The State of Innovation

Orlando Saez
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\(^1\)

Illinois exports at $65 billion in 2011, a 32% increase\(^2\) 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\(^3\).

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)
Since January 2010, Illinois has added over 108,100 jobs – 1st in the Midwest for job growth.
Workforce Figures & Trends

1 Illinois’ workforce:
   31% have a bachelor’s degree vs. 11% have a graduate degree

High tech wages $79,807 in 2010

1. Crain’s Chicago Business
2. U.S. Census Bureau (2006-10)
University Figures & Trends

R&D Expenditures (FY 2002-09) = $377.6M
Economics = 1\textsuperscript{st}
Medical School = 12\textsuperscript{th}
National Rank Overall = 5\textsuperscript{th}

R&D Expenditures (FY 2002-09) = $515.2M
Kellogg Business School = 5\textsuperscript{th}
Chemistry = 7\textsuperscript{th}
National Rank Overall = 12\textsuperscript{th}

R&D Expenditures (FY 2002-09) = $1.025B
Information Sciences = 1\textsuperscript{st}
College of Engineering = 5\textsuperscript{th}
National Rank Overall = 45\textsuperscript{th}

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*

**8th 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)
Bio has been a centerpiece of this legacy of innovation.
Illinois has over 440 corporate R&D facilities and more than 200 academic, government and not-for-profit research institutions.

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

<table>
<thead>
<tr>
<th>in $ million</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$33</td>
<td>Advanced Protein Crystallization Facility at Argonne</td>
</tr>
<tr>
<td>$32</td>
<td>Illinois Accelerator Research Center at the Fermi</td>
</tr>
<tr>
<td>$4</td>
<td>National Corn to Ethanol Center at SIU</td>
</tr>
<tr>
<td>$60</td>
<td>UoI’s National Center for Supercomputing Application (Petascale)</td>
</tr>
<tr>
<td>$10</td>
<td>Construction of a new state-of-the-art emergency and disaster preparedness center at Rush Medical Center (Chicago)</td>
</tr>
<tr>
<td>$36</td>
<td>Center for Nanoscale Materials at Argonne</td>
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<tr>
<td>$5</td>
<td>International Institute for Nanotechnology at Northwestern University</td>
</tr>
<tr>
<td>$15</td>
<td>Illinois Science &amp; Tech Park (Skokie)</td>
</tr>
<tr>
<td>$4</td>
<td>University Tech Park at IIT (Chicago)</td>
</tr>
</tbody>
</table>

### Total over 6 years leveraging $200+ of addition private investment

**$199**
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.
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

- Applications: 44
- Rejected: 26
- Under evaluation: 5
- Approved: 6
- New/Eligibility Review: 3

13% approval rate
IIVF Portfolio

Dec 2011

Feb 2012
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)
Thank You
Where do you think our state economy will be in 18 months?

- Get better: 46%
- Get worse: 23%
- Stay the same: 31%
- Don't know

Total Results: 13
What is the best way for government to boost the economy?

- Spend more: 36%
- Cut spending: 36%
- Cut taxes: 18%
- Do nothing: 0%
- Don't know: 9%

TotalResults: 11
How would you invest?

- Challenge grants: 23%
- Infrastructure: 8%
- Policy: 8%
- R&D: 19%
- Programs: 35%
- Direct investments: 8%

Total Results: 26
Backup Slides
Figures & Trends

Film industry reached a record $161 million in 2010, a 54% increase over 2009 with 8,000 jobs.
Figures & Trends

High-tech wages: Illinois ranked first in the Midwest, with high-tech workers earning an average annual salary of $79,807 in 2010.


Illinois’ History of **Innovation**

Illinois has claims to many firsts and is well-poised to become a leading **nexus for innovation.**
Bio & Innovation Today

Illinois has over 21,300 total high-tech establishments in Illinois, over 2,000 of which are bioscience.