

iLABS Michigan Technology Climate Survey Results

Overview

In the spring of 2008, iLabs, the University of Michigan-Dearborn's Center for Innovation Research, partnered with the Detroit Regional Chamber to conduct a survey of technology executives in Southeast Michigan.

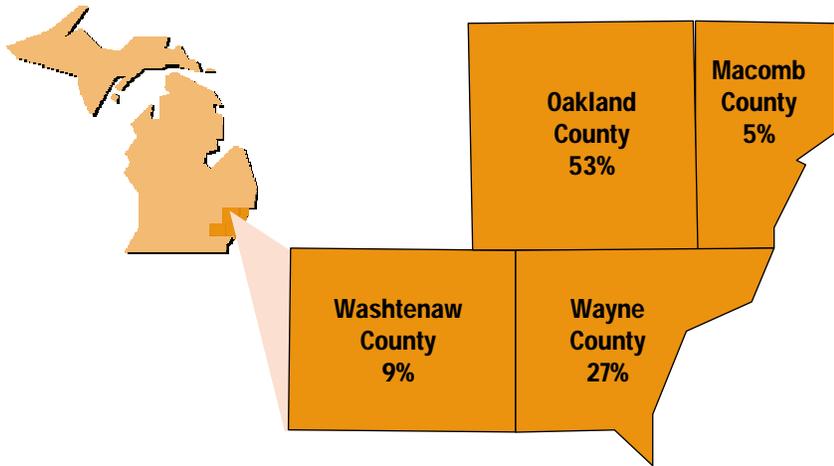
The goal of the survey was to assess opinions of executives regarding the current business climate facing Michigan's technology firms.

Seventy-seven technology leaders participated, including 77% who identified their title as President, CEO, COO, or Vice President. Another 19% identified themselves as Director, Manager, or Partner of the firm.

Industry representation included Software and Information Technology (42%), Engineering Services (13%), Business Services (13%), Environmental Engineering and Energy (12%), Communications (10%), and Advanced Manufacturing Services and Research & Development (5%).

Firm Location and Revenue

Of the executives surveyed, 95% say their technology firms have centralized operations within Southeast Michigan. The diagram below illustrates how the firms were distributed among the major Southeast Michigan counties.

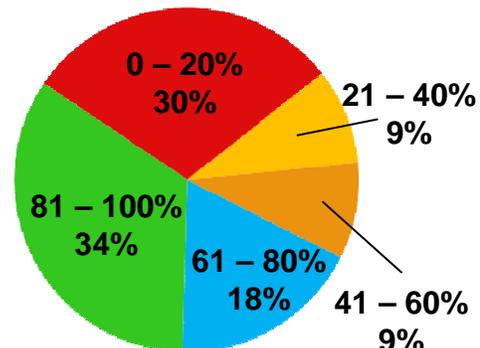


Fifty-three percent of the executives indicated their firm's primary location is Oakland County. Wayne County, Washtenaw County, and Macomb County are home to 41% of the responding firms. Executives who do not consider one of the four counties their primary location did indicate they conduct significant operations in the region.

More than half of all executives attribute over 60% of their technology firm's revenue from Michigan operations – with one in four of those firms located in Oakland County.

Forty percent of the executives whose firms earn more than 60% of their revenue from Michigan identify their industry as Information Technology.

Percentage of Sales Revenue from Michigan Activity

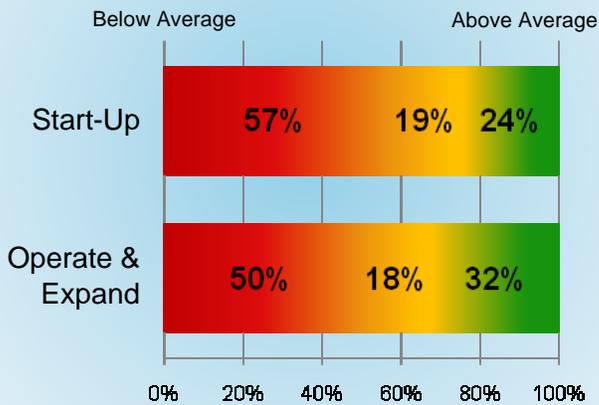


Perception of Michigan's Business Climate for Technology Firms

Most executives feel that Michigan is not a strong location for technology-based business. Fifty-seven percent of executives describe Michigan's technology business climate as below average for successfully starting a technology business.

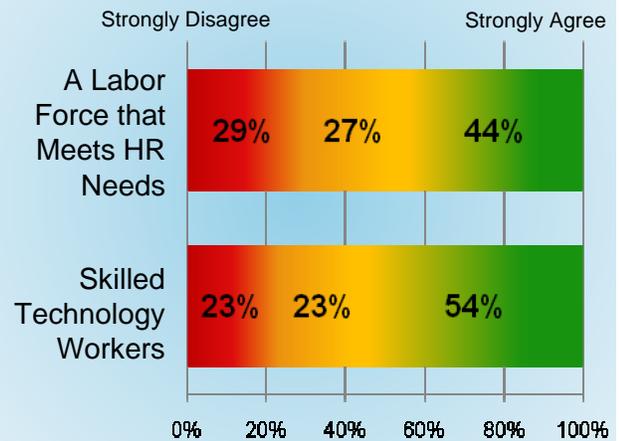
Similarly, 50% of executives say Michigan is a below average place to operate and expand a technology business.

Michigan as a Place for Technology Businesses to Successfully...



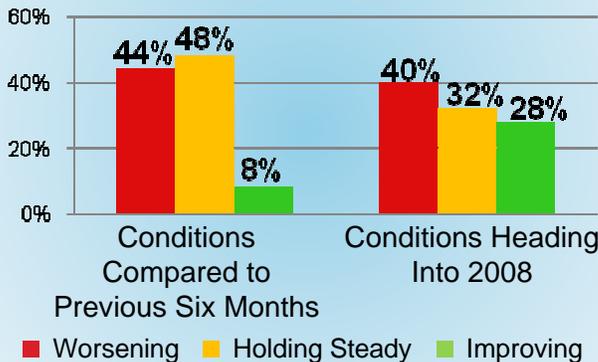
In a positive sign for the state, 54% of executives indicate that the availability of skilled technical workers is a strength of Michigan's workforce, and more than half of the executives plan to expand their workforce in the next year. However, only 44% agreed that Michigan's labor force meets the needs of their organization.

Michigan's Workforce Has...



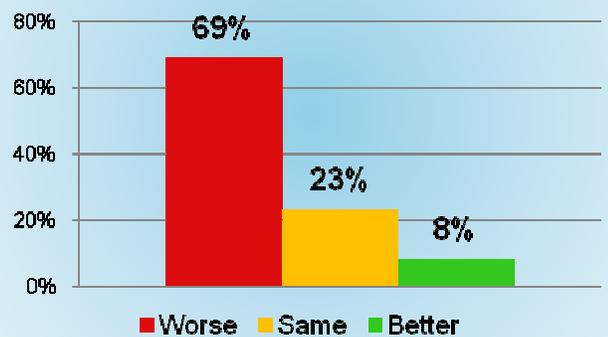
When comparing Michigan's current business technology climate to the conditions six months ago, the majority of executives feel that conditions are holding steady (48%) or getting worse (44%). Their outlook for 2008 is slightly more positive. However, 40% still believe conditions will worsen in the near future.

Michigan's Technology Climate Ratings



Sixty-nine percent of executives say that the business climate for technology firms in Michigan is worse than the conditions in other states. A lack of confidence in Michigan's environment for technology firms is shown as only eight percent of executives indicate that Michigan has a better technology climate than other states.

Michigan's Technology Climate Compared to Other States

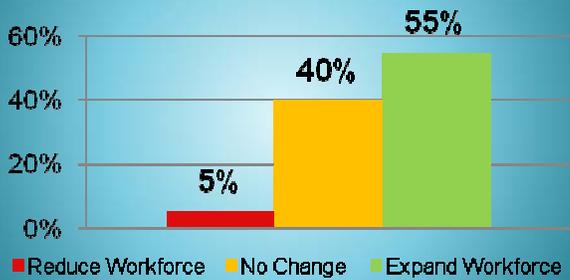


Impact of Firms on Michigan's Economy

While the general perception of Michigan's technology climate is not positive, the majority of executives lead healthy firms – 40% plan to maintain the size of their workforce and another 55% plan to expand their workforce.

Top reasons cited for workforce expansion were increases in sales, the addition of new products, and acquisitions. Ninety-three percent of executives in firms with workforce expansion plans indicate they expect increased sales in 2008.

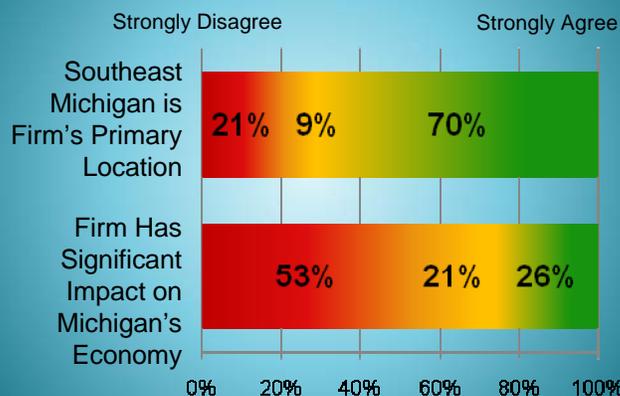
Workforce Plans for 2008



Unfortunately, only 26% of executives feel that their technology firm has a significant impact on Michigan's economy. This is a perception that needs to be improved.

These are growing firms with large portions of their business activities occurring in-state. Their efforts should be acknowledged as a positive sign in Michigan's current economic environment.

Impact on Michigan's Economy



Technology Firms Expanding in Michigan's Economy

While two in five executives think the business climate facing Michigan's technology firms is worse than six months ago and will continue to worsen, most do not anticipate workforce reductions in 2008. That does not mean that the expanding firms have an altogether positive view of the technology climate in Michigan.

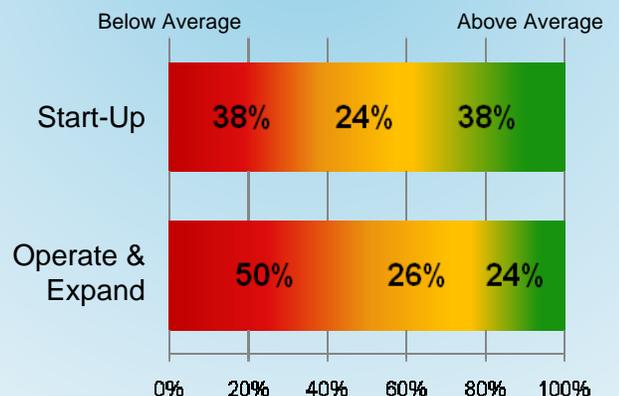
In fact, of those executives who anticipate a workforce expansion in 2008, 31% say that the conditions in Michigan are worse than six months prior and an equal percentage feel the conditions will worsen in the upcoming year. Additionally, among those firms who have planned expansions in 2008, Michigan was rated below average as a place to successfully start-up (38%) and operate/expand (50%) a technology business.

Expanding Firms' Perceptions of Michigan's Technology Climate

Conditions...



As A Place To Successfully...

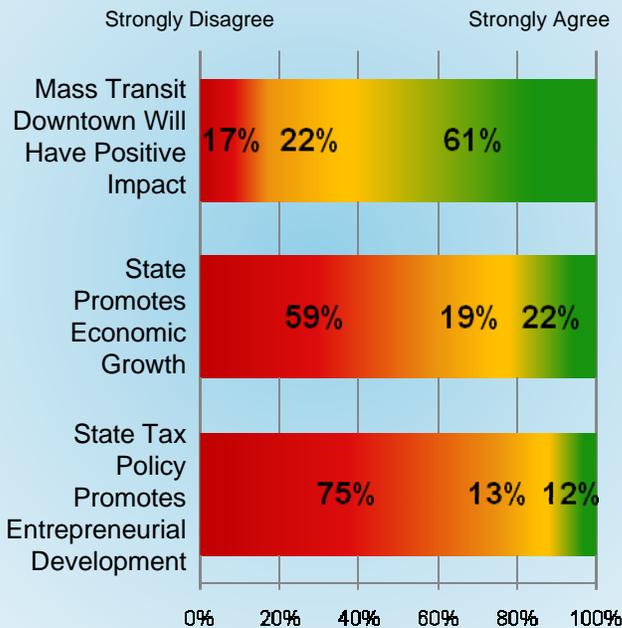


Perception of Michigan's Economy

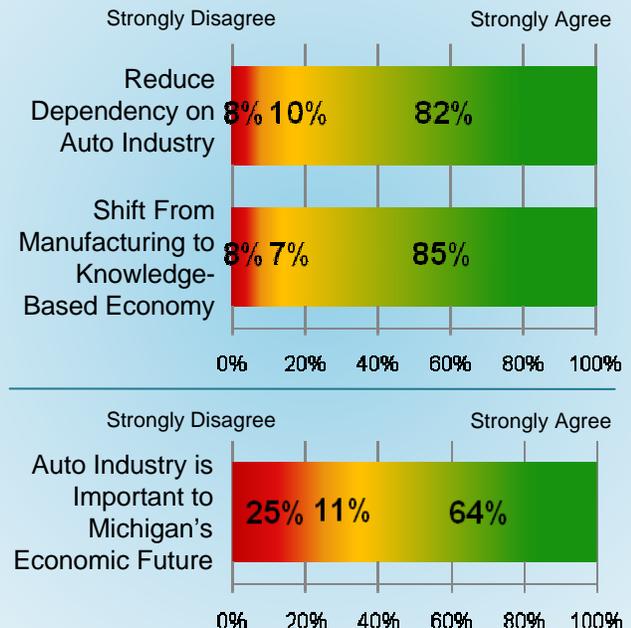
Only 12% of executives believe that Michigan's tax policy promotes entrepreneurship. Twenty-two percent believe the state effectively promotes economic development. However, 61% believe a mass transit system in Metro Detroit would have a positive effect on the Michigan economy.

An overwhelming majority (85%) feel that shifting from a manufacturing-based economy to a knowledge-based economy is essential to Michigan's success. While 82% think reducing the dependence on the automotive industry will help the State's economy, 64% of respondents feel that the industry is vital to Michigan's long-term economic future.

Opinions of Government Involvement



It is Important for Michigan's Economy To...



About iLabs and the Detroit Regional Chamber

iLabs is the University of Michigan-Dearborn's Center for Innovation Research. Dedicated to advancing the understanding of corporate, entrepreneurial, and institutional innovation and its impact on economic development, iLabs conducts the University of Michigan-Dearborn Innovation Index—a quarterly measurement of change in the innovation activity in the Michigan economy—and eCities—an annual study of the best practices of local communities to promote entrepreneurship and economic development. For more information, please visit www.umdilabs.com.

The Detroit Regional Chamber is made up of 23,000 member companies who make a volunteer annual investment in order to receive an even greater return at the end of the year. The Chamber has a vision of creating a region with unparalleled quality of life, efficient mass transit, unified pursuit of economic development, high-quality educational systems, a vibrant technology hub, an environment for entrepreneurship, and a business community that embraces diversity as a business imperative. For more information please visit www.detroitchamber.com.