



a thriving area
of innovation

ANN ARBOR SPARK 2013 ANNUAL REPORT

SPARK@ann arbor usa



a letter from the chair

To our partners, colleagues and investors:

It is super exciting to share with you the many successes and highlights not only of our past year, but also since the founding of Ann Arbor SPARK in 2005. Looking back at the past eight years, it is clear that Ann Arbor SPARK has had a significant impact on the economy of the Ann Arbor region.

What started as a small business accelerator has quickly grown into the region's economic engine—with more than 500 start-ups assisted by our organization, and companies served by SPARK committing to over \$1.5 billion in new investments and creating over 13,000 new jobs.

To ensure Ann Arbor SPARK's continued success in cultivating a **thriving area of innovation** in the Ann Arbor region, our dedicated Board and Executive Committee developed and launched a Five Year Strategic Plan for the organization in 2013. This plan sets a framework for long-term vitality, and is focused on three key areas of greatest opportunity for the region: acceleration, talent and growth.

The Five Year Strategic Plan, which is detailed on the following page, reflects SPARK's commitment to connecting companies at every stage with the resources they need for continued growth. It also reaffirms SPARK's efforts in retaining, attracting, and developing knowledge workers in the region through collaboration with our regional, academic and governmental partnerships.

Through the strong leadership of SPARK's Board and Executive Committee, a dedicated team of professional staff, and the guidance of the Five Year Strategic Plan, I am confident that the Ann Arbor region will maintain its global competitiveness and continue to be a world-class destination for business growth and innovation.

Sincerely,

Timothy G. Marshall
Chairman of the Board
Ann Arbor SPARK
President and CEO
Bank of Ann Arbor



a letter from the president and CEO

To our investors, stakeholders and clients:

The Ann Arbor region gained worldwide recognition in 2013, from hosting the International Economic Development Council's (IEDC) Spring Conference to being designated one of the nation's nine "Area of Innovations" by the International Association of Science Parks (IASP).

This global spotlight is a result of our track record of excellence. For the past eight years, Ann Arbor SPARK has been the catalyst in creating and nurturing a vibrant, business-friendly environment that encourages growth and innovation. These efforts were recognized this past year by the IEDC, who after an extensive application and vetting process, designated Ann Arbor SPARK as an Accredited Economic Development Organization (AEDO). Earning this designation puts SPARK's team of economic development professionals at the top of their class internationally—only 38 other organizations in the world have achieved this status.

SPARK's efforts to create economic prosperity in the Ann Arbor region this year were enhanced by the strategic expansion of our SPARK Central incubator to include office space for growing "stage two" entrepreneurs. We also formed the Greater Ann Arbor Region, a six-county region collaborative focused on attracting businesses through the unique assets of our region.

SPARK's economic development efforts continue to yield positive, measurable results for the region. The recent successful IPOs posted by Barracuda Networks and Esperion Therapeutics, two companies SPARK has worked with throughout the years, are examples of this economic impact.

Fueled by the momentum and global recognition we've gained, Ann Arbor SPARK will continue our efforts in making the Ann Arbor region a **thriving area of innovation**.

Sincerely,

Paul Krutko
President and Chief Executive Officer
Ann Arbor SPARK

Ann Arbor SPARK Five Year Strategic Plan

Acceleration

Create long-term regional prosperity by accelerating the growth of start-ups and early-stage companies.

547 innovation start-ups assisted since 2006

Talent

Maximize the retention, development and attraction of knowledge workers through convening and collaborating with partner organizations to meet the needs of early-stage and mature companies.

13,024 new jobs since 2006

Growth

Maximize job creation and capital investment by growing the region's GDP through the retention and expansion of mature driving industry companies and the targeted attraction domestically and internationally.

\$1.5 billion in new investment commitments since 2006

Leadership

Further strengthen the Ann Arbor SPARK organization to maintain SPARK's position as one of the nation's and world's leading economic development organizations.



Planning

Lead the creation of a long-term strategic framework for maximizing the Ann Arbor region's economic competitiveness globally by the year 2025.



Values

Innovative Service

Open Source Economic Development

Regional Collaboration

Mission

Ann Arbor SPARK advances the region by encouraging and supporting business acceleration, attraction and retention. Our organization identifies and meets the needs of business at every stage, from start-ups to large organizations. Ann Arbor SPARK collaborates with business, academic, government and community investor partners to position the region as a destination for innovation.





2013 FASTTRACK WINNERS

Ann Arbor SPARK presented its annual FastTrack award to Washtenaw-based companies that have demonstrated impressive growth. These 11 companies are thriving in the Ann Arbor region, growing consistently at an annual rate of 20% or more, some for several years in a row.

One Year

- CEI Composite Materials
- DreamMaker Bath & Kitchen
- McCreadie Group, Inc.

Two Year

- Arbormoon Software, Inc.
- Estrakon, Inc.
- Oxford Companies

Five Year

- Caelynx, LLC
- MedHub, Inc.

Six Year

- Llamasoft, Inc.
- Online Tech

Seven Year

- ForeSee Results



THE ACCELERATE MICHIGAN INNOVATION COMPETITION (AMIC)

AMIC is one of the largest business plan competitions in the world, with hundreds of aspiring entrepreneurs competing for \$1 million in cash plus in-kind services. SPARK has been involved with the competition since its beginning, attracting investors, preparing companies for pitching and volunteering at the event. Of the 50 competition finalists, 16 were companies that have received services from SPARK, and two of those won cash prizes. PlanReaction won the \$25k IT Industry Award, and TurtleCell was awarded the \$10k People's Choice Award.

For more info visit acceleratemichigan.org

2013 YEAR IN REVIEW

business development

Through strategic partnerships and turnkey project management services, Ann Arbor SPARK's dedicated business development team continues to help growing companies thrive. Our expanded efforts include resource toolkits to prepare local companies for exporting, and new ways to assist foreign companies locating in the Ann Arbor region.

To build greater economic prosperity, SPARK has identified connected and autonomous vehicle technology as a key opportunity for the region. SPARK began working on an innovative redevelopment of the Willow Run GM Powertrain site with public and private partners, which has the potential to generate new technologies, significant capital investment and jobs.

We've also continued to strengthen our Open Source economic and workforce development efforts through solid partnerships with the Economic Development Council of Livingston County and our Michigan Works! partners in Washtenaw and Livingston Counties.

entrepreneurial services

The Ann Arbor region's entrepreneurial ecosystem is thriving, and in 2013 the SPARK team accelerated its efforts to meet the increasing demand for start-up services and resources.

We expanded SPARK Central business incubator to create office space for growing "stage two" entrepreneurs, filling a gap in the market between traditional incubator space and leased office space. SPARK East was renovated to include more space for tenant collaboration and conducting business with clients. We also established the Michigan Angel Fund, a professionally managed equity fund focused on capital-efficient, early-stage companies.

With support from the Michigan Strategic Fund, we created the Washtenaw Incubator Collaborative, a partnership among SPARK, MC3 Business Accelerator and the Michigan Research Institute to support high-growth industries. We also continue to work closely with our partners at the University of Michigan Office of Technology Transfer to support university spin outs.

marketing the region

Establishing the Ann Arbor region as a world-class destination for innovation and business success is a cornerstone of SPARK's mission. In 2013, we worked to communicate the region's many assets on a national and global level.

Using an integrated mix of traditional and new media marketing tactics, the Ann Arbor region gained international prestige that further solidified it as thriving area of innovation for high tech entrepreneurs and multinational corporations alike. We hosted the IEDC's Spring Conference in Ann Arbor, and received the IEDC's New Media Gold Excellence in Economic Development Award. fDi Magazine also designated Ann Arbor as a "Top 10 Small City" for Economic Potential and Human Resources.



International Association of Science Parks
and Areas of Innovation

INTERNATIONAL ECONOMIC
DEVELOPMENT COUNCIL



Accredited Economic Development Organization





LAVIN LIFT STRAP,

a SPARK East incubator tenant, has experienced accelerated growth in Ypsilanti after connecting with Ann Arbor SPARK services. Lavin's innovative patient lifting system has received three patents, and the company has been able to dramatically increase its customer base and hire several new employees.

"Lavin Lift Strap has experienced significant growth this past year, and this success would not have been possible without Ann Arbor SPARK. They were able to **connect us** to the critical resources and business expertise our company needed to thrive."

Donna Gilkey-Lavin, Vice President of Sales and Marketing



MESSAGE BLOCKS

is an Ann Arbor start-up that has developed a single platform for meeting planners to manage all the details of an event. The company won "Best of Boot Camp" in spring 2013, and has experienced accelerated growth ever since. After outgrowing their initial cube in the SPARK Central Incubator, they moved to the new "stage two" office space.

"Three years ago I quit my job in Washington D.C. and moved back to Michigan to pursue my idea for a start-up. I met with various incubators across the state, and after a pivotal conversation about **support offerings** with the SPARK Entrepreneur Services team, I chose to locate my business at SPARK Central. Since then, they've plugged me into the necessary programs and resources my company needs to thrive, including Ann Arbor SPARK's Entrepreneur Boot Camp and business accelerator. The growth and success my company is experiencing wouldn't be possible without Ann Arbor SPARK."

Len Gauger, Founder and CEO



CONTROL GAGING

recently broke ground on its new U.S. headquarters in Pittsfield Charter Township, after outgrowing its current location. The new 24,500 sq ft facility will be used to engineer, design and manufacture precision gauges for machine tools.

"The Ann Arbor region's highly skilled workforce and business friendly environment make it an ideal location to build our new U.S. headquarters. The region's talented machinists and engineers are second to none, and Ann Arbor SPARK's assistance throughout the expansion process has been exceptional. They were able to **connect us with key business resources** and provide guidance throughout the entire incentives process, from application to award."

David Hayes, President

125

innovation
start-ups
assisted
by SPARK
IN 2013

24

microloans
awarded
IN 2013



ORNICEPT is a growing Ann Arbor tech start-up that relocated its headquarters from Indiana to Ann Arbor in 2012. Since getting connected with the Ann Arbor entrepreneurial ecosystem, this SPARK Central tenant has attracted investment from national business competitions and hired several new employees.

“Ann Arbor SPARK’s support has allowed our early-stage company to gain access to the resources and **expertise we need** to achieve success. The SPARK Central incubator has been pivotal to Ornicapt’s growth, offering not only affordable office space, but mentorship, expert speakers and networking events. They’ve also connected us to essential funding opportunities, which have allowed us to hire talent and keep moving the company forward.”

Justin Otani, CEO



MAHINDRA GENZE, a division of the multinational company Mahindra & Mahindra, is designing and manufacturing a new technology vehicle in the city of Ann Arbor. The company chose Ann Arbor over competing locations in the U.S., and is investing up to \$2 million and creating 34 jobs related to utility vehicle manufacturing.

“We’ve been working with the SPARK team on our expansion to Ann Arbor for over a year now, and we couldn’t be more impressed with their **professionalism and knowledge**. They provided expert assistance in selecting a site for our new manufacturing facility, and walked us through the process of securing both state and local incentives. Additionally, SPARK introduced us to the right people at the right time, making our expansion to Ann Arbor a success.”

Allen Clark of Mahindra GenZe



LAKE TRUST CREDIT UNION has announced it will be building a new \$30 million headquarters in Brighton Township. The company plans to invest a total of \$40 million over the next five years and grow to 350 employees.

“We are very excited to be locating our new headquarters in Brighton Township. This location offers a low cost of doing business, easy commutes for our employees, and the **space we need** to build our ideal headquarters. The team at Ann Arbor SPARK has worked closely with us since the beginning of this process, and solidified our confidence in this significant investment in the region. They really set the stage for our headquarters in Brighton Township by assisting with site searches, coordinating the logistics of bringing water to the site and introducing us to the region’s many assets.”

David Snodgrass, President and CEO

83

incubator tenants nurtured IN 2013

1,509

new jobs IN 2013

\$148

million in new investment commitments IN 2013



UNIVERSAL MARKETING GROUP,

a rapidly growing business based in Ohio, chose to expand its operations to the former Borders headquarters building in Ann Arbor. This move will create 400 new jobs ranging from sales and human resources to IT and technical staff.

"Ann Arbor SPARK's help with the recruitment side and the management of this expansion has really been earth-shattering. I really think Michigan and specifically Ann Arbor SPARK has got something right, they really know what they are doing."

Steven Horst, Managing Partner

000+

open positions posted on the Ann Arbor SPARK job portal by local companies IN 2013



NAVITAS ADVANCED SOLUTIONS GROUP,

an advanced energy storage company, recently announced its expansion into a new Pittsfield Charter Township location. Ann Arbor SPARK worked with the company to secure state incentives and receive a tax abatement, both key factors in the company's decision to expand in the region. Navitas ASG will be investing \$9.3 million and creating 125 jobs over the next four years.

"The SPARK team has been extraordinarily helpful to us as we expand our facilities in the Ann Arbor region. Their leadership, expert knowledge and impeccable follow-through have allowed us to quickly and smoothly navigate the often challenging expansion process."

Les Alexander, General Manager

14

pre-seed investments awarded IN 2013



LYONS CONSULTING GROUP,

a Chicago-based e-commerce firm, choose Ann Arbor over other competing cities in the U.S. as the location for their company expansion. The company cited the region's talent pool as a key factor in its location decision. The company is investing \$1.1 million and planning to add 30 jobs.

"Ann Arbor SPARK has been an essential partner throughout the Lyons Consulting Group expansion in Ann Arbor. They guided us through the MEDC incentive application process and provided expert counsel on the real estate landscape in the region. Going forward, Ann Arbor SPARK has continued to deliver hands-on assistance attracting and hiring the right professionals for Lyons. We've already filled several key positions, leveraging multiple SPARK recruiting programs"

Tony LaRusso, General Manager

45

business development project successes IN 2013

2013 financial Highlights

\$1.4M OPERATING BUDGET SOURCES

Public (includes government & municipal funding)	40%
University	26%
Private	34%



CURRENT FUNDERS (as of December 2013)

UNIVERSITY

Eastern Michigan University
University of Michigan
Washtenaw Community College

PUBLIC

Ann Arbor Downtown Development Authority
Ann Arbor/Ypsilanti Local Development Finance Authority
City of Ann Arbor
City of Saline
City of Ypsilanti
Economic Development Council of Livingston County

U.S. Economic Development Administration
Michigan Economic Development Corporation
Michigan Small Business Development Center
Pittsfield Township
Scio Township Downtown Development Authority
Washtenaw County
Washtenaw County Michigan Works! Agency
Ypsilanti Township

PRIVATE

Ann Arbor Area Board of Realtors
Arboretum Ventures
Bank of Ann Arbor
Barracuda Networks

2006-2013 RESULTS

307 project successes

13,024 new jobs

\$1.5 billion in new investment commitments

2,533 companies assisted with 9,025 job postings

\$55.5 million community investments leveraged through federal and state grants, equipment donation to MIED, foundations and other sources

111 microloans awarded awarded to 94 companies

103 pre-seed investments awarded to 97 companies

178 incubator tenants incubator tenants nurtured

547 innovation start-ups assisted with intensive services

794 start-ups assisted through referrals

Comcast Business
DTE Energy
Domino's Farms
Fifth Third Bank
First Martin Corporation
Ford Motor Company
GDI Infotech
Google
Honigman Miller Schwartz and Cohn LLP
IMRA America, Inc.
McKinley, Inc.
Menlo Innovations
Miller Canfield
MLive Media Group Ann Arbor News
New Economy Initiative for Southeast Michigan

NSF International
PNC Bank
PR Newswire
Rudolph Libbe
Saline Lectronics
S.I. Company
Terumo
Thomson Reuters
Toyota Technical Center U.S.A.
Yeo & Yeo, P.C., CPAs & Business Consultants

Business Development 2013 Project Successes

Black & Veatch
Caelynx
Cataphora, Inc.
Chassix
Commercial Construction, Inc.
Conatus, Inc.
Control Gaging, Inc.
Coyote Logistics
Dexter Fastener Technologies, Inc.
Disher Design and Development
Eastern Tool & Machine
ELK Software, LLC
Extang, Inc.
Flatout Bread
Innovative Biotherapies
InterClean Equipment, Inc.
Lake Trust Credit Union
Longbow Advantage
lyonscg
Mahindra GenZe
McNaughton & Gunn, Inc.
MedHub, Inc.
MIR Acquisition, Inc.
Muller-BBM Vibro Akustik Systems, Inc.
Navitas Advanced Solutions Group
NWP Services Corporation
Pillar Technology Group, LLC
Sensitile Systems
Systems in Motion
Tecumseh Products Company
Thomson-Shore, Inc.
Toyota Technical Center
Universal Marketing Group
VC Web Design
Zero Gravity Filters

board of directors

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Washtenaw County

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Comcast

Steve Powers
City Manager
City of Ann Arbor

Yousef Rabhi
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Washtenaw County
Board of Commissioners



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.



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