept turned to the SPARK business development team, which helped it find a great space on North Main Street in Ann Arbor.



marketing the region



MARKETING AT-A-GLANCE

- Generate global awareness
- Promote the region's unique assets
- Promote world-class talent and company success
- Multi-year Michigan Economic Developers Association Marketing Award Winner
- Awarded International Economic Development Council (IEDC) Excellence Award for New Media Marketing

17.3 thousand PR hits & views

7.7 million social media impressions

13.7 thousand YouTube plays

15.6 million online impressions

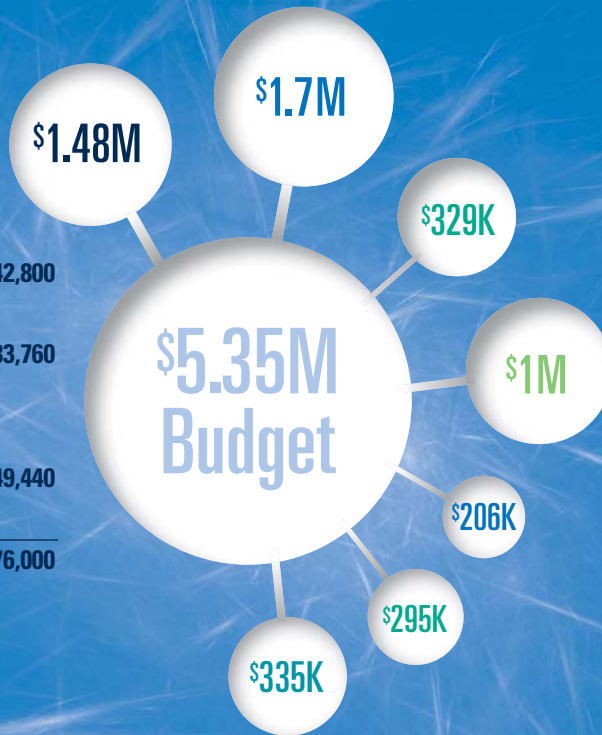
439 thousand website visits

33% increase

2014 financial Highlights

\$1.48M OPERATING BUDGET SOURCES

Public includes government & municipal funding	30%	\$ 442,800
University University of Michigan, Eastern Michigan University and Washtenaw Community College	26%	\$ 383,760
Private includes contributions & sponsorships	44%	\$ 649,440
		\$1,476,000



\$1.48M	Operating Budget
\$1.7M	Business Accelerator
\$329K	SPARK East Incubator
\$1M	Pre-Seed Fund
\$206K	Angel Fund Administration
\$295K	SPARK Central Incubator
\$335K	Livingston County Support
\$5.35M BUDGET TOTAL	

Current Funders AS OF DECEMBER 2014

UNIVERSITY

Eastern Michigan University
University of Michigan
Washtenaw Community College

PUBLIC

Ann Arbor Downtown Development Authority
Ann Arbor Township
Ann Arbor/Ypsilanti Local Development Finance Authority
City of Ann Arbor
City of Chelsea

City of Saline
City of Ypsilanti
Economic Development Council of Livingston County
Michigan Economic Development Corporation
Michigan Small Business Development Center
Pittsfield Township
Scio Township Downtown Development Authority
Superior Township
Village of Dexter
Washtenaw County
Washtenaw County Michigan Works! Agency
Ypsilanti Township

PRIVATE

2nd Stage Partners
AAATA (The Ride)
Ann Arbor Area Board of Realtors
Ann Arbor News (MLive)
Arboretum Ventures, Inc.
Bank of Ann Arbor
Barracuda Networks, Inc.
Domino's Farms
DTE Energy
Fifth Third

2014 SPARK Successes

30 company growth projects creating: { **\$238** million in new investment commitments } **1,279** announced jobs }

4 pre-seed investments awarded

253 start-ups assisted
 146 of those companies received intensive services – those companies currently employ 544 FTE

7 microloans awarded

71 incubator tenants nurtured

291 companies assisted with 1,299 job postings

2006-2014 Results

337 company growth projects creating:
\$1.8 billion in new investment commitments
14,303 announced jobs

1,774 start-ups assisted, 760 received intensive services and have employed 4,444 FTE
107 pre-seed investments awarded to 99 companies (\$238k/company avg)
2,629 companies assisted with 10,324 job postings

112 microloans awarded to 100 companies (\$44.5k/company avg)*
200+ incubator tenants nurtured
\$56.5 million community investments leveraged through Federal and State grants, foundations and other sources

*Includes PSF, LDFA & Eastern Washtenaw funds

First Martin Corporation
 Flagstar Bank
 Ford Motor Company
 GDI Infotech
 Honigman Miller Schwartz & Cohn
 Huntington National Bank
 Lake Trust Credit Union
 Lyons Consulting Group, LLC
 Mahindra GenZe
 Menlo Innovations
 Miller, Canfield, Paddock, & Stone, P.L.C.
 NSF International

Old National Bank
 Plante Moran
 PNC
 Rudolph / Libbe, Inc.
 Saline Electronics, Inc.
 SI Company
 Talmer West Bank
 Terumo Cardiovascular Systems Corporation
 Terumo Heart, Inc.
 Thomson Reuters
 Toyota Technical Center, USA
 Truven Health Analytics

University of Michigan Credit Union
 Walbridge
IN-KIND
 Google
 McKinley
 PR Newswire
 Russell Video



2014 FastTrack Winners

The Ann Arbor SPARK FastTrack award honors companies that achieve 20 percent year-over-year growth for three consecutive years. These companies are the future of the Ann Arbor region. They are creating high-paying jobs, investing in our community and shaping the vibrant quality of life we experience every day in Washtenaw County. Their success is our shared success, and we applaud their momentous accomplishment.

FastTrack has awarded 244 awards to 93 companies over the past 14 years.

ONE YEAR

TekWissen
FAAC Incorporated
Human Element
Image Data Conversion
InfoReady Corp

TWO YEAR

CEI Composite Materials
McCreadie Group, Inc.
Sungrace Software

THREE YEAR

Arbormoon Software
Estrakon, Inc.
Oxford Companies

SIX YEAR

Caelyn LLC
MedHub, Inc.

SEVEN YEAR

LLamasoft Inc.
Online Tech



WHY ANN ARBOR

SPARK Central tenant Seelio, a Platform company, recently hired Blake Nicholson, from Facebook, as its head of people analytics. In choosing to relocate to Ann Arbor, Nicholson said,

“There are so many good options in terms of neighborhoods and schools. In Ann Arbor, we can afford to live in a house in a safe neighborhood with good schools and a reasonable commute. In the San Francisco Bay Area, we would have to sacrifice at least one of those. I love that we can eat dinner as a family every night now.”

silicon valley is out of A players.
don't start your company here,
start it in **ann arbor**. you won't
find the talent you need here,
it's in ann arbor.

STEVE BLANK
Silicon Valley Serial Entrepreneur



Blake Nicholson is working with the Seelio team to help the company's customers understand and maximize the value of analytics.



NEXT GENERATION
TALENT ON U-M CAMPUS

The 10 Most Intelligent College Towns in America #1 Ann Arbor

2014 Zoomtens.com



WORLD-CLASS DINING ON MAIN STREET

“Best Places to Live” Ann Arbor

2014 money.com



AMERICAN CHIEF ENGINEER FOR
CAMRY SPEAKS TO LOCAL SCHOOL

The 10 Best Midsize Cities to Raise Children #3 Ann Arbor

2014 MyLife.com

At-A-Glance:

talent

- Highly educated workforce
- 50% of the region's population holds a bachelor's degree or higher
- #1 in engineering talent

affordability

- Affordable housing compared to areas like Boston and Silicon Valley
- Low cost structure for business – up to 1/3 less than West Coast

location

- Less than 30 miles from Detroit Metro Airport
- 270 International flights weekly to 25 destinations

quality of place

- Variety of arts and cultural offerings
- World-class healthcare
- Nationally recognized education system
- "Big House" – the largest football stadium in the Western Hemisphere

innovation

- Recognized as "Start-up City"
- Home to dozens of incubators, co-working spaces
- Home to hundreds of software and IT companies
- Emerging Intelligent Transportation Systems hub

ann arbor -
a 21st century
economic leader

TOM FRIEDMAN
New York Times



Ann Arbor Barracuda team in their downtown office

In late 2012, after it outgrew its first Ann Arbor office, SPARK helped Barracuda Networks find a larger space, in the former Borders downtown location. Being downtown is an asset for the growing IT company, which has added 100 jobs since its move and currently employs nearly 300 people. Rod Mathews, who runs Barracuda's Ann Arbor office, explains,

“The vibrant downtown area is a big draw for us as we hire employees, and it has also been a great location to hold internal sales meetings and customer events. The downtown area is a big advantage for us. The entrepreneurial feel downtown complements Barracuda's approach to the market, and the universities in the area are great sources of talent and inspiration. We also have a great employee population in Ann Arbor, and see lots of opportunity to expand that population.”



KAYAKING THE HURON RIVER

**Top 100 Best
Cities to Live,
#13 Ann Arbor**

Livability.com
2014



YOUNG SCIENTISTS AT
SKYLINE HIGH SCHOOL

**#1 Most
Educated
Cities**

2014 Forbes



Learn more
about
Ann Arbor
SPARK

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President and CEO
Bank of Ann Arbor

Cynthia Wilbanks (Vice Chair)
Vice President
Government Relations
University of Michigan

David Parsigian (Secretary)
Partner
Honigman Miller Schwartz
and Cohn LLP

Trevor Lauer (Treasurer)
Vice President
Distribution Operations
DTE Energy

Albert M. Berriz
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McKinley, Inc.

Dr. Mary Sue Coleman
President Emerita
University of Michigan

Charles Gulash
Vice President
Toyota Motor Engineering
& Manufacturing
North America, Inc.

John Hieftje
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Mike Kennedy
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Lindhout Associates Architects

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Esperion Therapeutics, Inc.

Richard B. Sheridan
President and CEO
Menlo Innovations LLC

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Vice President
Distribution Operations
DTE Energy

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Washtenaw Community College

Laurel Champion
General Manager
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Paul Krutko
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Bhushan Kulkarni
President and CEO
GDI Infotech, Inc.

Verna McDaniel
County Administrator
Washtenaw County

Steve Powers
City Manager
City of Ann Arbor

Yousef Rabhi
Commissioner
Washtenaw County

Joanne Rau
Vice President
Business Banking Team Lead
Fifth Third Bank

David Snodgrass
President and CEO
Lake Trust Credit Union



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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