

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 Miniffee

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

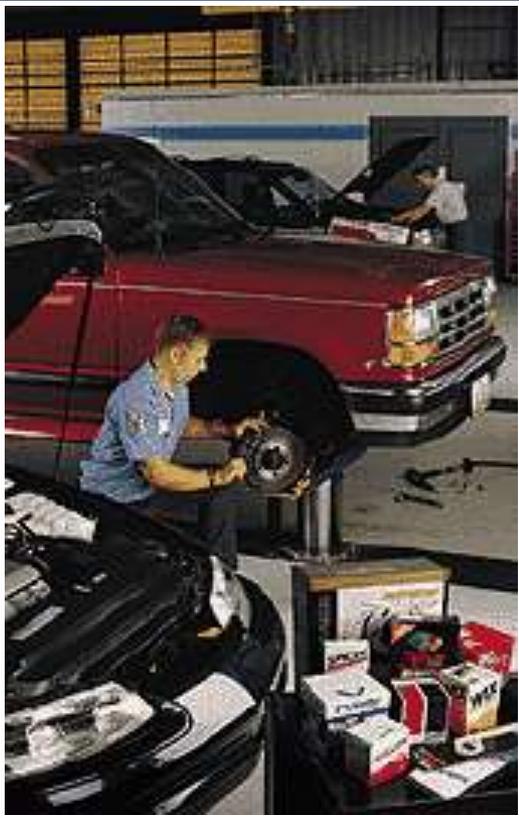


**Lansing
Regional
SmartZone**





Why are SmartZones important?



The economy is in transition



***From
Manufacturing***

To High Tech



Elements of a SmartZone

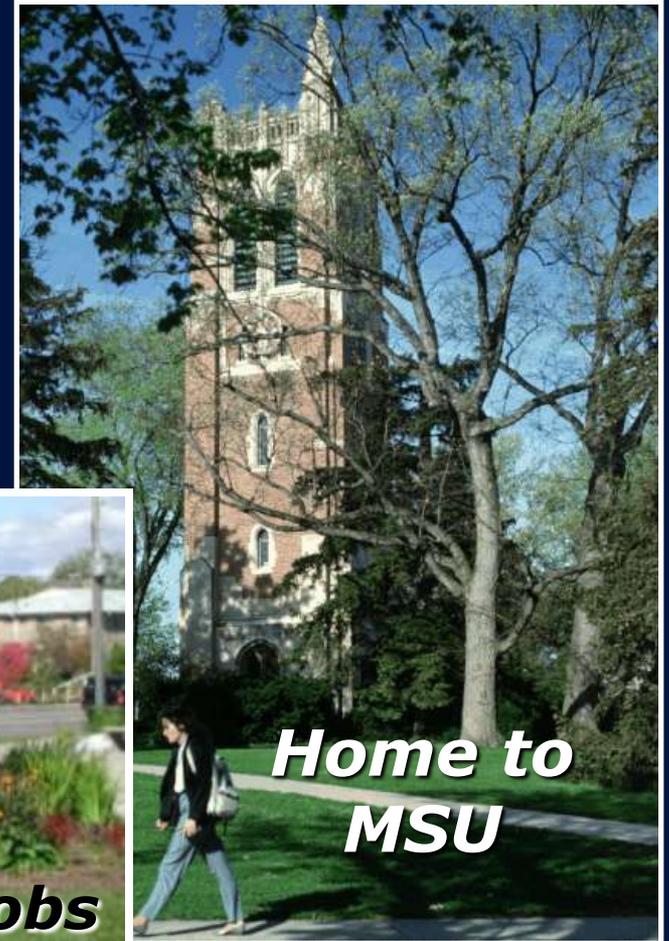
- Successful partnerships
- University collaboration
 - Spinoff companies
- Business Incubators
 - Support mechanism for start-up companies





Why is a SmartZone important to East Lansing?

Bedroom Community



Home to MSU



A need to create jobs



Demographic comparison

Census Data 2000	East Lansing	Ingham County	Washtenaw County	Kalamazoo County	State of Michigan
Total Population	46,525	280,486	329,308	239,621	9,938,444
Employment in Information	4.3 %	2.7 %	3.1 %	2.0 %	2.1%
Employment in Manufacturing	2.9 %	10.4 %	15.5 %	20.4 %	22.5 %
Employment in Education and Health Sector	40.7 %	27.3 %	24.1 %	32.6 %	19.9 %
Education 25+ bachelor's degree	70.4 %	33.0 %	48.1 %	24.4 %	21.8 %
Household Income	\$28,217	\$40,774	\$51,990	\$42,022	\$44,667
Unemployment Rate (Dec 04)	5.3 %	5.8 %	3.2 %	5.1 %	7.5 % (03/05)



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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



Market Analysis
Talented Workforce
Anchor Businesses
**Marketing and
Recruitment**
Quality of Life
Amenities





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 Recommendations

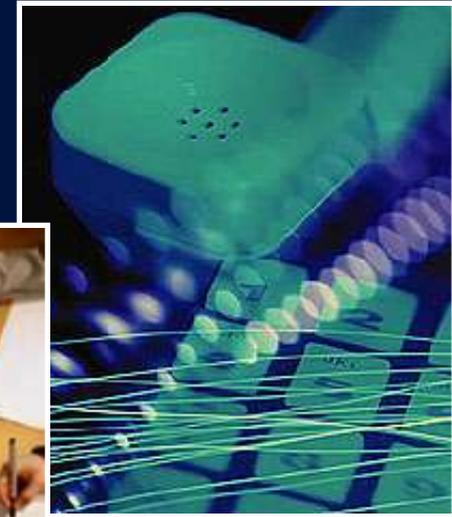
- **Marketing**
- **Networking**
- **Venture capital**





Phase 2 Recommendations

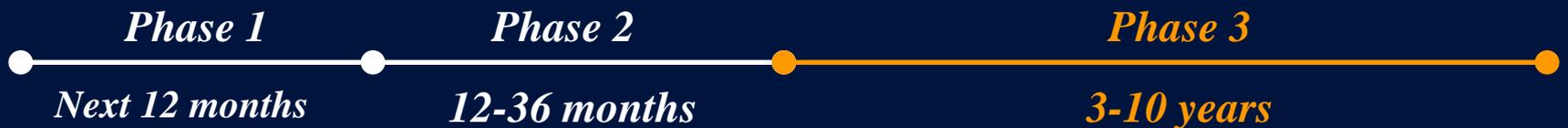
- **Anchor businesses**
- **Communications Infrastructure**
- **Market Analysis**





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?

