



A Connected
Region. Global
Success.



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Regional Update

Paul Krutko
President and CEO
Ann Arbor SPARK

Ann Arbor City Council Work Session
January 13th, 2014

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President and CEO
Ann Arbor SPARK

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Ann Arbor SPARK is a public-private partnership of business, government and academic institutions working to advance the economy of the Ann Arbor region.



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Mission Statement

“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.”



Collaboration in action at Menlo Innovations, a software company located in Ann Arbor

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Values

To provide high value and innovative services to our stakeholders and customers helping meet their challenges in an increasingly dynamic and volatile global economy.

To pursue the principles of open source economic development by engaging in regional and statewide collaboration with public, private and non-profit partners to advance the Ann Arbor region, Southeast Michigan, the State of Michigan and the nation.

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Ann Arbor

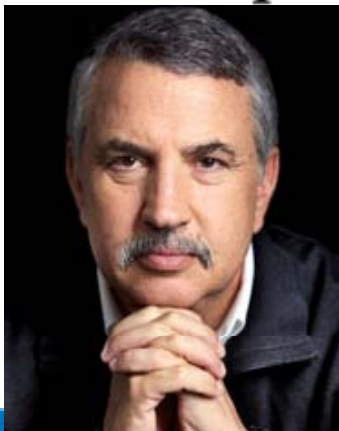
Nationally Recognized Innovation-based Economy

"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

The New York Times

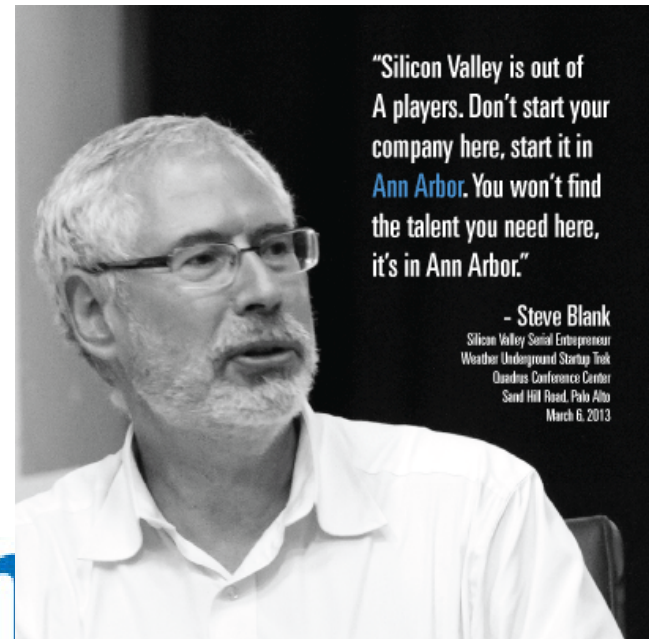
The Opinion Pages



And one of those communities, Friedman said, is **Ann Arbor**.

"The best of these ecosystems will be cities and towns that combine a university, an educated populace, a dynamic business community and the fastest broadband connections on earth," Friedman said. "These will be the job factories of the future."

The columnist, author of "The World Is Flat" and several other books on economic trends, cited Ann Arbor, **Cambridge, Mass., Silicon Valley, Austin, Texas and Boulder, Colo.** as places of economic vitality.



"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
Weather Underground Startup Trek
Quadras Conference Center
Sand Hill Road, Palo Alto
March 6, 2013

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Ann Arbor SPARK Five Year Strategic Plan

Acceleration

Create long term regional prosperity by accelerating the growth of start-ups and early stage companies through investment and by support through offering direct and consultant services.

Talent

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

Growth

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

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. Increase Ann Arbor SPARK's role in activities that advance regional collaboration toward economic prosperity.

Planning

Lead the creation of a long-term strategic framework for maximizing the Ann Arbor region's economic competitiveness globally in the year 2025 that reflects best practices, new opportunities with appropriate partners and that is informed by stakeholder input.

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.

Outward-Oriented Industries Drive Rest of the Economy

Community Success Factors Shaped by our Public Private Partnership



Vital Cycle of Success



**GDP grows
by selling
goods and
services
outside their
region**



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**Sustainable resilient regions
must grow their GDP**



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Virtuous Cycle

Our Work Touches the Entire Economy

Regional Economic Prosperity

Creating jobs and investment in the greater Ann Arbor area

Ann Arbor SPARK works with innovative businesses that move our economy forward – **driving industries** – segments of the economy that touch every aspect of our overall economic success. When these companies, from startups to global powerhouses, succeed, they make investments, create jobs and create **economic prosperity** for our region.

Business growth boosts property values and helps communities become more economically stable, creating a **unique quality of life** and a rich cultural environment.



Many local businesses – including restaurants, retail stores, and professional services – rely on **driving industries** to build a vibrant and diverse economy, bringing life to downtown areas.



Jobs, businesses, transportation, and attractive places to live are interdependent parts of **strong local economies**.



By building and supporting an **innovative business culture**, we can create a more **prosperous future** for our local community and entire region.

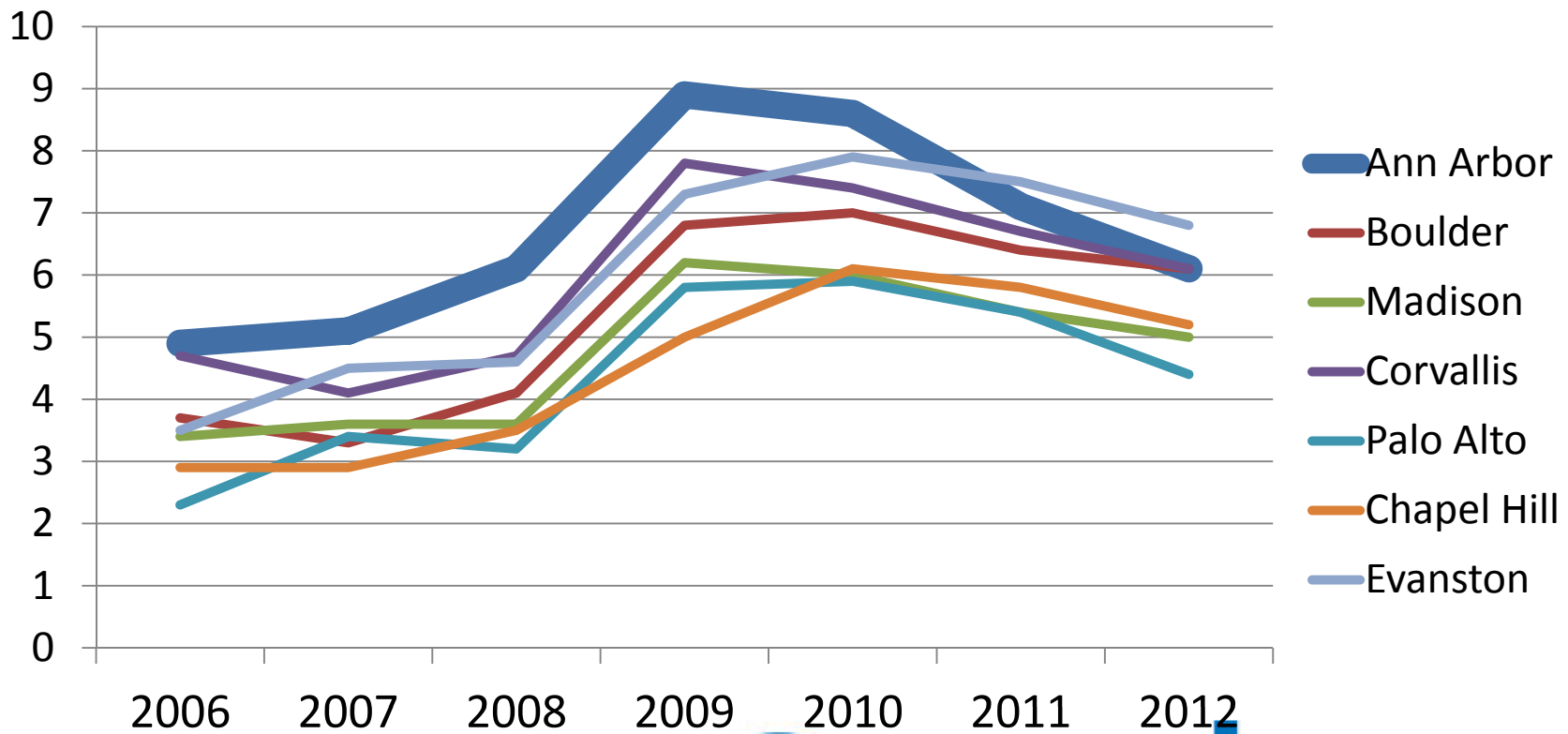
Since 2006 we have accelerated business growth in our region, resulting in **\$1.5 billion** in new investment and **13,024 jobs**. Support **Ann Arbor SPARK** and invest in the future of our great region.

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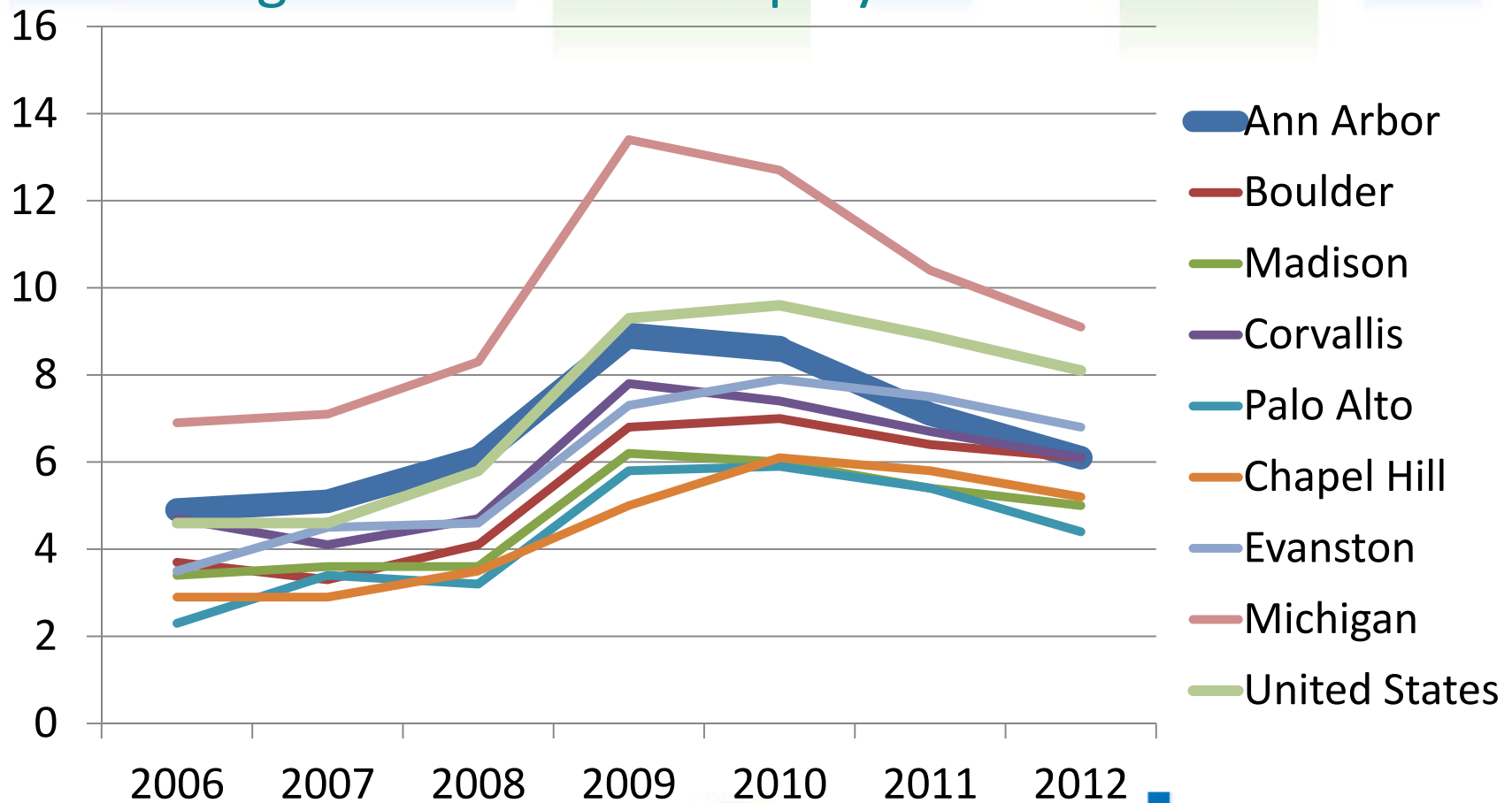
How does Ann Arbor Compare?

Competitive Set: Unemployment Rate 2006-2012

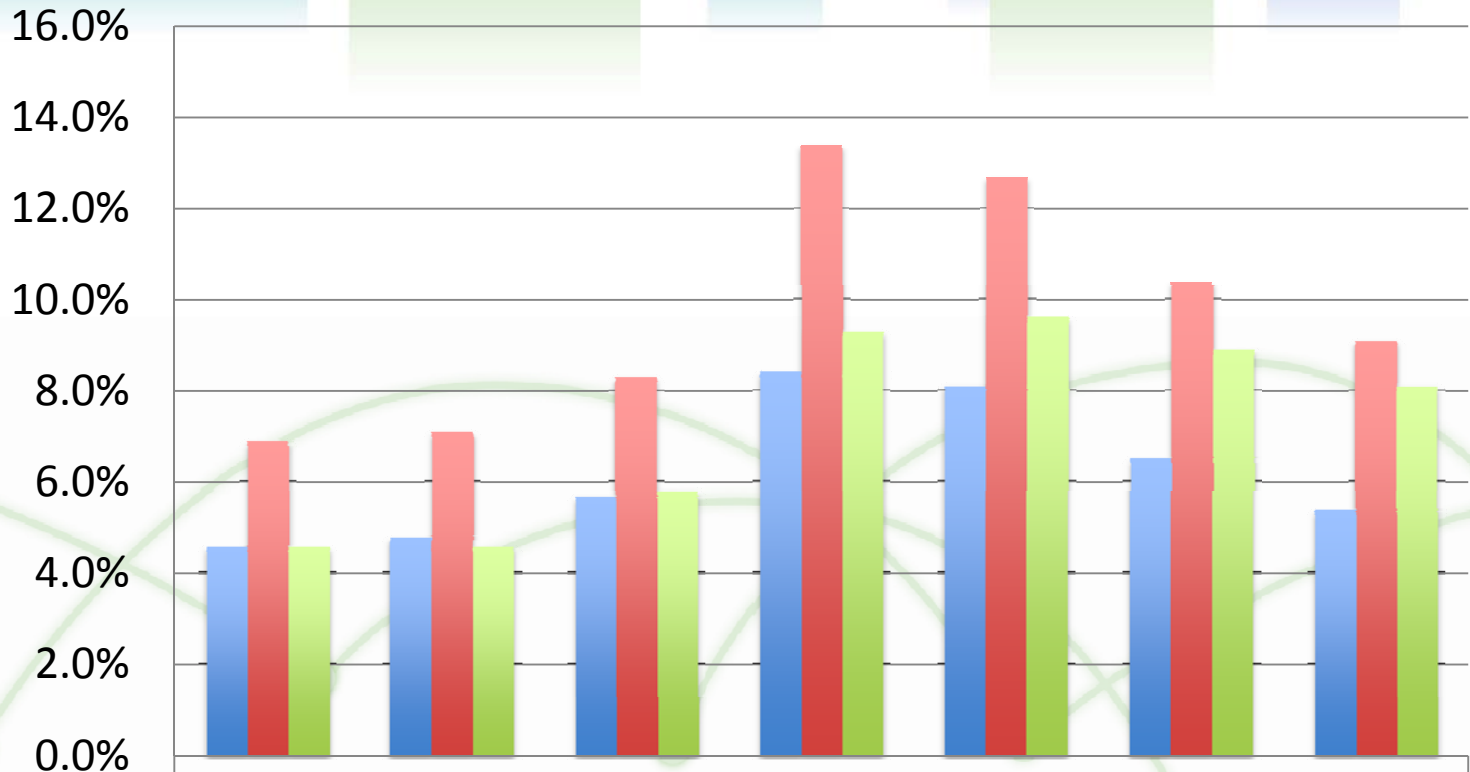


How does Ann Arbor Compare?

Michigan and US: Unemployment Rate 2006-2012



Unemployment Rates for Washtenaw County, US 2005-2012



	2006	2007	2008	2009	2010	2011	2012
Washtenaw County	4.6%	4.8%	5.7%	8.4%	8.1%	6.5%	5.4%
Michigan	6.90%	7.10%	8.30%	13.40%	12.70%	10.40%	9.10%
United States	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%

GDP Growth Ann Arbor MSA

Ann Arbor GDP

- GDP Change Overall 2011-2012 **+3.21**
- GDP Change Professional Scientific **+7.15**
- GDP Change Manufacturing **-4.88**

Top 5 Job Growth Sectors

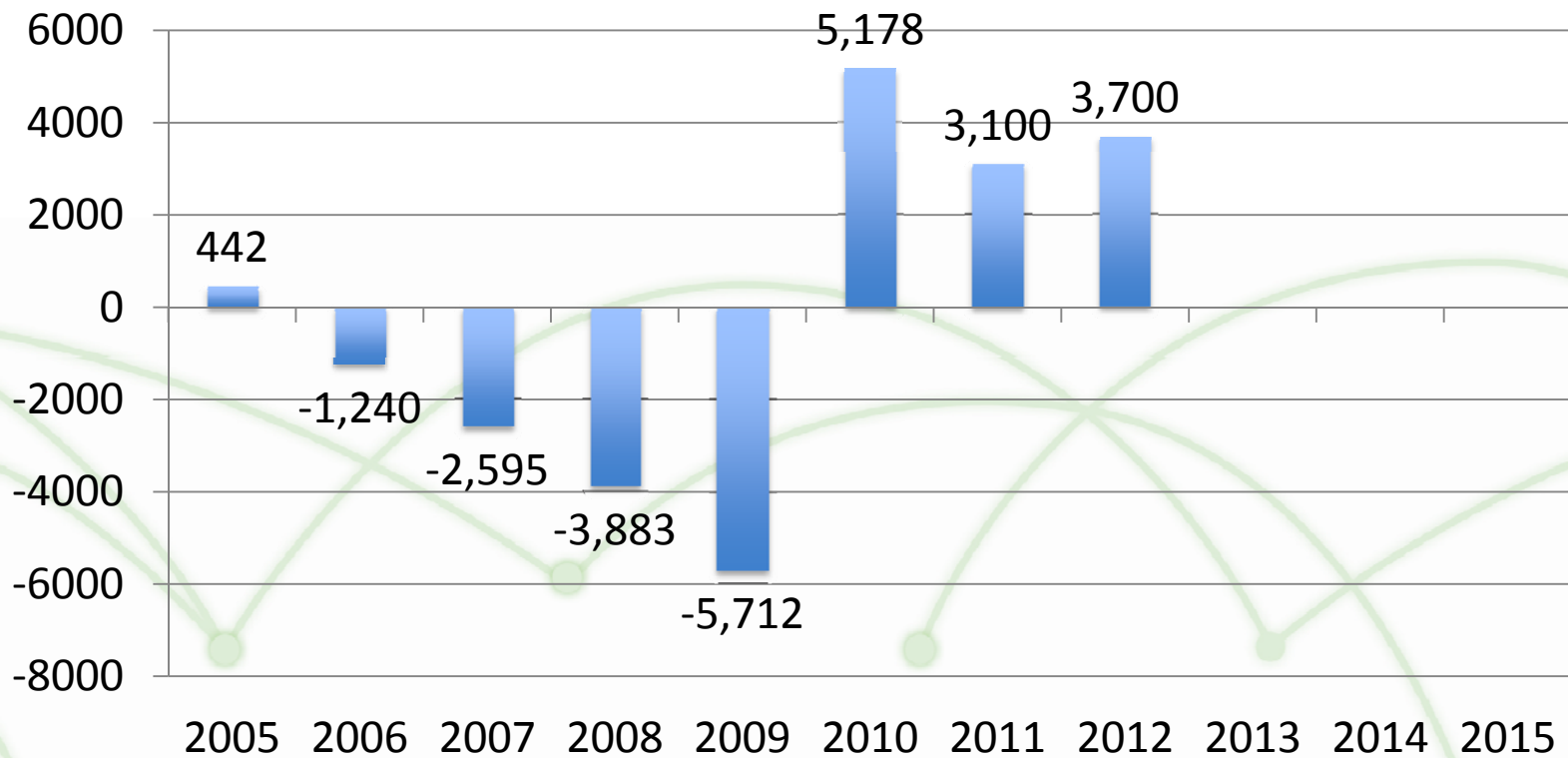
- Professional Business Services
- Trade
- Transportation
- Utilities
- Retail

Source: LAUS

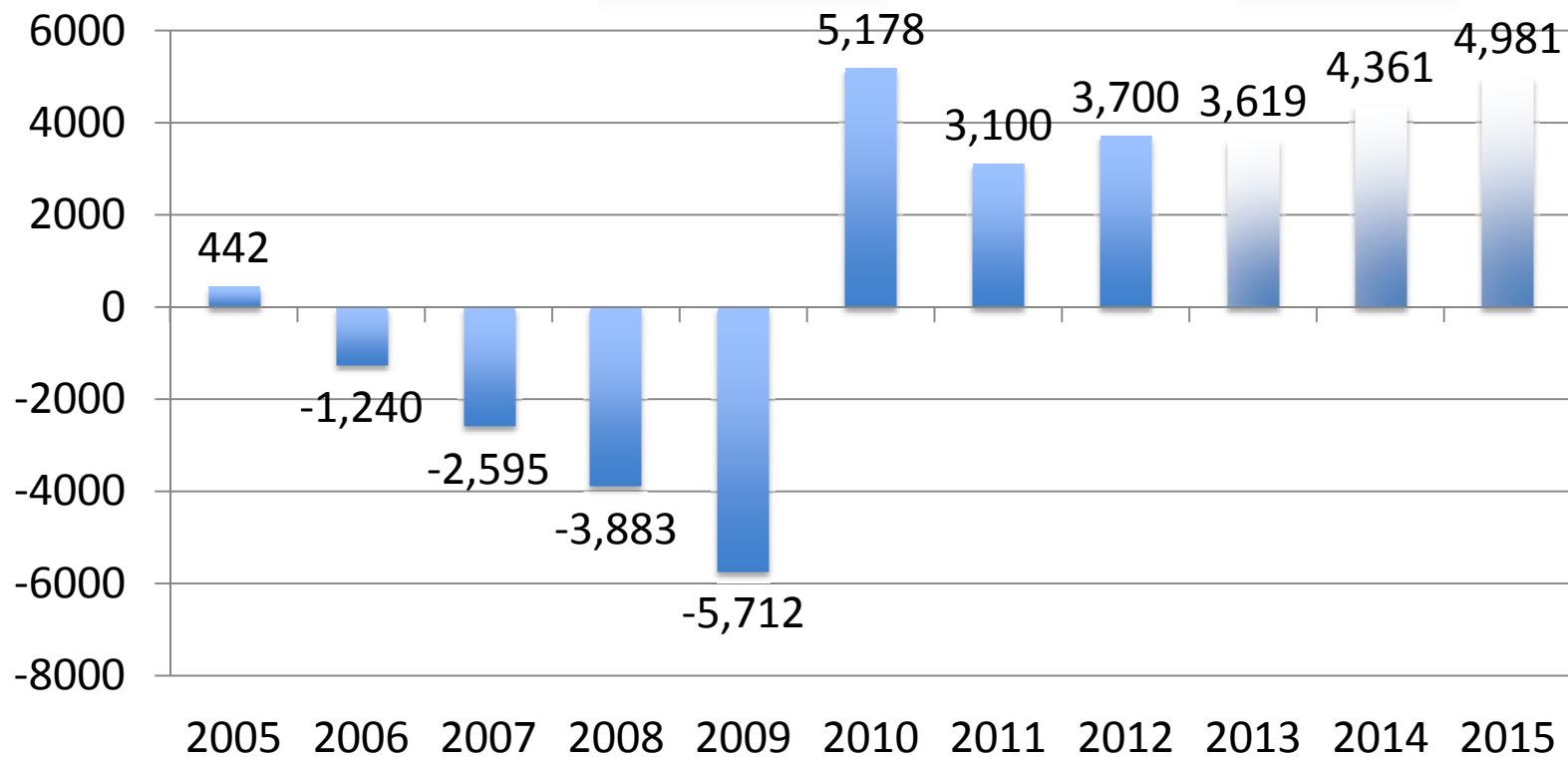
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Job Growth Washtenaw County 2005-12

■ Job Growth



Job Growth Washtenaw County Projections



Ann Arbor SPARK Regional Results 2006-2013

13,024 | New
Jobs

307 | Projects
Successes

\$1.5 | New
Investment
Commitments
Billion

108 | Microloans
Awarded
To 100 Companies

102 | Pre-Seed Investments
Awarded
To 97 Companies

1,451 | Innovation
start-ups assisted

\$73.4 | Million Leveraged
Community Investments
Through federal and state grants,
equipment donation to MIED, foundation
and other sources

Ann Arbor SPARK

City of Ann Arbor Results

2006-2013

4,769 | New
Jobs

109 | Project
Successes

\$209 | Million in new
Investment
Commitments

30 | LDFA Loans
Awarded

29 | Pre-seed
Investments
Awarded

119 | Incubator
Tenants
Nurtured

569 | Innovation
Start-ups Assisted

22 | Pre-seed
Loans
Awarded



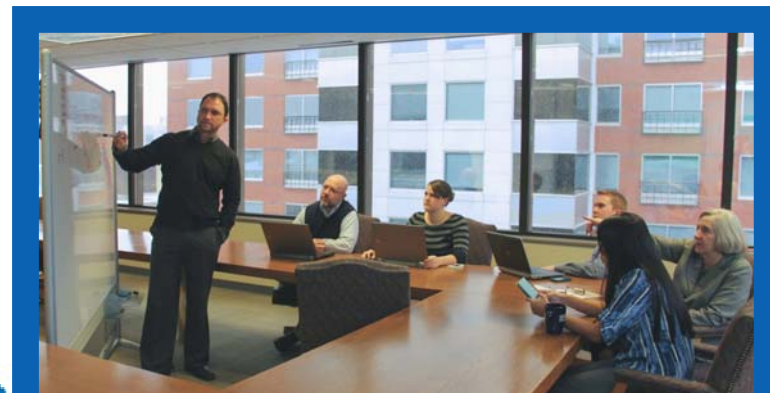
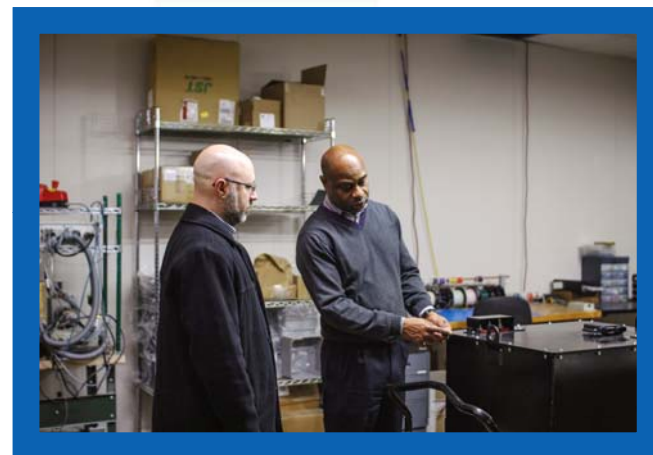
Our Work

- Regional Economic Development
- Accelerate the Growth of Start-ups
- Manage the Pre-Seed Fund
- Market the Region

Regional Economic Development

Business Development Services

- Help local businesses expand
- Attract innovative business to the region
- Retain businesses in the region
- Make key business introductions to local officials, real estate brokers, service and utility providers, property development, construction and engineering firms
- Assist with site searches
- Assist with access to incentives



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SPARK Regional Economic Development Business Retention Call Program

Of Companies Surveyed...

71% are adding new jobs

32% are increasing capital investment

79% are projecting sales growth

42% are launching a new product/technology

34% are aggressively looking for talent



Feedback from Ann Arbor Businesses: More space

Downtown Vacancy Rate

2013

6.78

2012

9.78

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Project Successes

2006-2013



Growing Companies

Google™



caelynx



HookLogic



MYBUYS

PRIME RESEARCH



ARBOR NETWORKS



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New Companies to Ann Arbor



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“Businesses go where they’re wanted and stay where they’re appreciated”



Mahindra GenZe

Mahindra GenZe is a wholly owned subsidiary of the Mahindra Group, a multinational conglomerate with diverse operations that span industries such as aerospace, agri-business, automotive and financial services. The company plans to manufacture a new technology vehicle in the **City of Ann Arbor**.

First North American Manufacturing Operation in Ann Arbor

- Investing up to **\$2 million**
- **34 new jobs** related to utility vehicle manufacturing
- **\$300,000** Michigan Business Development Program performance-based grant

How has Ann Arbor SPARK Helped?

- Assisted with the grant application to the MEDC
- Site Selection services and broker/developer relationship development
- Sourced a local supplier in Saline

SPARK Supports Barracuda Expansion into Old Borders Building Downtown



"It is much easier for us to find the type of people we need there," Jenkins told the Silicon Valley Business Journal. "We are a relatively small fish in a big pond in Silicon Valley. In Michigan we are one of the only fish in that pond."

William Jenkins
CEO
Barracuda Networks

Downtown Ann Arbor Strong Business Growth



- Growing and Thriving Businesses downtown, especially on Liberty, including many new restaurants
- Menlo, Barracuda, Prime Research, Google, MyBuys,
- Business growth fuels new restaurants like Sava, Babo, Tomukun, Mani, Isalita, Slurping Turtle and many others

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Accelerating the Growth of Start-ups

- Provide affordable office space for start ups in Ann Arbor
- Offer educational and networking events
- Provide Expert Council to entrepreneurs
- Provide access to funding opportunities



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Managing the Pre-Seed Fund

- **35** Ann Arbor companies have received a PSF investment or loan
- These **35** Ann Arbor companies have received **\$6,893,000**
- Raised **\$43,907,638** in additional investment and **\$17,901,266** in grants
- Company sales in 2013: **\$9,538,970**



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Thriving Start Ups

rippld



RegainGo
home savings, redefined



Supported
Intelligence™



ALGAL
S C I E N T I F I C



showcase yourself



autobike



electric field SOLUTIONS

picoSpray



Entrepreneurial Success



Succeeding in Ann Arbor

- \$10K of Grant Support
- Stage 1 Incubator Tenant in 2011
- Stage 2 Incubator Tenant in 2013
- Participated in Intern Support Program
- 2 Microloans - \$40K PSF and \$50K LDFA
- \$250K Pre-Seed Investment
- They've gone on to raise a total of \$1,800,230 in private capital and currently employ 10 FTE's

Seelio

Seelio has created an environment for college students to distinguish themselves through an online portfolio and make connections with companies looking to hire.

"The Microloan is funding Seelio's beta launch, and served as a bridge to the company's recently closed seed funding round. A lot of the educational institutions that we are working with want to see their students graduate with a body of work and not just a transcript or degree."

Moses Lee
Founder, Seelio

Marketing the Region

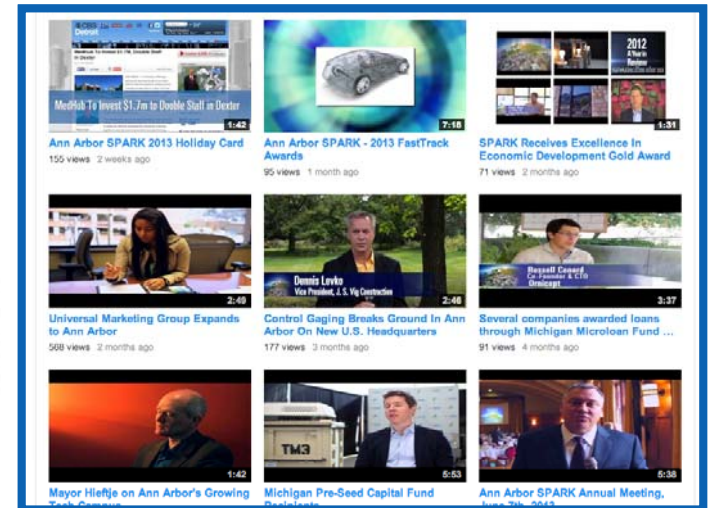
New Website

2009 Visits: 221,622

2013 Visits: 330,776

↑ **49.25% increase**

- Social Media referral traffic increased **985%**
- Followers have more than **Doubled**
- Videos: Why Ann Arbor?
Business Attraction video:
Over **15,700 views** since the launch



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Marketing the Region

Generating national and international awareness of the Ann Arbor Region - A Model for other communities.

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL



Accredited Economic Development Organization



National News Coverage



Ann Arbor SPARK Awarded IEDC Excellence Award for New Media Marketing

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SOURCE Ann Arbor SPARK

ANN ARBOR, Mich., Oct. 17, 2013 /PRNewswire/ -- Ann Arbor SPARK was recently honored for its New Media marketing efforts with a Gold Excellence in Economic Development Award from the International Economic Development Council (IEDC).

Details on Ann Arbor SPARK's new media marketing strategy are offered in a new video: <http://www.youtube.com/watch?v=UwemMtzuhw>

"Ann Arbor SPARK markets the region to a diverse audience, including entrepreneurs to site selectors to investors. To successfully reach these different groups, it's important for our marketing efforts to be robust and varied," said Donna Doleman, Ann Arbor SPARK vice president, marketing and communications. "Broadening our marketing efforts to include innovative new uses of technology has been incredibly effective in promoting the region as a

THE WALL STREET JOURNAL.

U.S. EDITION | Wednesday, June 12, 2013 As of 10:34 AM EDT

Home World U.S. Business Tech Markets Market Data Your Money Opinion Life & Culture

The Wall Street Journal news department was not involved in the creation of this content.

PRESS RELEASE | June 12, 2013, 10:34 a.m. ET

IEDC Honors Ann Arbor SPARK with Accredited Economic Development Organization Designation

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Area Development

top states

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- Horta Region Construction On Global Headquarters In Salvo, Florida, Expected To Create 400 Local Jobs 11/26/2013
- Blomster's Foods Invests \$275 Million To Expand Its Bristol, Virginia, Manufacturing Campus 11/26/2013
- Aggressive Stamping Company Completes

Coyote Logistics Invests \$1.2 Million To Expand Its Ann Arbor, Michigan, Office Complex

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