

A satellite view of the Earth at night, showing the Western Hemisphere. The Americas are visible, with city lights glowing across the continents. The Great Lakes are prominent in the center. The text "Innovation. Growth. Success." is overlaid in a light blue, sans-serif font.

Innovation. Growth. Success.

A bright yellow starburst graphic with multiple sharp points, located to the right of the main title.

it's all here

ANN ARBOR SPARK 2016 ANNUAL REPORT



a letter from the chair

My role as chair of Ann Arbor SPARK's board gives me a unique opportunity to see the dedication and hard work that it takes to help our region grow and prosper.

Economic development is a team sport, and the Ann Arbor region benefits from the collaboration of the public, private, non-profit, and academic leaders all working together to create a brighter future for us all.

From tech talent to quality of life, to educational and professional opportunities, the Ann Arbor region delivers what leading businesses and in-demand job-seekers want: A vibrant community with many choices for individuals and families to live, learn, work, and play. Our economy is built on the very attributes that define economic health. We offer an attractive location for a range of businesses and talented individuals – both new to this region as well as those who want to start here, stay here, and thrive. It is truly "All Here!"

Global competition, particularly among communities focused on the accelerating growth of new technologies, is intense and unrelenting. For more than a decade now, SPARK has worked to capitalize on the talent production prowess of University of Michigan, Eastern Michigan University, and Washtenaw Community College, giving our region the edge that employers look for. The Ann Arbor SPARK board of directors guide a strategic plan focused on the future and what we can do through partnership, collaboration, and investment to position our region for economic growth and prosperity, benefiting all of our citizens and communities.

The American Center for Mobility at Willow Run (ACM) is a shining example of how our community works together through collaboration. This project is vital to maintaining our state and region's global leadership in automotive research and development, and the shifting mobility landscape towards a future of autonomous and connected vehicles. SPARK played an important convening role to help build and support the coalition of partners working to bring this project to fruition. Partners include the University of Michigan, the State of Michigan, Business Leaders for Michigan, Ypsilanti Township, and our federal Congressional delegation.

It is very gratifying to have been part of Ann Arbor SPARK's leadership over the years and an honor to be the current chair. I look forward to working with the board and our partners in 2017 to continue to advance our region's success and take advantage of future opportunities.

Sincerely,

Cynthia H. Wilbanks

CHAIR OF THE BOARD, ANN ARBOR SPARK



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 created a robust entrepreneurial ecosystem in the Ann Arbor region. 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.

Consider the evolution of Ann Arbor SPARK's Entrepreneur Boot Camp. First-time participants from years ago are now mentoring startup companies, providing the wisdom that propels those businesses forward, nourishing our ecosystem through the experience of those who know businesses of any size can succeed here.

Today we celebrate the progress our community made over the last several years toward the creation of the American Center for Mobility at Willow Run (ACM). Under construction and opening this fall, ACM was designated in 2016 as a national proving ground for the new mobility solutions arising from big data, the "cloud", and connected and autonomous vehicles. The eyes of the world are once again turned to what is happening in southeast Michigan, spearheaded by Mcity, U-M's Mobility Transformation Center, and ACM.

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

FOUNDATION FOR GROWTH

The Ann Arbor region continues to solidify its global reputation as an area of innovation and economic prosperity. The foundation that nurtures this type of ecosystem is truly unique, and it's here. This distinct, coveted economy supports and enables the success of our **DRIVING INDUSTRIES**.

SF MOTORS INC.

driving industries



American Center
for Mobility



Driving industries are companies that sell goods and services on a local, national and global level.

They are the foundation on which our region's economy is built. They create jobs, attract investment, and form business clusters that attract other companies to the region. These companies are the catalyst for prosperity.



mobility

attract other
companies &

FOUNDATI





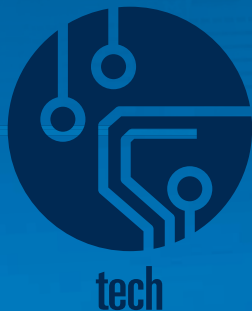
JOB GROWTH

ANN ARBOR SPARK works with **60% OF COMPANIES** in driving industries that provide a foundation for a growing economy. Our work has a **DIRECT IMPACT**: These companies are thriving and, in turn, so is our region.

Health



speed



support the
tax base

ECONOMY

impact in action

PRIVATE SECTOR JOB GAINS — Washtenaw County 2010-2016

13,083 New Jobs

Driving Industries



companies
SPARK served
both Entrepreneurial Services and
Business Development Teams

15% driving industry
job growth

11% people-serving
and business
support sector
job growth

“

HAVING DRIVING INDUSTRY COMPANIES LOCATED IN OUR REGION BENEFITS US ALL:

Their employees shop and dine here, use services such as accountants and banks, and they pay the taxes that contribute to our exceptional schools, better roads, abundant parks, amazing community services, and great quality of life.

”

donna doleman

SENIOR VICE PRESIDENT, MARKETING AND COMMUNICATIONS, ANN ARBOR SPARK

primed for growth

Ann Arbor SPARK Central Innovation Center —

Designed to meet the needs of entrepreneurs, it supports very early stage companies to more mature startups. Educational events and incubator space, combined with access to services and experts, put emerging companies on the fast track to success. At SPARK Central, entrepreneurial companies are in a prime downtown location, in the heart of Startup City USA. From here, these companies attract talent and capital, and grow our region's economy.

WORKIT HEALTH closed 2016 with a \$1.1 million funding round to expand its online addiction recovery platform.

Its previous funding included SPARK grants for efficacy trials, marketing, and product development. It also benefited from SPARK's Entrepreneur-in-Residence program, which matched the company with an experienced IT executive for guidance and expertise.



INDUSTRYSTAR attracted three new global brands as customers and was a semifinalist at the Accelerate Michigan

Innovation Competition. In addition to office space, IndustryStar has turned to SPARK for business accelerator grant support for marketing services as well as interns from the Digital Engagement Clinic, SPARK's collaborative initiative with Eastern Michigan University.



157 events held
6,232 attendees

“It's exciting to see how OUR ENTREPRENEURIAL ECOSYSTEM CONTINUES TO EVOLVE. We have more serial entrepreneurs here than ever before, and they're committed to helping the next generation.”

bill mayer

VP ENTREPRENEURIAL SERVICES, ANN ARBOR SPARK

BOOT CAMP where are they now:

Since its inception in 2001, **ENTREPRENEUR BOOT CAMP** has evolved in tandem with the ecosystem it's a part of, tapping in to the resources here to help startups succeed. This year SPARK further strengthened its teaching team by adding the veteran technologists, investors, and entrepreneurs whose experience helped refine and shape the Boot Camp curriculum. SPARK also added similar high-caliber talent to its team of mentors, who offered expertise and real-world perspective to the emerging entrepreneurs. To date, SPARK has successfully hosted 29 Boot Camp sessions.



Ann Arbor SPARK has worked with **WARMILU**, a University of Michigan startup that makes non-electric, reusable warming blankets for infants in impoverished areas, since 2012. The company has received several business accelerator grants, as well as support from SPARK's collaboration with Eastern Michigan University's Center for Digital Engagement. Recently, Warmilu shipped its first order, to help babies in Kenya.

2001–2016

BOOT CAMP AT-A-GLANCE:

601 jobs created

100+ mentors



THE RIGHT SERVICES AT THE RIGHT TIME

Access is critical. With SPARK's support, these ventures are able to secure investments, expand their teams, and bring amazing innovations to market.



Raised a **\$18M+**, acquired by Allergan



Raised a **\$15.5M** Series B round



Raised a **\$1M** seed round, expanding services to national audience



MENLO INNOVATIONS has come a long way since Boot Camp. The 2002 graduate, a software firm known as innovators of high-tech anthropology, builds software for a range of clients from its downtown Ann Arbor office. One of *Inc.* magazine's Fastest Growing Companies, Menlo tripled its office space in 2011 and recently opened an incubator, the Startup Garage, for early stage entrepreneurs.

Michigan Angel Fund (MAF) —

With 130 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 primed for venture and other sources of capital. MAF is managed by Ann Arbor SPARK with support from the Michigan Economic Development Corp.

Michigan is competitive as a destination for high tech startups because of our range of comprehensive funding programs. The **MICHIGAN ANGEL FUND IS PROOF** that we're serious about helping entrepreneurs grow their businesses here, and recognize the unique needs of fledgling companies.

skip simms

SENIOR VICE PRESIDENT, ANN ARBOR SPARK



COURT INNOVATIONS, a 2013 Boot Camp graduate, is changing the meaning of justice. Its online platform, Matterhorn, connects citizens and courts across the country to resolve minor legal issues. Its platform is currently in use in 20 different courts in Michigan and Ohio. Court Innovations recently launched a 4(a)(6) fundraising campaign to support its nation-wide expansion this year.

ENTREPRENEURIAL SERVICES AT-A-GLANCE

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

Nurturing and supporting homegrown businesses creates new jobs and increases local investment, which will in turn increase tax revenues.

IMPACT ON OUR LOCAL ECONOMY

LDFA Accomplishments FY 2012-2016:

\$109 million in grants to startups

\$241 million private equity raised

331	638	64
companies served	jobs created	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.

\$114M in grants & investment

351 teams

destination for opportunity



DRIVING ECONOMIC GROWTH

The Destination for the Future of Mobility

The future of the auto industry is in the Ann Arbor region. Not only are companies like Toyota continuing to invest and expand here, progress is accelerating at the American Center for Mobility at Willow Run. There was a groundbreaking at the site in November, and its U.S. Department of Transportation designation as a national proving ground is an important milestone in Ann Arbor SPARK's strategic plan to continue to attract and retain advanced mobility companies.

Attracting Global Attention, Companies

Global companies continue to see the benefits of locating in this region. A prime example: SF MOTORS will invest more than **\$10.7 million** to open its U.S. research and development operations here. SF Motors, a driving force for next-generation electric vehicles, will create **150 jobs** as part of its expansion.

"SPARK is a great partner to foreign companies like us, who come to the Ann Arbor area to do business. With their assistance, we were able to be quickly acclimated into the local community and hit the ground running."

YONG YANG, VICE PRESIDENT, SF MOTORS

Unique Assets Fuel Livingston County's Economy

Talent and available sites are driving economic growth in Livingston County. This year, C&B MACHINERY invested **\$2.95 million** in relocating to Green Oak Township as a way to accommodate its planned future growth.

CHEM-TREND invested **\$7.7 million** in expanding its research and development facility in the city of Howell. It will also add **25 jobs** as part of the expansion.

We don't think about economic development in narrow terms. Ann Arbor SPARK works with its partners to deliver the funding, incentive, and talent programs that grow our economy. Our collaborative efforts **ATTRACT GLOBAL BUSINESSES AND CREATE VIBRANT COMMUNITIES** where people want to live, work, and play.

phil santer

SENIOR VICE PRESIDENT AND CHIEF OF STAFF
ANN ARBOR SPARK

IN 2016, SPARK
ENGAGED COMPANIES
THAT EMPLOY **17,800**

28
projects facilitated



Meeting Talent Needs Through Innovative Programs, Collaborations

To inspire future high tech careers, Pinckney Community Schools established a **CYBER RANGE HUB** – computing and networking infrastructure to provide certification courses and cybersecurity training exercises. The Michigan Cyber Range is hosted and facilitated by Merit Network in partnership with the State of Michigan and with the sponsorship of DTE Energy.



Growing and Revitalizing Eastern Washtenaw County

The Innovate Ypsi incentive program provides grants, loans, and other economic assistance to businesses that create jobs and investment in Ypsilanti. This year, **WHITE PINE SOFTWARE** received an Innovate Ypsi grant to facilitate its expansion to a historic building in downtown Ypsilanti. **LANDLINE CREATIVE LABS** is using an Innovate Ypsi grant to redevelop the former Michigan Bell Telephone building.

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

In the past 12 years, SPARK's business development team has facilitated over **416 PROJECTS** – growing and retaining businesses in the region as well as attracting global companies.



Turnkey Project Management Solutions

Business Attraction

Promote Company Success

Site Selection & Talent Services



Committed **\$2.5M** and announced **300 new jobs**



Committed **\$10.5M** and announced **18 new jobs**



Committed **\$68M** and announced **195 new jobs**

SPARK@nn.arbor.usa



Announced **50 new jobs**

thriving hub of innovation



#6
Ann Arbor
best cities for
entrepreneurs
LIVABILITY.COM
2016

SHOWCASING THE REGION'S INNOVATION CORRIDOR



TECH HOMECOMING:
200+ out-of-towners from 17 different states

#5
Ann Arbor



Innovation, Growth, Success — It's All Here

2016
at-a-glance

5.8x the national
average
OF VENTURE CAPITAL DEALS

THE REGION IS RIGHT FOR COMPANIES & TALENT

41% of companies are
investing capital

58% PROJECTING
SALES GROWTH

35% LAUNCHING
NEW PRODUCTS

63%
hiring

#1

Ann Arbor
most educated
cities

WALLETHUB.COM 2016

downtown
innovation corridor
REPRESENTS

3,000 employees

221 tech
companies

84% of investment

37% of new jobs

FROM
FOREIGN OWNED
COMPANIES

#4

Ann Arbor

best cities
to live in
america

NICHE.COM 2016

FastTrack
SPARK FastTrack Award

2016-2017 Winners

Ability to Engage
Akervall Technologies Inc.
Arbor Assays
Caelynx LLC
CEI Composite Materials
DNA Software, Inc
DocNetwork
H3D, Inc.
Human Element, Inc.
InfoReady Corporation
J. Keller Properties, LLC
Llamasoft, Inc.
McCreadie Group, Inc.
Menlo Innovations
Online Tech
Oxford Companies
Torrent Consulting
UIS Corp.

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.

AWARD-WINNING NEW-MEDIA APPROACH



3.26M | social media
impressions

12.5M | online
impressions



73K | PR hits
& views



508K | website
visits



40K | YouTube views

best
cities for
millennials
FORBES.COM 2016



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.

2016 financial Highlights

\$5.4M
Budget Total

\$1.87M

Operating Budget

\$1.96M

Business Accelerator

\$329K

SPARK East Incubator

\$297K

Angel Fund Administration

\$596K

SPARK Central Incubator

\$357K

Livingston County Support

\$1.87M OPERATING BUDGET SOURCES

Public includes government & municipal funding	44%	\$ 829,000
University University of Michigan, Eastern Michigan University, and Washtenaw Community College	18%	\$ 330,000
Private includes contributions & sponsorships	38%	\$ 709,000
		\$1,868,000

Current Funders AS OF DECEMBER 2016

PRIVATE SECTOR – \$25,000+



IHAcores.com



A Member of Trinity Health



PRIVATE SECTOR – under \$25,000

Ann Arbor Area Board of Realtors
Arboretum Ventures
Arbormoon Software, Inc.
Barracuda Networks, Inc.
Black & Veatch
Blue Cross and Blue Shield of Michigan
Bodman
BusinessWire
Chemical Bank
Citizens Bank
Comcast Business
Comerica Bank
Disher Design
Domino's Farms Corporation
Fifth Third Bank

2016 SPARK Successes

28 company growth projects creating

\$159 million in new investment commitments

1,098 announced jobs

2,106 retained jobs

255 startups assisted
182 of those companies received intensive services – those companies currently employ 601 FTE

259 companies assisted with 1,281 job postings

99 incubator tenants nurtured

2011-2016 Results

238 company growth projects creating:

\$875 million in new investment commitments

5,936 announced jobs

882 startups assisted, 505 received intensive services and have employed 1,935 FTE

52 pre-seed investments awarded to 50 companies (\$228k/company avg)

1,782 companies assisted with 8,340 job postings

75 microloans awarded to 72 companies (\$39k/company avg)*

177 incubator tenants nurtured

\$16+ million community investments leveraged through Federal and State grants, foundations, and other sources

*Includes PSF, LDFA & Eastern Washtenaw funds

First Martin Corporation
GDI Infotech
Honigman Miller Schwartz & Cohn LLP
Huntington Bank
ITC Michigan
Key Bank
Liebherr
LLamasoft
Mannik & Smith Group
Menlo Innovations
Michigan Office Interiors
MLive Media Group
NSF International
O'Neal Construction
Old National Bank
Oxford Companies

Plante & Moran, PLLC
Rudolph Libbe Group
SI Company
Thomson Reuters
Truven Health Analytics
University of Michigan Credit Union

ACADEMIC PARTNERS

Eastern Michigan University
University of Michigan
Washtenaw Community College

PUBLIC PARTNERS

Ann Arbor/Ypsilanti Local Development Finance Authority
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
EDC of Livingston County
Michigan Economic Development Corporation
Michigan SBDC
Pittsfield Township
Region 2 Planning Commission
Scio Township
Superior Township
TheRide
U.S. Department of Commerce
Washtenaw County
Ypsilanti Township

board of directors

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Vice President
Government Relations
University of Michigan

David Parsigian (Vice Chair)

Partner
Honigman Miller Schwartz
and Cohn LLP

Dr. Rose Bellanca (Secretary)

President
Washtenaw Community College

David Ruud (Treasurer)

President
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McKinley, Inc.

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Regional President
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University of Michigan

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Lindhout Associates Architects

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Ann Arbor SPARK

Trevor Lauer

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DTE Energy

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University of Michigan

Jim Smith

President
Eastern Michigan University

Chris Taylor

Mayor
City of Ann Arbor

executive committee

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Partner
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Dr. Rose Bellanca (Secretary)

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David Ruud (Treasurer)

President

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SVP Group Manager
PNC

Greg Dill

Interim-County Administrator
Washtenaw County

Bill Fileti

Integrated Health Associates
President and CEO

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President
University Musical Society
University of Michigan

Leigh R. Greden

Attorney and Advisor to
the President
Eastern Michigan University

Mandy Grewal Ph.D.

Supervisor
Pittsfield Charter Township

Scott Griffith

President
Griffith Realty

Jeff Hauptman

CEO
Oxford Companies

Paul Krutko

President and CEO
Ann Arbor SPARK

Bhushan Kulkarni

President and CEO
GDI Infotech, Inc.

Howard Lazarus

Administrator
City of Ann Arbor

Andy LaBarre

County Commissioner
Washtenaw County

Sava Lelcay-Farah

CEO
Savco Hospitality

Ken Nisbet

Associate Vice President for
Research-Tech Transfer
University of Michigan

Joanne Rau

Vice President
Business Banking Team Lead
Fifth Third Bank

Paul Roney

President
Domino's Farms

Tom Shehab, MD

Principal
Arboretum Ventures

Richard B. Sheridan

President and CEO
Menlo Innovations LLC

David Snodgrass

President and CEO
Lake Trust Credit Union

Mickey Swortzel

CEO/CFO
New Eagle

Robert Young

VP, Purchasing
Toyota Motor Engineering
& Manufacturing
North America, Inc.

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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