



# The State of **Innovation**

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@ CIM Feb 8, 2012

Separating **fact** from **myth**...

Myth

Illinois  
is *hostile* to  
businesses.

Fact

Illinois

is a **good** place  
to do business, and  
it's **getting better**  
everyday.

# Illinois Economy **Highlights**

**18th largest in the world**<sup>1</sup>

**Illinois exports** at **\$65 billion** in 2011, a **32% increase**<sup>2</sup> over 2010 and almost **double** the national average.

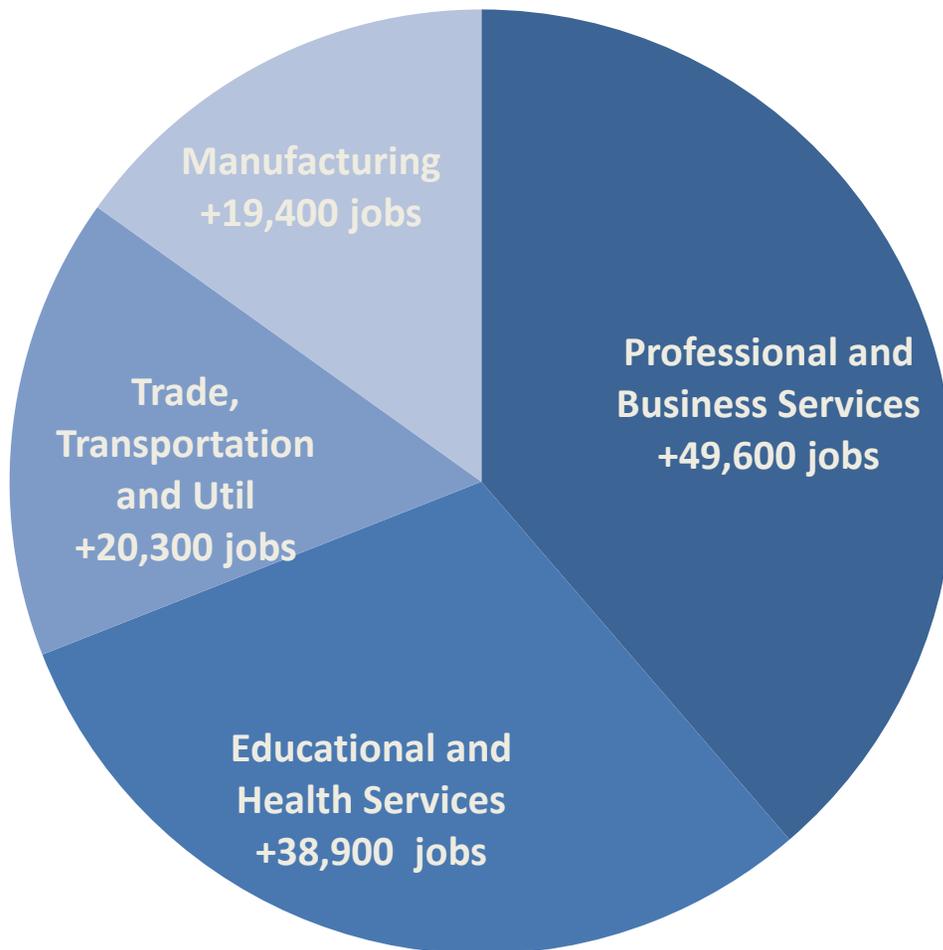
**Tourism and travel** expenditures rebounded to **\$29.3 billion**, an **8% increase** – after a sharp decline the previous year<sup>3</sup>.

1. CIA World Factbook 2010

2. WiserTrade.org

3. Illinois Office of Tourism (compilation of data from the U.S. Dept. of Commerce, the Dept. of Revenue and other sources)

# Jobs Figures & Trends



Since January 2010, Illinois has added over **108,100 jobs** – **1<sup>st</sup> in the Midwest** for job growth.

**Illinois' Leading Growth Sectors**  
Since January 2010

# Workforce Figures & Trends

## <sup>1</sup> Illinois' workforce:

**31%** have a bachelor's degree vs.

**11%** have a graduate degree

WI = **26%**

MO = **26%**

IA = **25%**

IN = **23%**

<sup>2</sup>USA = **27.9%**

High tech wages **\$79,807** in 2010

1. Crain's Chicago Business
2. U.S. Census Bureau (2006-10)

# University Figures & Trends



THE UNIVERSITY OF  
CHICAGO

R&D Expenditures (FY 2002-09) = **\$377.6M**

Economics = 1<sup>st</sup>

Medical School = 12<sup>th</sup>

National Rank Overall = 5<sup>th</sup>



NORTHWESTERN  
UNIVERSITY

R&D Expenditures (FY 2002-09) = **\$515.2M**

Kellogg Business School = 5<sup>th</sup>

Chemistry = 7<sup>th</sup>

National Rank Overall = 12<sup>th</sup>



R&D Expenditures (FY 2002-09) = **\$1.025B**

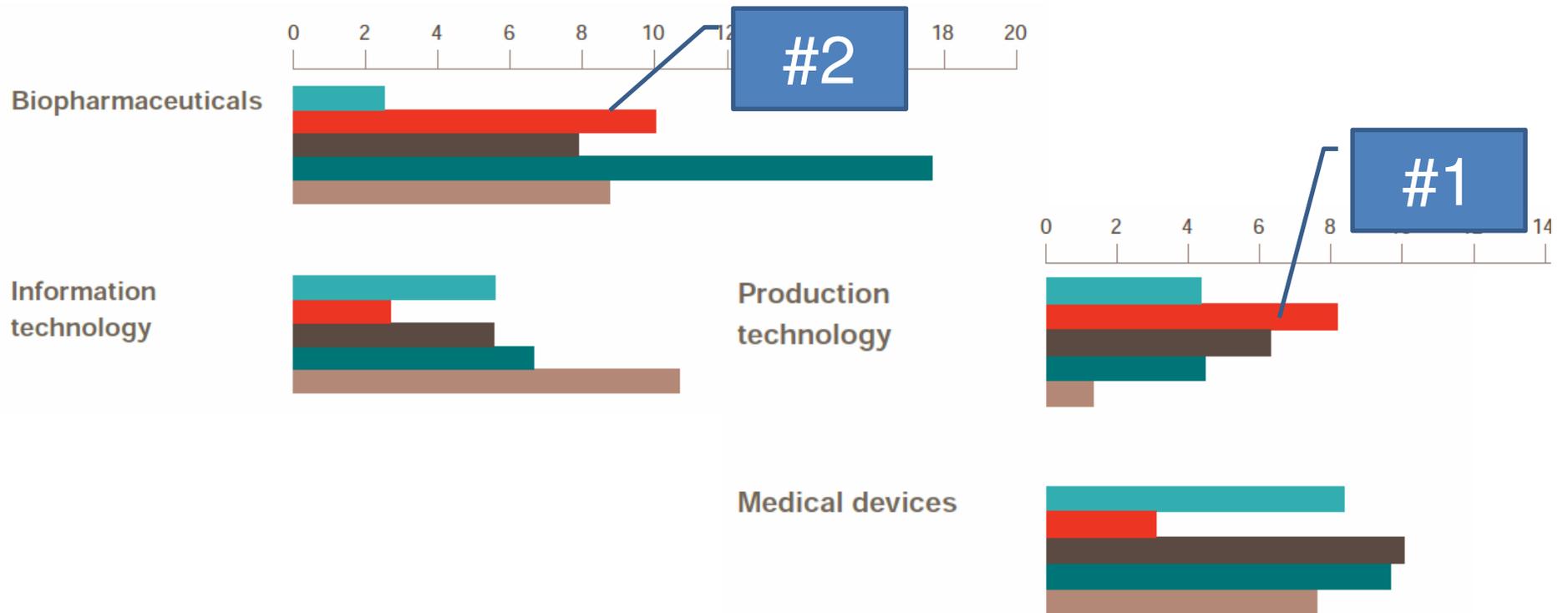
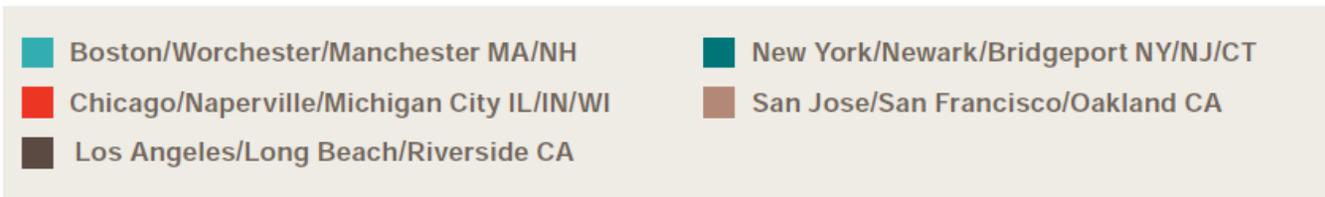
Information Sciences = 1<sup>st</sup>

College of Engineering = 5<sup>th</sup>

National Rank Overall = 45<sup>th</sup>

1. National Science Foundation/Division of Science Resources Statistics, Survey of Research and Development Expenditures at Universities and Colleges, FY 2009
2. Rankings from U.S. News & World Report, National University Rankings

# Employment Figures & Trends



Source: Illinois Innovation Index – Share of national employment 2009

# Policy Figures & Trends

## Workers Compensation **Reform**

Expected to save employers hundreds of millions of dollars, or between 10-20 percent on their workers comp premiums.

## Unemployment Insurance **Reform**

Will save businesses more than \$400 M, provide unemployment insurance tax reductions for companies that have not laid off workers and curb fraud and abuse.

## **Enacted** Innovation Council

To accelerate the innovation economy in the Midwest by connecting the dots between research, talent, capital, ideas and professional services.

# What **Others** are Saying

**#1 state** for making a living



In the **top ten** places nationally for getting a job



**8<sup>th</sup>** worldwide for lowest business costs



One of the **top 5** "business friendly" states that are gaining businesses



# What does this all **mean?**

Most indicators are **trending upwards**.

We are **outpacing our neighbors** in almost every category.

**Fast momentum** out of the recession.

Greater awareness as nexus of **innovation globally**.

*But there's a catch...*

We are at a critical juncture in our **recovery**.

Moving forward, economic development and prosperity will only be achieved through a **sustained effort** among industry, education, nonprofits and government to promote a **nurturing environment for innovation**.

**Innovation is key!**

# **Innovation** (Orlando's definition)



**Frustrated**

**Naive**

**Confused**

**Hungry**

# Bio

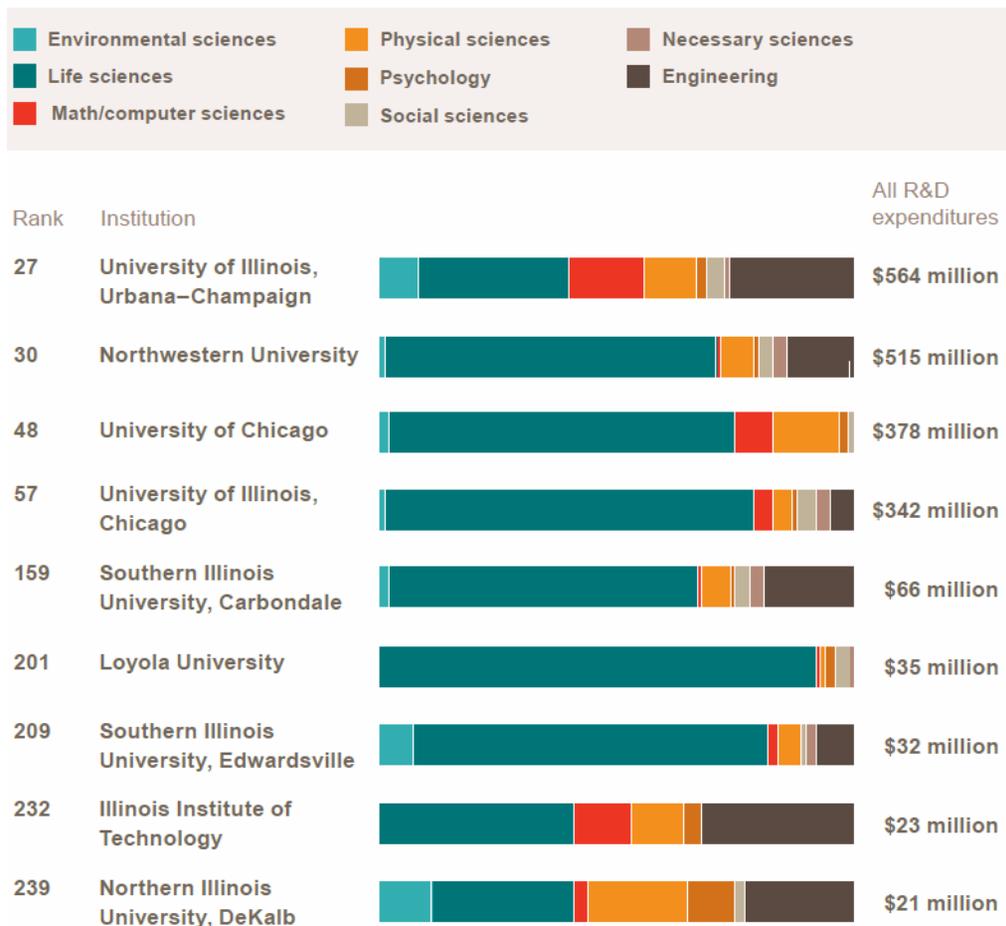
Bio has been a centerpiece of this  
legacy of innovation.

# Bio & Innovation Today

Illinois has over **440** corporate **R&D facilities** and more than **200** academic, government and not-for-profit research institutions.

## Fueling the next generation of innovation

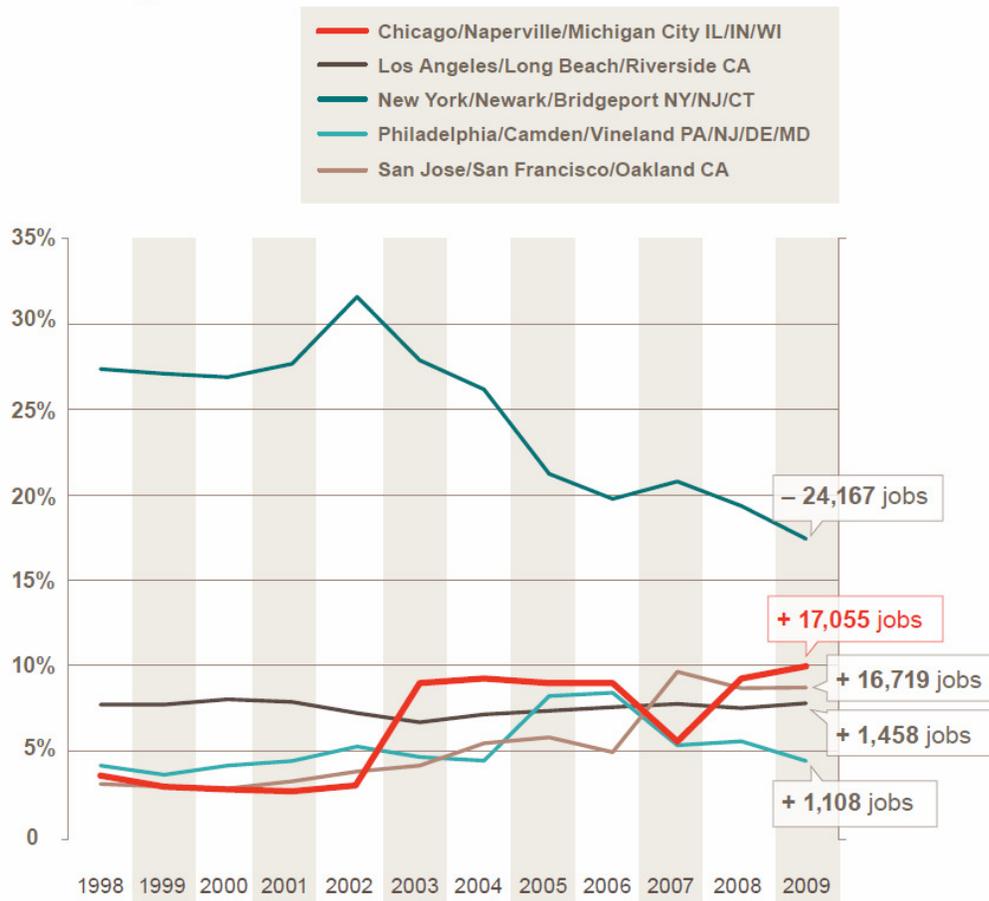
R&D expenditures at Illinois universities and colleges, ranked by science and engineering field, 2009, percent



Source: Illinois Innovation Index

# Bio & Innovation Today

Share of national employment, biopharmaceuticals,  
1998–2009, percent



In 2011, **Scientific Services** accounted for almost **19 percent** of new startups in Illinois (higher than the national average)

Source: Illinois Innovation Index

# Bio & Innovation Today

After never being held in the Midwest for the first 13 years of existence, Illinois has hosted it twice and will once again play host to the BIO International Convention in **2013** and **2016**.



Governor Pat Quinn was **BIO Governor of the Year.**

The **growth of new businesses**, not government, is the main driver of **economic growth**.

Biotechnology is an important part of that growth.

Government's role is to **facilitate** and **support**.

**So, what is Illinois  
doing?**

# Making Key Investments in **BIO**

in \$ million Investments

\$33	Advanced Protein Crystallization Facility at Argonne
\$32	Illinois Accelerator Research Center at the Fermi
\$4	National Corn to Ethanol Center at SIU
\$60	UoI's National Center for Supercomputing Application (Petascale)
\$10	Construction of a new state-of-the-art emergency and disaster preparedness center at Rush Medical Center (Chicago)
\$36	Center for Nanoscale Materials at Argonne
\$5	International Institute for Nanotechnology at Northwestern University
\$15	Illinois Science & Tech Park (Skokie)
\$4	University Tech Park at IIT (Chicago)

**\$199 Total over 6 years leveraging \$200+ of addition private investment**

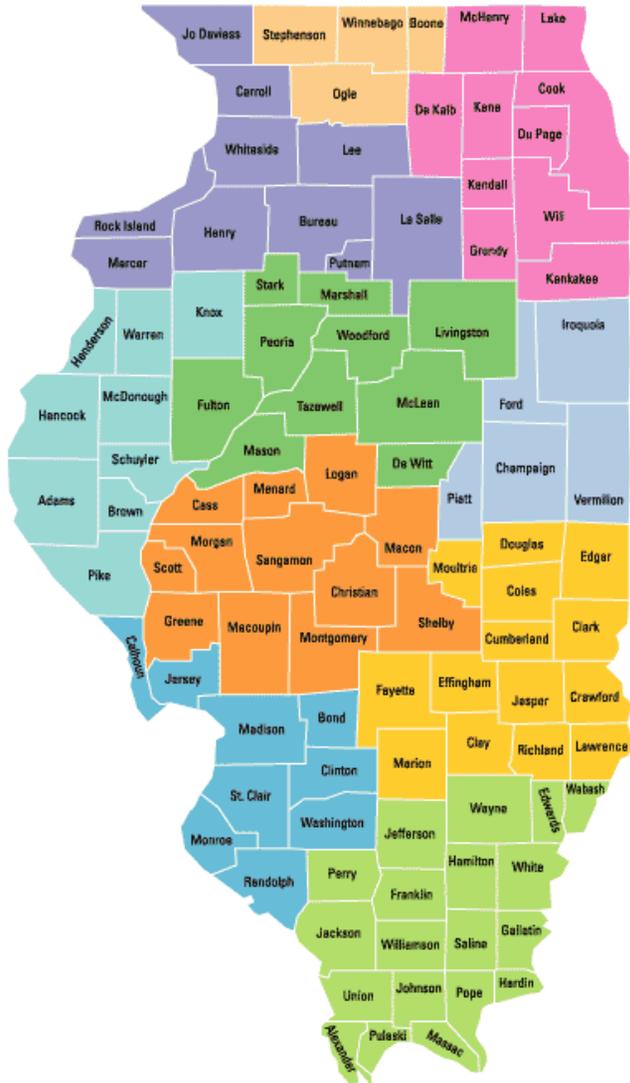
# Feeding our **Innovation** appetite

- Adapting quickly to market demand
- Activating our assets
- Architecting relevant incentives
- Emphasizing industry clusters

# Adapting to **market demand**

- World as a stage
- Celebrating small successes and risk-taking
- Ease real estate and direct job retention policies
- Make more smaller bets earlier
- Deepen collaboration (public, private, foundations)
- Measure outcomes and impact

# Activating our **Assets**



- Emphasize unique differentiation
- Focus on region specialties
- Leveraging natural, social and economic capital
- Industry Clusters
  - Energy
  - Agriculture
  - BIO/Life Science
  - Digital Tech

# Relevant **Business Incentives**

## Illinois Angel Investment Tax Credit

Provides “angel” and early-stage institutional investors with an up to 25 percent credit against state taxes when they provide funding to small, early-stage tech firms.

## Illinois R&D Tax Credit

Fosters economic growth and innovation by providing Illinois companies with an incentive to increase their research activities. Recently renewed for 5 years.

## Illinois Small Business Job Creation Tax Credit

After creating one or more new, full-time positions (subject to eligibility requirements), small businesses can register to receive a \$2,500 per job tax credit.

## Emerging Technology Enterprises

The landmark *Illinois Jobs Now* capital construction bill passed in 2009 supports \$15 million in investments to emerging tech enterprises.

# Relevant **Business Incentives**

## Advantage Illinois

Thanks to a \$78 million federal grant, Advantage Illinois will spur institutional lending and ease the credit crunch for small businesses.

## Invest Illinois Venture Fund (IIVF)

As part of Advantage Illinois, the IIVF helps leverage private venture capital in startups and high-growth businesses to fill the gap between seed funding and later stage venture capital.

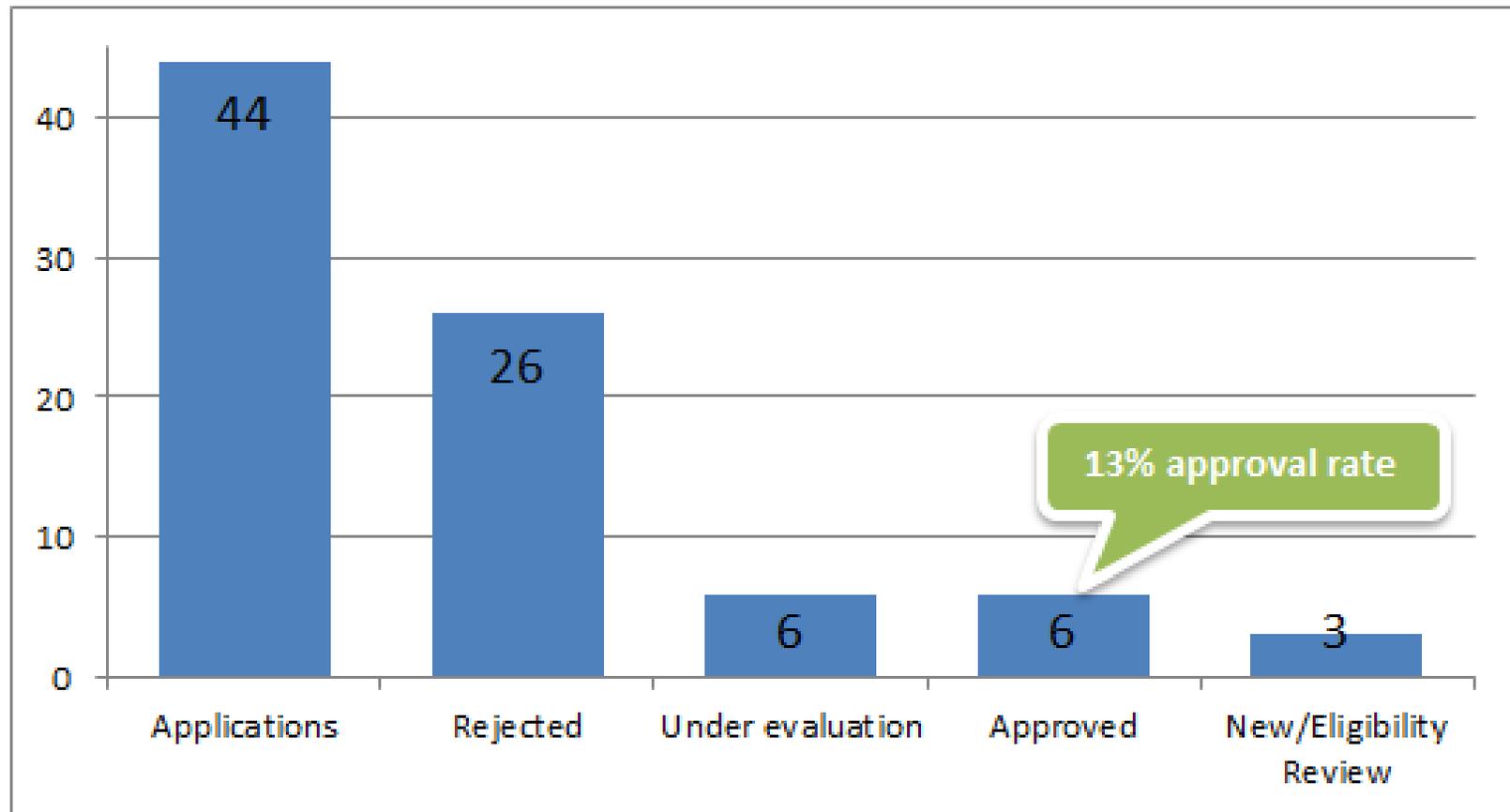
## Illinois Technology Development Account II

Like its predecessor TDA I, TDA II provides much needed venture capital to the high-tech sector by allowing up to 2% of the Illinois Treasurer's investment portfolio to be invested in venture capital funds, and also establishing a public/private partnership for side-by-side investments of private and the Treasurer's capital.

# Invest Illinois Venture Fund

- Accelerate the commercialization and growth of start-up companies
- Increase the number of investment-grade companies
- Catalyze private capital investment
- Create sustainable high-paying jobs
- Generate return and drive portfolio growth

# IIVF Deal Flow



# IIVF Portfolio



Dec 2011

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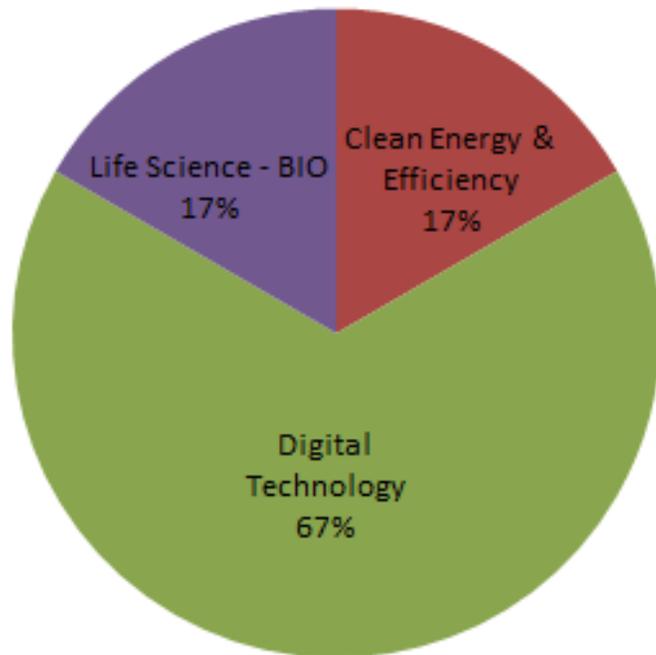


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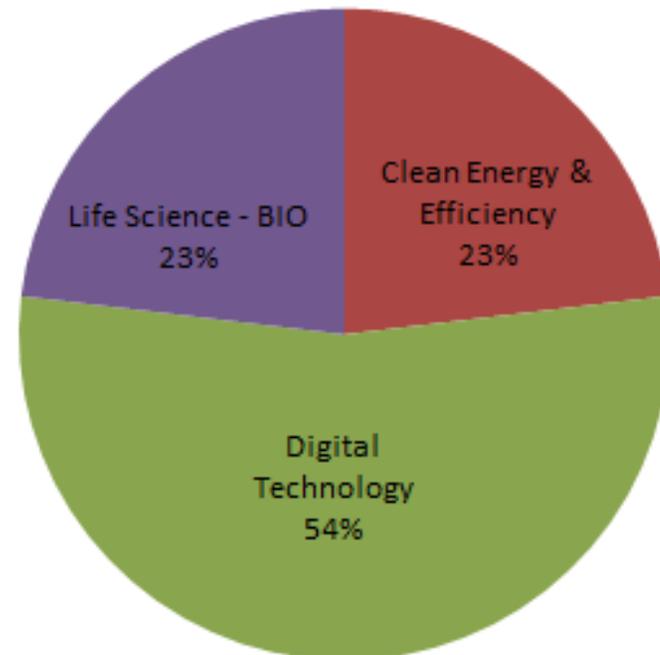
# IIVF Portfolio

## Sectors by Porfolio Count



Total Deals: 6

## Investments by Sector

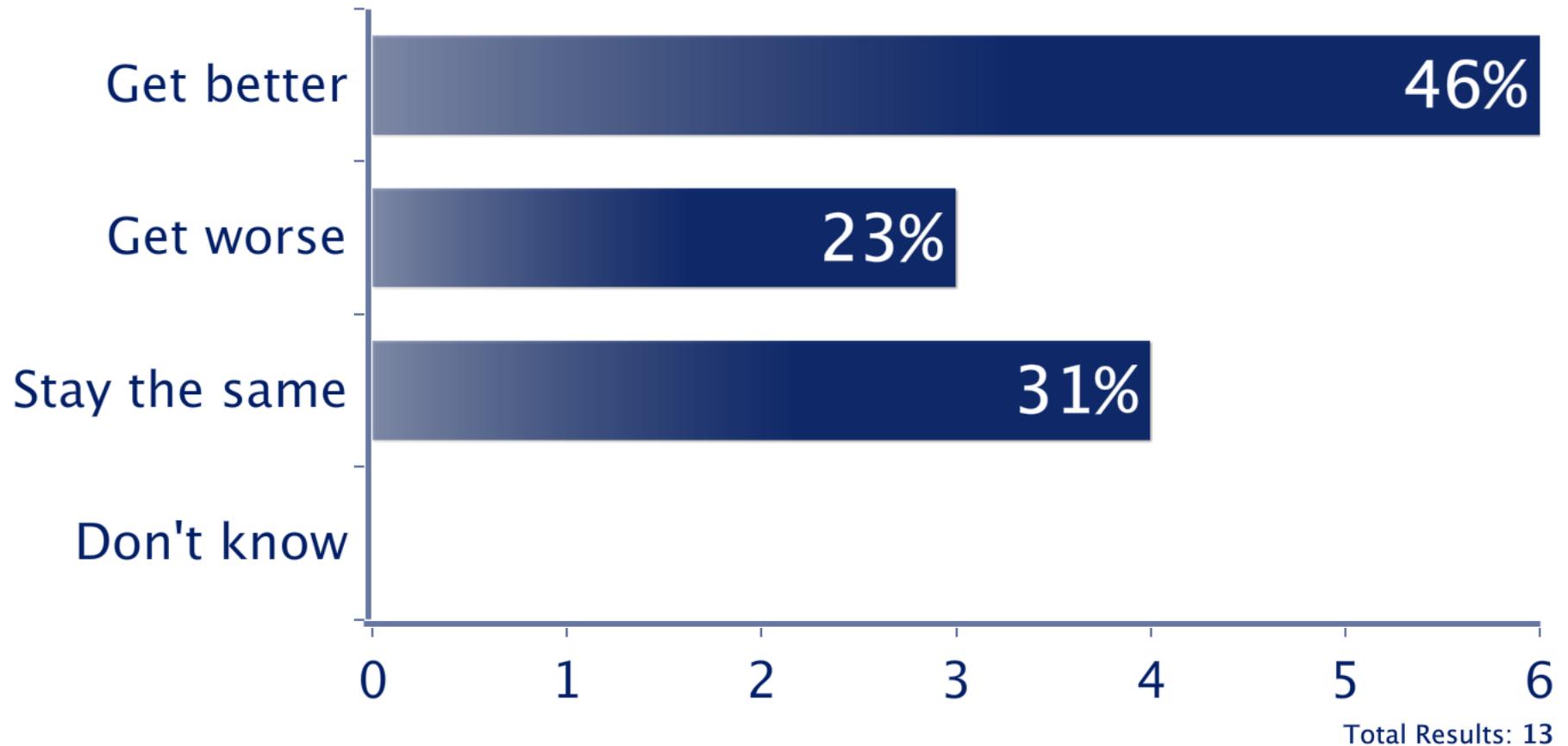


Total investment: \$2,162,500

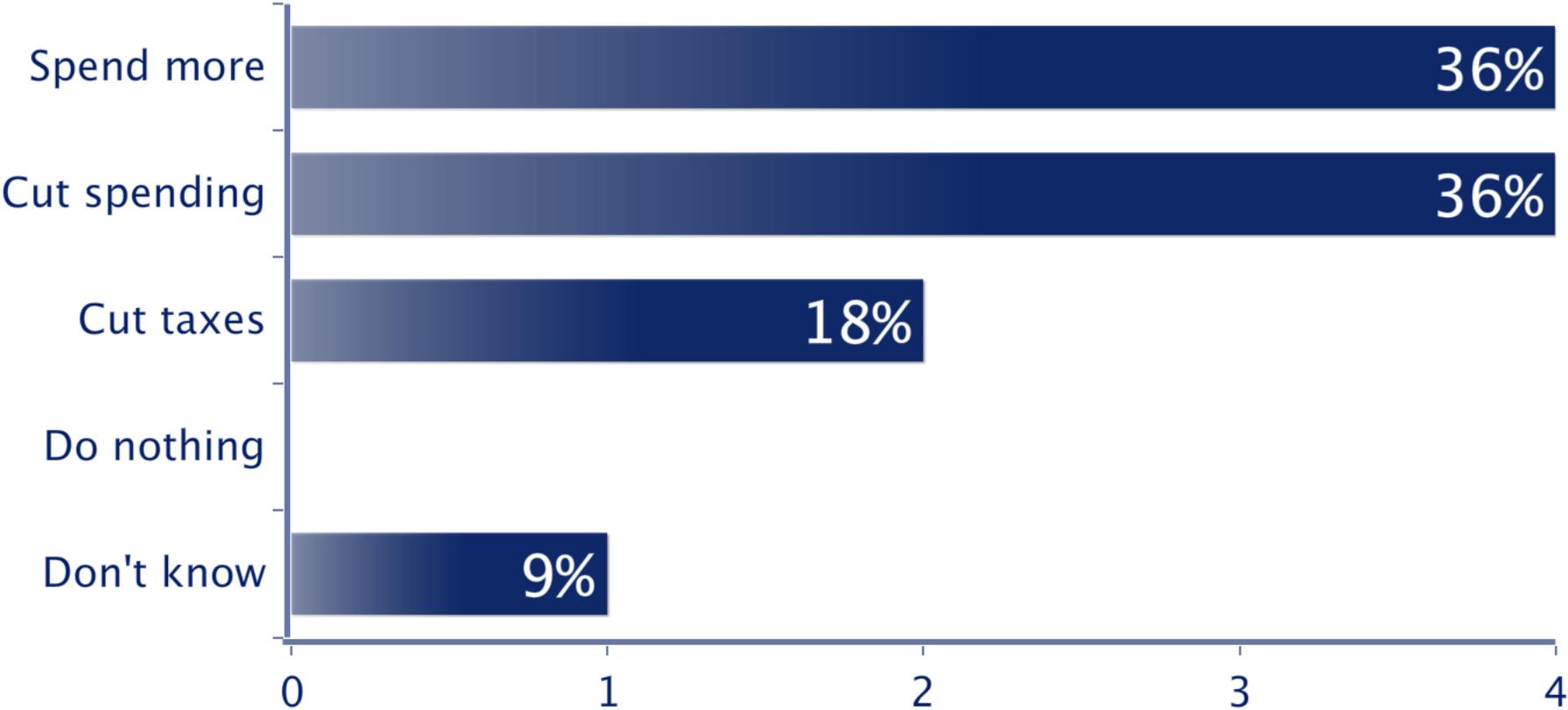
# BIO Leadership in Illinois

- Direct investments (SSBCI, TDA II)
- Innovation 'Problem-Centered' Challenge Grants (EDA i6 Green)
- Facilitate sustainable materials
- Phase I Clinical Trial Facility
- Pharmaceutical Drug Users Fee Act (PDUFA) (federal advocacy)
- Commercialization, translation, nurturing innovation (incubators, CIM, 1871, Excelerate Labs, Healthbox)

# Where do you think our state economy will be in 18 months?



# What is the best way for government to boost the economy?



Total Results: 11

# How would you invest?

