

ANN ARBOR SPARK 2011 ANNUAL REPORT

ANN ARBOR
SPARK 2.0
IGNITING INNOVATION

@annarborusa



a letter from the chair

To our partners, colleagues and investors:

In 2011, Ann Arbor SPARK continued to advance the regional economy, powered by six years of strong, steady progress, and the vigor and vision of a new executive team.

It was in 2005 that community leaders—among them serial entrepreneur and now Michigan Governor Rick Snyder—launched a public-private partnership dedicated to open source regional economic development. What began as a no-frills business accelerator quickly expanded into a statewide hub for innovation-based enterprise that today includes three state-of-the-art incubators, capital funding sources, business development resources, skill building programs and a coast-to-coast talent recruitment effort.

During its short but remarkably productive history, SPARK has earned national acclaim—and has become a national model—for its strategic approaches and its bottom-line results.

This past year, the organization continued to build on its many strengths by welcoming a new executive team. Headed by Paul Krutko, former chief development officer of San Jose, California, this diverse and talented group has already begun moving SPARK in exciting and promising new directions with initiatives that include:

- A renewed focus on “industry drivers”—established mid-sized businesses that generate opportunity and prosperity for the entire region.
- A campaign aimed at drawing high-net-worth individuals into the angel investor community.
- An expansion of successful, high-return programs such as the Talent Portal and the MichAGAIN marketing campaign.
- An economic development alliance with Livingston County that will further strengthen the regional economy.
- The launch of Shifting Code, an IT training program funded by the Michigan Economic Development Corporation and developed in collaboration with regional employers.

Looking ahead, we can be certain that SPARK will continue to pursue its mission of economic development with unprecedented energy and enterprise—and unprecedented benefits for Michigan.

Sincerely,

Stephen R. Forrest
Chairman of the Board, Ann Arbor SPARK

Based on every significant metric of success, AnnArborUSA is thriving—and people are taking notice. This past year, our region made its way into the headlines of leading media outlets, the conversations of national thought leaders and the “Best” lists of trend-watchers nationwide. Here’s what they’re saying about AnnArborUSA:

- **#1 in the Nation for Job Growth**
~ thedailybeast.com
- **Top Turnaround Towns – Midwest (#10)** ~ Realtor.com
- **#1 State in the Nation for Tech Job Growth** ~ TechAmerica
- **Most Well-Read Cities in America (#4)** ~ Amazon.com
- **#1 in Educational Attainment in Communities with 100,000+ Residents** ~ bizjournals.com
- **A 21st Century Leader**
~ Thomas Friedman, *The New York Times*
- **The Ultimate College Town**
~ *The New York Times*
- **Best Cities in America to Find a Job (#7)** ~ *U.S. News and World Report*
- **16th Geekiest City in the USA**
~ *Forbes Magazine*
- **America’s Best Hospitals (#14)**
~ *U.S. News and World Report*



a letter from the president and ceo

To our investors, stakeholders and clients:

The national economy is rebounding—and our region is leading the way. As *New York Times* columnist Thomas L. Friedman noted recently, Ann Arbor is among “the job factories of the future.” He’s not alone in that view—media outlets nationwide are lauding our region as a great place to live and do business.

It is a privilege to lead an organization that has contributed so much to the regional economic resurgence. In many ways, this is the beginning of a new era for the state—and for SPARK. Building on the strong foundation already in place, our SPARK 2.0 team is moving ahead, exploring new strategies to grow a world-class economy in southeastern Michigan. Following the example of software developers, we’re

updating our basic programs and adding new, customer-friendly features.

We began that work in 2011 by reinforcing our commitment to open source economic development through a regional partnership with the Michigan Economic Development Corporation (MEDC) and a dynamic alliance with Livingston County. We joined forces with area businesses to develop recruitment and training programs such as Shifting Code. We launched a new marketing and communications tool—CEO Podcasts: Conversations on Economic Opportunity—to spotlight the region’s many business success stories. We also continued to work closely with government agencies by administering state-funded programs such as MichAGAIN, the Accelerate Michigan Innovation Competition and the Michigan Pre-Seed Capital Fund, which to date has invested more than \$15 million in Michigan businesses.

We are grateful for your support. And we will continue to earn that support by maximizing our strengths and our impact on the regional business community.

Sincerely,

Paul Krutko

President and Chief Executive Officer, Ann Arbor SPARK

the Economy of the Ann Arbor region



Learn more about SPARK at AnnArborUSA.org

accelerating

the Growth of Innovative Start-Ups and Emerging Businesses

ENTREPRENEURIAL SERVICES

A constantly growing portfolio of Entrepreneurial Services has made SPARK the go-to resource for everything from educational events & basic business training to expert business consulting, from business accelerator services to state-of-the-art incubators, and from early-stage investment to a million-dollar business plan competition.

In 2011, momentum continued to build as we ramped up our programs and expanded our role as a hub for emerging businesses. Looking ahead, we will continue to foster the growth of Ann Arbor's entrepreneurial ecosystem.

Among the year's milestones:

- The SPARK Regional Business Incubator Network saw multiple graduations of entrepreneurs, who are now in the process of hiring employees and setting up locations of their own.
- We received our first Economic Development Authority (EDA) grant from the federal government. With the goal of extending SPARK's success elsewhere in the region, this one-time \$250,000 grant will be used to fund business accelerator services in less populated areas and distressed communities throughout southeastern Michigan.
- We completed our fifth year of managing the Michigan Pre-Seed Capital Fund. To date, we have invested over \$15 million in Michigan technology start-ups at their most crucial growth phase, just prior to commercialization.

Two years ago, DeNovo Sciences was little more than a lofty goal shared by cellular biologists Priya Gogoi, Saadeh Sepehri and Chris Seimer. Today, it's a thriving start-up with a fully-equipped wet lab, a proprietary technology for early detection of tumor cells and angel investments totaling more than \$1 million.

The secret to DeNovo's remarkable success? Hard work, innovation and the right kind of support—much of it provided by Ann Arbor SPARK.

As DeNovo CEO and serial entrepreneur Kalyan Handique explains, the three founders took advantage of every opportunity. "They learned basic business skills at Entrepreneur Boot Camp and made valuable contacts at networking events. They won the Great Lakes Entrepreneur's Quest Business Plan Competition. Then, after taking first place in the 2011 Accelerate Michigan Innovation Competition, they qualified for space in the Michigan Life Science and Innovation Center. That was a game changer. Now we're leveraging an Economic Development Authority grant from SPARK to develop marketing materials."

The 2011 Accelerate Michigan Innovation Competition (AMIC)

Launched two years ago with a \$750,000 grant from the New Economy Initiative of Southeast Michigan, AMIC is one of the world's largest business plan competitions. In 2011, aspiring entrepreneurs contended for more than \$1 million in cash plus in-kind services.



"Launching a business is a challenging, complex process filled with opportunity and fraught with risk. In 2011, SPARK once again helped dozens of entrepreneurs and start-ups optimize their opportunities, reduce their risks and increase their likelihood of success—to the benefit of the region and the entire state."

Skip Simms
Senior Vice President

Find more business success stories & the events calendar

at AnnArborUSA.org

success stories

ENTREPRENEURIAL SERVICES

Taking a Bite Out of the Competition

With help from SPARK, Akervall Technologies is gaining an edge in the world market for athletic mouth guards.

All too often, surgery of the mouth and throat can result in severe damage to a patient's teeth — usually in the form of chipping or breaking. In the past, conventional mouth guards have been used to provide some measure of protection. But not enough protection to satisfy otolaryngologist and surgeon Jan Akervall.

Five years ago, Dr. Akervall began working with a professor of chemical engineering to design a better mouth guard for patients undergoing surgery. Within three years, the custom-fit product they developed, known as Protech Dent™, was ready for market.

By the summer of 2009, Akervall Technologies was up and running and Jan's wife, Sassa, had launched an online store. Although Protech Dent had been designed for surgical applications, and was proving to be far superior to conventional alternatives, the product was launched as a sporting goods device — where it found a ready market.



Sassa notes, "As the mother of two active children, I knew how much kids hated the big, bulky mouth guards that were available. Protech Dent offers a very different experience. It's customized and comfortable. You can drink, breathe and talk while wearing it."

Sales were modest until January of 2010, when Akervall Technologies used a small business grant from SPARK to launch a new, improved web site. A year later, they developed a third version of the site and hired their first full-time employee along with four part-time workers.

Sassa is quick to point out that the grant was just one of many SPARK resources to benefit the company. "Ann Arbor SPARK has been amazing," she says. "They took us in as a start-up.

We had access to lectures and networking events. Then in May of 2010, I attended Boot Camp — which was a fantastic experience. I'm still in touch with my mentor. Soon after that, SPARK awarded us a \$15,000 microloan from the Michigan Microloan Fund." Sassa goes on to note that Akervall Technologies was the first recipient to repay its microloan in full, before the due date.



Today, Akervall is global, with retail customers in North America, Europe, Australia and New Zealand. The company recently filed for three additional patents, and near-term plans call for new product rollouts in the fall of 2012 as well as revamped packaging.

Along with strong consumer sales, medical and dental market segments also continue to expand. Protech Dent has now been used in nearly 1,000 surgeries — without a single tooth being chipped.

So what's next? "Rather than outsourcing, we'd like to build our own production facility in Ann Arbor," Sassa explains. "Jan and I moved here from Sweden in 2004 because we found the American dream so appealing. Now, as a way of giving back to our adopted country, we want to bring jobs to Michigan."

A Meeting of Minds

Take three altruistic biologists, add a game-changing technology for cancer detection, combine with one experienced entrepreneur, and the result is... DeNovo Sciences.

In 2010, cellular biologists Priya Gogoi and Chris Seimer were completing internships at Esperion Therapeutics, Inc. Most young scientists in their position would have launched a job search. Instead, the two decided to launch a start-up dedicated to making products that would benefit humanity.

To complete the partnership, Gogoi and Seimer joined forces with fellow biologist and EMU graduate student Saedeh Sepehri, who shared their vision of a company that would change people's lives for the better. Within a short time, DeNovo Sciences was up and running.

As one of their first business-building forays, the team applied for a prestigious Gates Challenge Grant. For the competition, they spotlighted their innovative technology for malaria detection, which captured blood cells on a microfluidic chip and transmitted the data online for downstream analysis at a central lab facility.

Although their technology didn't garner any grant money, it did grab the attention of successful entrepreneur Kalyan "Handy" Handique. In 2000, Handique co-founded HandyLab, a spinoff of technology he helped develop as a U-M graduate student in chemical engineering. Nine years later, the company was acquired by global medical device manufacturer Becton, Dickinson and Company.

Following his exit from HandyLab, Handique began mentoring students and aspiring entrepreneurs. He also became extremely interested in helping and nurturing young entrepreneurs navigate the

rocky road of commercialization.. "The acquisition gave me an opportunity to give back to the community," he notes.

In 2011, Handique attended the GLEQ New Business Plan Competition, where the DeNovo team won not only the New Business Idea Award but also the Elevator Pitch Competition. As he recalls, "By then, they had shifted their focus to cancer research and treatment and had demonstrated the ability of their technology to detect as few as ten tumor cells among a billion other blood cells. That had strong appeal for me because of the possibility it offered for benefiting society."

In August of last year, Handique stepped in as CEO of DeNovo Sciences. Today, the company is thriving — something he attributes to dedication, passion, innovation and a great deal of support from Ann Arbor SPARK.

He points out that DeNovo's three founders took advantage of every opportunity SPARK afforded. They learned basic business skills at Entrepreneur Boot Camp. They made valuable contacts at networking events. Then, after they won the Great Lakes Entrepreneur's Quest Business Plan Competition, they qualified for space in the Michigan Life Science and Innovation Center.

From there, the company went on to win the \$500,000 grand prize in the 2011 Accelerate Michigan Competition. That was, in Handique's words, a game changer. Now DeNovo is leveraging an Economic Development Authority grant from SPARK to develop its marketing materials.

Expectations are high and the future looks bright. Still, Handique is quick to note that commercialization "is a marathon." He adds, "We've done the first five or six miles, but there's still a long way to go. However, we know what we have to do. That includes asking for help when we need it and being grateful for support when we receive it."

success stories

ENTREPRENEURIAL SERVICES

"The support we received from Ann Arbor SPARK has been monumental in getting DeNovo Sciences off the ground. "

Kalyan Handique
CEO, DeNovo Sciences
AMIC Winner 2011



BUSINESS DEVELOPMENT

With its broad knowledge of the regional business community and its ready access to state-wide business resources, SPARK is ideally positioned to help companies make the right connections and the best decisions.

In 2011, we continued to focus on providing strategic support services to help grow local companies. At the same time, we expanded and accelerated our business recruitment efforts coast to coast, primarily through the MichAGAIN campaign. MichAGAIN is a collaboration between SPARK and the Michigan Economic Development Corporation.

Launched in 2010 by a consortium of private companies, economic development groups and regional universities, MichAGAIN was originally intended to draw University of Michigan graduates

working outside the state back to “the land of opportunity.” This past year, we built on that successful model—increasing the number of events, leveraging social media and extending our target audience to include alumni from all of Michigan’s leading public universities. We also scaled up our recruitment of innovation-based companies in these markets.

In 2012, look for us at MichAGAIN events in Palo Alto, San Francisco, Chicago, Boston and Washington, D.C.

2011 metrics

Activity/Outcome	Total
Project Successes	48
NEW FTE Jobs	431
New Investment Project Costs	\$52,270,000
Attraction Successes	16



Arbor Networks was launched in 2000, the result of a highly successful, federally funded research project by U-M Engineering Professor Farnam Jahanian and graduate student Rob Malan. Today, the company employs more than 350 people—many of them at its Ann Arbor R&D facility, where software engineers develop products that protect enterprises and the vast majority of the world’s Internet service providers from denial of service attacks.

In 2008, the company invested \$14 million to expand its local R&D operations and add 56 jobs. Two years later, it invested an additional \$9 million in new equipment and building improvements.

In both cases, Arbor Networks relied on SPARK to assist with local and state tax incentives. As VP of Engineering Kris Lamb points out, “SPARK has been extremely helpful—identifying opportunities, advising us throughout the application process and assisting with renewals.”

promoting the Region’s Unique Assets by Attracting and Retaining Innovation-Based Companies

“Our approach to business development is both personal and proactive. Whether it’s site selection, critical introductions, professional referrals, talent recruitment or tax abatements, we’re ready to provide the services that will enable companies to thrive, succeed and move to the next level.”

Luke Bonner
Vice President of Business Development



Find more business success stories & FastTrack

winners at AnnArborUSA.org

Growing in Ann Arbor

At 12 years and counting, Arbor Networks continues to invest in local facilities and employees — with support from SPARK's Business Development team.

In the mid-1990s, U-M Engineering Professor Farnam Jahanian and graduate student Rob Malan began work on the first of two research projects that would forever change the future of Internet security — and the business landscape of Southeastern Michigan. Completed in 1997, their Internet Performance Measurement and Analysis (IMPA) led to breakthrough discoveries relating to Internet routing instability. It was followed in 2000 by the Lighthouse Project, which generated further insights and technologies. Both research studies were funded by the federal government's Defense Advanced Research Projects Agency (DARPA).

Soon after completing the Lighthouse Project, Jahanian and Malan launched Arbor Networks and began conferring with the University of Michigan Office of Tech Transfer on strategies for commercializing the technology they had developed. In order to build the company and attract venture capital, Jahanian took a two-year leave of absence from the University of Michigan.

Arbor Networks grew at a strong pace. Strong enough that, in 2010, the company was purchased by Tektronix Communications, a division of science-and-technology giant Danaher Corporation.

Today, Arbor Networks employs more than 350 people and is a leading provider of security and network management solutions for business. Its products are used to protect many of the world's largest enterprise networks and top-tier Internet service providers from denial of service attacks.

Although Arbor Networks moved its headquarters to Boston several years ago, the research and development function has remained in Michigan. In 2008, the company began what would be an ongoing commitment to growing its base in Ann Arbor. That year, it doubled the size of its R&D facility by renovating more than 20,000 square feet of office space in the South State Commons industrial development site. It also hired 56 additional employees, bringing its total investment to \$14 million.

As Vice President of Engineering Kris Lamb notes, "SPARK was instrumental in helping us secure more than \$193,000 in property tax abatements from the city as well as \$1.5 million in state tax credits over a 10-year period."

Two years later, Arbor Networks was on the grow once again, adding 20 jobs and investing \$9 million in new equipment and building improvements. And once again, the company looked to SPARK for assistance with local and state tax abatements.

Says Lamb, "SPARK has been an extremely helpful business development partner — identifying opportunities, advising us throughout the tax credit application process, and assisting with renewals."

success stories

BUSINESS DEVELOPMENT

"SPARK was instrumental in helping us secure more than \$193,000 in property tax abatements from the city as well as \$1.5 million in state tax credits over a 10-year period... SPARK has been an extremely helpful business development partner— identifying opportunities, advising us throughout the tax credit application process, and assisting with renewals."

Kris Lamb
Vice President of Engineering, Arbor Networks



Picking Up the Pace

In Just Over a Decade, Pixel Velocity Has Moved from the Starting Blocks into the Fast Lane

These days, Pixel Velocity is on an accelerated growth curve. The Ann Arbor-based provider of next-generation surveillance technology has a full-time staff of 10, an ambitious R&D program, and a portfolio of “luminary” clients that range from Fort Knox to the National Gallery of Art, and from the Department of Homeland Security to the U.S. Military.

It hasn’t always been that way.

Back in 2001, Pixel Velocity was a newly launched startup co-founded by Eric Sieczka, formerly with the technology transfer unit of the Michigan Economic Development Corporation, and David McCubbrey, a specialist in image processing who had spent more than 25 years with the Environmental Research Institute of Michigan (ERIM). The company’s technology heritage and expertise stems from work conducted at the ERIM, where advanced image processing hardware and software solutions were used to solve complex imaging problems, including automatic target recognition, reconnaissance, and surveillance.

As Sieczka readily admits, Pixel Velocity did not have a fast start. “Although the spin-out technology was promising, we needed to evolve the product,” he says. “So we became the very first tenants of the IT Zone, which was the precursor of Ann Arbor



Eric Sieczka of Pixel Velocity

SPARK, and we set to work.” In all, he and McCubbrey dedicated five years to research and development. Their goal was to create a peerless, high-definition surveillance platform for commercial applications.

In 2007, Pixel Velocity raised a convertible debt angel round which included a \$250,000 Pre-Seed investment by Ann Arbor SPARK. That same year, Pixel Velocity had its first big break when a homeland security grant from the federal government made it possible for the Michigan State Police to implement the company’s video surveillance system at the University of Michigan stadium. Soon, referrals began flowing in.

The next major breakthrough came in 2009 in the form of a \$1.8 million 21st Century Jobs Fund award, a program administered by the Michigan Economic Development Corporation (MEDC). That money made

it possible for Pixel Velocity to advance its technology even further by developing a smart video system capable of geospatial mapping. This new-and-better surveillance technology not only located objects but enabled users to identify, differentiate and track selected objects automatically. Described by Sieczka as a “force multiplier,” the system handles surveillance functions that normally require the effort of many human beings.

Currently, Pixel Velocity systems are being used for a wide range of demanding applications. The U.S. military is evaluating the deployment of the technology to help reduce the vulnerability of their forward-operating bases overseas. Other clients include offshore oil and gas facilities, the Detroit Port Authority, and the Pentagon.

Pixel Velocity continues to work closely with Ann Arbor SPARK, particularly in the area of talent enhancement and recruitment. “This state has done a very good job of supporting early-stage businesses,” says Sieczka, “and I attribute much of that success to the efforts of SPARK.”

BUSINESS DEVELOPMENT

success stories

TALENT ENHANCEMENT

These days, the rapid pace of change in IT, life sciences, manufacturing, healthcare and other fields is creating a unique set of challenges for employers and job seekers alike. According to recent estimates, as many as 70,000 Michigan jobs are currently unfilled due to a lack of qualified workers.

In response, Governor Rick Snyder has called for a new approach to education and economic development* that bridges the gap between

* www.michigan.gov/documents/snyder/SpecialMessageonTalent_369995_7.pdf

opportunities and skills. In 2011, SPARK contributed to that approach by pursuing a three-pronged strategy:

- **Retaining talent** through job fairs, networking events and collaborations focused on maintaining a high quality of life in our region.
- **Retraining talent** through innovative skill-building programs such as Shifting Code, designed to meet employer needs in IT and other industries.
- **Recruiting talent** to the area through MichAGAIN, a multi-faceted campaign that combines strategic social networking with site visits to tech “hot spots” and urban centers nationwide.

Talent Enhancement and Career Connection Programs

- Hot Shots: Career Connections
- Talent Search
- Custom Career Programs
- Shifting Code
- SPARK Talent Portal
- MiTalent.org



See more business success stories

The 2011 bankruptcy of Borders Group Inc. resulted in hundreds of local job casualties. Among those was financial analyst David Altheon. “My first impulse was to leave the area,” he recalls. “I needed assurance that I could find a job locally.”

That assurance came in the form of the Joint Adjustment Committee, a group comprised of state government consultants, former Borders’ employees like David and members of the local business community—including Britany Affolter-Caine, SPARK’s director of talent enhancement. Meeting weekly, the committee set up communication channels, offered classes and hosted a Borders Job Fair. Within a matter of months, David had landed an executive position with Ann Arbor-based Forest Health Services.

David views his job transition as proof of SPARK’s key role in retaining local talent. As he notes, “SPARK convinced me and my former colleagues that it made sense to believe in southeastern Michigan and the local economy.”



“The success of companies in the Ann Arbor region, from start-ups to established businesses, is dependent on attracting and retaining high quality talent. To meet this increasing demand, SPARK will continue building on its portfolio of talent enhancement services. Last year alone, over 400 employers across the region used SPARK’s Talent Portal to connect with job-seeking professionals.”

Donna Doleman, Vice President, Marketing, Communications & Talent

connecting

Existing and Relocating Companies with Top Candidates

Find more talent success stories at AnnArborUSA.org

Developing a Pipeline of IT Talent

Entrepreneur Alex Fisher partners with SPARK to create Shifting Code.

Web developer Alex Fisher has always appreciated the power of the digital domain. Fresh out of college, as a new hire at Move Networks, he designed the largest webcast ever for Oprah. Exactly how big was it? "Big enough to break the Internet," he says with a grin.

After being laid off during a major business transition at Move in 2009, Alex decided to go it alone. His firm, known as Commercial Progression, quickly carved out a niche for itself by offering Drupal-based development services for "power player web sites" — complex, highly interactive commercial sites typically operated by major retailers, non-profits, and government agencies.

Business has been so good that, last year, Alex began hiring his first employees. In the process,

he discovered a serious shortage of Drupal-trained, ready-to-go web developers in the greater Ann Arbor area.

Being a problem solver by nature, Alex began searching out new sources of talent. It wasn't long before he found himself in the conference room of Ann Arbor SPARK, doing some serious fast-track brainstorming with area IT entrepreneurs and SPARK's Director of Talent Development Britany Affolter-Caine.

Within three months, the group — which included Mike Monan of Tech Reprieve and Marty Byle of Commerce Guys — was ready to launch Shifting Code, an intensive three-month training and internship program intended to provide participants with entry-level web development skills.

After sorting through hundreds of applications, the Shifting Code team selected 120 candidates for the program and recruited area IT professionals as instructors. As one of those instructors, Alex admits that it's been a challenge packing so much information into a two-month training period and a one-month practicum. But he has high expectations.

As he points out, much of the credit for this ground-breaking program goes to Ann Arbor SPARK and Affolter-Caine. "I'm really pleased with the way the program has progressed," he notes. "It's a great way to give people a grounding in Drupal grammar and technology — skills they can expand on in the workplace. SPARK has been crucial to the program and is responsible for its success."

In the meantime, Commercial Progression continues on its upward trajectory. "I'm thrilled with our growth," Alex says. "In the first quarter of this year, we surpassed gross earnings for all of 2011. We just landed a Fortune 100 auto supplier and launched a site for the National Geographic Channel."

Because the company likes to balance large enterprise sites with smaller projects, Alex and his team have also taken on some local accounts such as Motawi Tileworks. As he explains, "Smaller sites give us a great opportunity to test our skills and stay on top of new developments in Drupal. And thanks to Shifting Code, we now have a pipeline to the kind of talent we need to keep growing the business and expanding our client portfolio."

Alex took advantage of this pipeline by recently hiring a Shifting Code graduate at the close of the program.

"I'm really pleased with the way the program has progressed. It's a great way to give people a grounding in Drupal grammar and technology — skills they can expand on in the workplace. SPARK has been crucial to the program and is responsible for its success."

Alex Fisher
Founder
Commercial Progression

TALENT ENHANCEMENT



Inaugural Shifting Code graduation class

Starting a New Chapter

SPARK Connects Job Seekers with Opportunities

David Althoen and other former Borders employees are working with SPARK to give their careers a fresh start — and a happy ending.

The bankruptcy of Borders Group Inc. in 2011 created hundreds of local job casualties. Financial analyst David Althoen was among them. Fortunately for him, his credentials were superb. During his ten years working in operations, marketing and finance for the book seller, he had earned an Evening MBA from the University of Michigan's prestigious Ross School of Business. As a result, job offers were coming in — but all of them from out of state. And, for David, that was a huge problem.

As he explains, "I like this area. My family likes this area. It's home, and I wanted to stay here. But like all of my former Borders' co-workers, I found myself giving in to panic. When you lose a job, your first thought is: 'Oh my God, we have to leave.' I needed some assurance that I could find a job locally."

That assurance came in the form of the Joint Adjustment Committee, a group comprised of state government consultants, former Borders' employees like David, and members of the local business community — among them Britany Affolter-Caine, SPARK's director of talent enhancement. Meeting weekly, the committee collaborated with MichiganWorks! to set up communication channels. They offered classes and presentations designed specifically for former Borders' employees on topics ranging from interviewing skills and resumé writing to networking. They also hosted a Borders' Job Fair and other career connection events through SPARK's Hot Shot program.

In addition to taking classes and networking with his committee contacts, David began participating in various SPARK programs. Most helpful, he notes, were the monthly Marketing Roundtable and other learning-and-networking events. "The whole process was challenging because, basically, we were all being forced to change industries," David explains. "The reality was, if you wanted to stay in the area, you couldn't stay in retail."

Within a matter of months, he landed a job as director of financial analysis and planning with Forest Health Services. In addition to its highly successful Barix Clinics, which specialize in weight loss surgery, the company plans to open a pain management clinic in southeast Michigan.

For David, his own job transition offers proof positive that SPARK plays a key role in retaining local talent. "Based on my experience, I can say that SPARK is extremely effective at keeping workers in the area," he says. "Their team helped me and my colleagues avoid panic-driven decisions. They convinced all of us that it made sense to believe in southeastern Michigan and the local economy."

TALENT ENHANCEMENT

success stories

"Based on my experience, I can say that SPARK is extremely effective at keeping workers in the area. Their team helped me and my colleagues avoid panic-driven decisions. They convinced all of us that it made sense to believe in southeastern Michigan and the local economy."

David Althoen, Director of Financial Analysis and Planning, Forest Health Services



success stories

TALENT ENHANCEMENT

Turning on a DIIME

When SPARK introduced business development consultant John Blue to a group of visionary young innovators, his career shifted in an entirely new direction.

John Blue is no stranger to major career shifts. After receiving his Doctor of Pharmacy degree, he worked in medical research and development for Baxter International Inc. Then in 1998, he joined the pharmaceutical development team at Parke-Davis (later Pfizer) in Ann Arbor, where he specialized in cardiovascular drug development.

By 2004, it had become apparent that Pfizer would be closing down its southeast Michigan facility. Rather than leave Ann Arbor — where his family had roots and he had a solid professional network in place — John did an about-face and began marketing himself as a consultant to start-ups in the drug development field.

“I was busy from day one,” he recalls. “Within a week I was working with a small venture in San Francisco. Pretty soon, I had so many clients in so many far-flung locations, I was almost never home. I couldn’t even get to the dry cleaners.”

In a sense, it was his success — and his unrelenting work schedule — that brought him to the office of Britany Affolter-Caine, SPARK’s director of talent enhancement. As John explains: “I was tired of living on airplanes and realized that

I’d never worked with local companies. My hope was that SPARK could help me make some connections in the greater Ann Arbor area.”

SPARK was happy to oblige.

Within a short time, Affolter-Caine had introduced John to Theresa Fisher, Gillian Henker and several other recent University of Michigan graduates who had banded together to found a fledgling medical device design firm in Ann Arbor, and who were looking to add a senior person to their team. Known as DIIME — an acronym for Design Innovations for Infants and Mothers Everywhere — the start-up was dedicated to creating affordable, high-quality medical devices that address maternal and child healthcare disparities in developing countries.

The enterprise was actually an outgrowth of the U-M’s Multidisciplinary Design Program Specialization in Global Health Design, which offers undergraduate engineering students an opportunity to address global health issues. DIIME’s co-founders were part of the program’s first cohort, assigned to work at a teaching hospital in Ghana in the summer of 2010. During that transformative time, they collaborated with local clinicians to identify health care challenges, then spent eight months developing prototype devices to address those challenges. DIIME was

“I was tired of living on airplanes and realized that I’d never worked with local companies. My hope was that SPARK could help me make some connections in the greater Ann Arbor area.”

John Blue, Business Planning and Research and Development, DIIME



DIIME – Design Innovations for Infants and Mothers Everywhere

founded in 2011 to commercialize the group’s innovative technologies.

John was deeply impressed not only by the talent of the young entrepreneurs but also the large unmet medical needs they had chosen to address. Within a matter of weeks, he had joined the DIIME team to assist with business planning and research and development. “I’m grateful to SPARK for acting as a catalyst in this local engagement,” he says.

Currently, DIIME is focusing its efforts on Hemafuse, an auto-transfusion device that collects and infuses patient blood during surgical hemorrhage. Since few developing countries have an adequate blood supply, the device could potentially save many lives. Other products in the works include a customized labor and delivery bed to facilitate childbirth in low-resource settings.

To date, DIIME has accumulated approximately \$75,000 through federal and international grants and the 2011 Accelerate Michigan Innovation Student Competition. The company is now seeking angel investments.

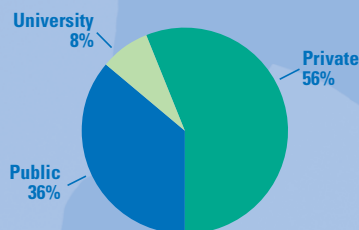
Succeeding

For the Benefit of the Community, the State and the Region

2011 financial Highlights

Ann Arbor SPARK and Affiliates Operating Budget

(excludes Pre-Seed Fund/Microloan Capital Grants)



SPARK Operating Budget	\$4,411,000
Michigan Pre-Seed Capital Fund and Microloan Funds	\$2,269,000
Michigan Life Science and Innovation Center, LLC	\$1,452,000
Total SPARK Budget:	\$8,132,000

2006-2011 Leveraged Funding

Michigan Pre-Seed Capital Fund	\$24,470,000
Michigan Pre-Seed Capital Fund Company Matching Funds	\$18,470,000
Microloan Fund	\$1,475,000
Wet Lab Incubator	\$1,000,000
Michigan Innovation Equipment Depot	\$5,400,000
Michigan Life Science and Innovation Center, LLC	\$4,500,000
Michigan Economic Development Corporation	\$300,000
Federal Government	\$532,000
State of Michigan Incubator Grant	\$250,000
Company Formation and Growth Fund	\$3,750,000
Michigan Technology Tri-Corridor	\$750,000
New Economy Initiative for Southeast Michigan	\$450,000
Accelerate Michigan Innovation Competition	\$2,350,000
Total:	\$63,697,000

2006-2011 Results

Project Successes	224
New Investment Commitments	\$1.3 Billion
Jobs	10,905

funders

FOUNDER

Ann Arbor/Ypsilanti Local Development
Finance Authority
Community Foundation for Southeast Michigan
Detroit Edison/DTE Energy
Google
Michigan Economic Development Corporation
University of Michigan
Washtenaw County
Washtenaw County Michigan Works Agency

LEADER

City of Ann Arbor
Eastern Michigan University
McKinley Inc.
University of Michigan Health Systems

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Comcast Business Class
PNC Bank
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Domino's Farms
First Martin Corporation
GDI Infotech
Miller Canfield
Pittsfield Township
PR Newswire
S.I. Company
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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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