East Lansing SmartZone: Analysis of the High-Tech Economic Development Potential

Client: Tim Dempsey: Community and Economic Development Administrator, City of East Lansing

Team:
Andrea Zeeb
Katharine Czarnecki
Lori Mullins
Leonard Minifee
Pamela Shinn
Scope of Services

- To identify trends in high tech economic development
- To analyze the City of East Lansing’s role in the Lansing Regional SmartZone
- To analyze potential partnerships between higher education and information technology businesses
- To conduct an inventory of local information technology businesses
- To analyze the potential for an information technology business incubator in East Lansing
Michigan Economic Development Corporation
What is the purpose of a SmartZone?

- Stimulate the growth of technology-based businesses and jobs
- Aid in the creation of recognized clusters of new and emerging businesses
- Commercialization of university related R & D
Michigan’s Eleven SmartZones

1. Automation Alley - Oakland University, Lawrence Technological University
2. Battle Creek Aviation - Western Michigan University and Kellogg Community College
3. Houghton/Michigan Tech Enterprise - Michigan Technological University
4. Lansing Regional - Michigan State University
5. Mount Pleasant/Center for Applied Research and Technology - Central Michigan University
6. Kalamazoo - Western Michigan University
7. Grand Rapids - Grand Valley State University and Van Andel Research Institute
8. Muskegon Lakeshore - Grand Valley State University
9. Ann Arbor/Ypsilanti - University of Michigan and Eastern Michigan University
10. Detroit/Woodward Technology Corridor - Wayne State University
11. Wayne County - Pinnacle Aeropark - Detroit Metropolitan Airport

Lansing Regional SmartZone
Why are SmartZones important?

The economy is in transition

From Manufacturing

To High Tech
Elements of a SmartZone

- Successful partnerships
- University collaboration
  - Spinoff companies
- Business Incubators
  - Support mechanism for start-up companies
Why is a SmartZone important to East Lansing?

Bedroom Community

A need to create jobs

Home to MSU
## Demographic comparison

<table>
<thead>
<tr>
<th>Census Data 2000</th>
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<tbody>
<tr>
<td>Total Population</td>
<td>46,525</td>
<td>280,486</td>
<td>329,308</td>
<td>239,621</td>
<td>9,938,444</td>
</tr>
<tr>
<td>Employment in Information</td>
<td>4.3 %</td>
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<td>3.1 %</td>
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<td>Employment in Manufacturing</td>
<td>2.9 %</td>
<td>10.4 %</td>
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<td>Education 25+ bachelor's degree</td>
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<td>Household Income</td>
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<tr>
<td>Unemployment Rate (Dec 04)</td>
<td>5.3 %</td>
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Inventory of IT in the Region

- In two census categories most relevant to IT
  - NAICS 5112, 5415
- 15 regional companies
- More than 950 employees
- University spinoff companies
  - 5 companies working in IT
East Lansing’s SmartZone: Comparisons

- Ann Arbor/Ypsilanti SmartZone

- Kalamazoo SmartZone
Case Studies: Incubators

**Ann Arbor**
- Business Plans
- Market Research
- Capital Finance Coordination
- Networking Events
- Office Space
- Training and Seminars

**Kalamazoo**
- Administrative Assistance
- Office Space and Conference Rooms
- High Speed Internet
- Wet-Lab Facilities
- Networking Events
- Capital Finance Coordination
- Training and Seminars
Cluster Analysis

- Determined necessary inputs for a potential IT cluster
  - Analyzing partnerships
  - Demographic information
  - Key leader interviews
  - Case studies
Cluster Analysis Inputs

- Communications Infrastructure
- Networking
- Venture Capital
- Market Analysis
- Talented Workforce
- Anchor Businesses
- Marketing and Recruitment
- Quality of Life
- Amenities
- Office Space
Cluster Analysis

- **Gaps:**
  - Access to Capital
  - Marketing & Recruitment
  - Incubator Space
  - Anchor businesses
  - Communications Infrastructure
Recommendations

- We recommend three phases of development concerning the SmartZone:
  - **Phase 1**: Next 12 months
  - **Phase 2**: 12-36 months
  - **Phase 3**: 3-10 years
Phase 1 Recommendations

- Marketing
- Networking
- Venture capital

Phase 1: Next 12 months
Phase 2: 12-36 months
Phase 3: 3-10 years
Phase 2 Recommendations

- Anchor businesses
- Communications Infrastructure
- Market Analysis

Phase 1
Next 12 months

Phase 2
12-36 months

Phase 3
3-10 years
Phase 3 Recommendations

- Physical incubator space
Conclusions

- The ultimate goal for East Lansing in this SmartZone is to create and foster an IT community, which will:
  - Work with Michigan State University
  - Create jobs
  - Sustain a high quality of life
Any questions?