

tober trade mission to secure a contract.

In January, the manufacturing software firm signed an agreement with Priemyselna informatika a riadenie, s.r.o. (PIR) of Slovakia to be a reseller and



Jansen

channel managers at VIA, who first met PIR during the 10-day trade mission.

percent of VIA's overall 2006 sales, according to Robert Jansen,



Jones

monitoring within a manufacturing environment.

"Initially, we are going to as-

parts tracking sequencing, traceability, quality and performance

VIA already does direct business in Europe but mainly with large American auto suppliers. Jansen said the relationship with PIR will allow VIA's software to penetrate smaller, European-based suppliers.

with other European firms it met during the mission, particularly those in Hungary, Jansen said.

Hayes Jones, senior advisor to the Automation Alley Interna-

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On the right path

Alley wins \$6M for seeding, operations

BY ERIC MORATH

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Automation Alley won a \$6 million state award for operations and to expand seed funding for early-stage companies.

It's a significant cash infusion for the Troy-based technology consortium, whose current annual budget is \$2.4 million. Alley officials said they intend to spend the dollars over a three-year period; more than half the funds will be pass-through dollars — money directly invested in emerging businesses and not for the Alley's operation costs.



Rogers

"We appreciate the state's continued support of Automation Alley's initiatives," Ken Rogers, Automation Alley executive director said, at the organization's

Jan. 24 annual meeting.

Along with the additional funding, state leaders are allowing the Alley to expand its seed-funding program beyond advanced automotive technology. The Alley's Technology Center now may invest in life sciences, homeland security, information technology and other select fields.

The intent is for the Alley's investment portfolio to mirror the sectors that the state's 21st Century Jobs program has identified as important and growing sectors.

But unlike the 21st Century Jobs Fund and its predecessors — the Life Sciences Corridor and Tech-

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SUZANNE YURENKA

Automation Alley President Jerry Rush, at ArvinMentor headquarters: Right organization at the right time.

Expansion nets results; critics say area still lags

BY ERIC MORATH

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Silicon Valley, Route 128. Automation Alley.

After a 2005 that saw Automation Alley post its first double-digit percentage membership growth since 2002, President Jerry Rush said the Troy-based technology consortium is proving its value to members and establishing the region as an innovation center on par with other corridors.

Now more than 600 members strong, the Alley grew 16.4 percent last year. In each of the prior two years, membership increased by less than 6 percent.

"That growth is a tremendous accomplishment considering the state of this economy," Rush said. "It is certainly a strong demonstration of faith that Automation Alley

Automation Alley Membership growth



Source: Automation Alley

is where people need to be."

Rush, also senior director of government affairs and community relations at Troy-based ArvinMentor Inc., is entering his second year as president of the Alley. He will serve in that role until early 2007.

Considering Michigan is outpacing the nation in terms of unemployment, and the auto industry is continuing to struggle, some may question the value of an organization that promotes southeast Michigan as a high-tech hub.

But Rush said it is times like these when the Alley can prove its worth.

"We are the right organization and the right time" he said. "We are at a running speed to handle these issues instead of just launching."

The Alley has established a solid array of services and offerings, Rush said, that position it to assist everyone from startups to international auto suppliers trying to attract and retain talented workers.

The Alley has four "lines" of

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Making the marks

A year ago Automation Alley President Jerry Rush laid out goals for the coming year. Recently he discussed the results with the Oakland Business Review.

2005 goal
Help the Alley gain national recognition.

Result
"We are growing our national reputation. When you look at the inquiries we get, it used to be more localized; now it comes from across the nation and the world."

2005 goal
Make the Alley's mission clear to representatives in Washington.

Result
"We've had a lot of fruitful contact, starting with Congressman Joe Krielenberg (R-Bloomfield Township). The Detroit Arsenal was a huge accomplishment. It was slated for closure and the Alley and other groups sprung into action, and now more high-tech jobs are moving to this area."

2005 goal
Grow the technology center as a business accelerator.

Result
The center funded five startup companies in 2005, including Delphi spinoff SpaceForm Inc. "Our opportunity to grow business in Michigan ... lies with small business."

2005 goal
Expand the Export Center.

Result
The Export Center was renamed the International Business Center and now assists local businesses in exporting and foreign firms in relocating to metro Detroit. "For the international business person, we're the single point of contact you need ... to decide to invest in Michigan."

Eric Morath

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a National Association of Home Builders economist.

"There is a simmering down," said David Seiders, NAHB economist, speaking to the Building Industry Association of Southeastern Michigan Jan. 19.

But Dominic Mocerri of Mocerri Homes, the past BIA president, said the southeast Michigan new housing market will continue to grow. He highlighted 2005, which had the third-highest number of residential building permits issued in the past 15 years.

"Ours is not a volatile market," Mocerri said.

For the fifth consecutive year, Oakland County outdistanced surrounding counties in the number of building permits issued, according to the Southeast Michigan Council of Governments.

The residential building industry has been one of the few growth markets as the automotive and manufacturing industries have declined in southeast Michigan.

Nonetheless, signs of weakening appeared in 2005 as permits fell short of previous levels. In 2004, the county's 62 communi-

ties in December, with only the South reporting a 5.2 percent gain. The Midwest had a 23.6 percent decline, owing in part to weather conditions, Seiders reported.

Overall, NAHB's forecast for 2006 anticipates a 6.5 percent decline in the national housing market, Seiders said.

This year will bring a Michigan economy less reliant on the new housing market as the driving growth industry due to a lack of job growth in the state. But Mocerri told builders that 94 percent of Michigan residents are still employed and can afford new homes.

Driven by lower interest rates, the move of apartment dwellers to first homes will slow down, Seiders said, simply because the rush has past.

So what can help southeast Michigan's housing market in 2006? Stable interest rates, the apparent loss of momentum on proposed changes to mortgage deductions for income tax, consumers' continuing interest in second homes, builder incentives and the need to replace aging homes, Seiders said.

The median age of housing

growth in the fourth quarter, 2005, and a 2.5 percent growth in the Detroit metropolitan area. Compare that to 35 percent-40 percent price growth in the hotter markets, Seiders said.

Seiders encouraged builders to offer incentives to sell newly built homes. Incentives can include including extras, such as tile flooring, without additional cost, or paying buyers' mortgage closing costs.

"Incentives can be a strong way of maintaining sales out there," Seiders added.

Still, Michigan is in an unusual economic position in a nation whose economy has rebounded from the 2001 recession and is, in fact, growing. Unlike past recessions, however, Michigan's manufacturing and automotive industries have not rebounded.

"This time the pattern is alarmingly different," Seiders said. "If the rest of the country was not doing well, Michigan would be in a depression."

■ Joanne Maliszewski covers real estate for Oakland Business Review.

executives Dan Gilbert and David Katzman - joined active investors Brian Hermelin and Gary Shuffman in the deal.

All four will join ePrize's board, the privately held company said in a Jan. 30 press release.

The company did not say what level of equity the four investors will have in ePrize, which has developed online promotions, including sweepstakes and reward programs for the likes of Coca-Cola Co., Procter & Gamble Co. and Dell Inc.

The funds allow ePrize to develop new technology, continue

Quicken Loans/Rock Financial and vice chairman of the Cavaliers.

Hermelin, president and co-CEO of Active Aero Group in Van Buren Township, and Sun Communities CEO Shuffman have been active ePrize investors since 2001.

Fifth Third Bank provided bank financing and a working capital facility, ePrize said.

"Our new board members will add considerable strategic value to ePrize, acting as mentors and bringing a wealth of experience to enable the company to grow," said Linker said.

VIA

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tional Business Center, said VIA's deal is the first of what will be several deals steaming from the trade mission.

"Usually it takes at least six months, so I believe this is just the beginning," he said.

Jones credited the trade mission's close involvement with the U.S. Commercial Service in

the foreign countries for making meaningful connections for the participating companies.

Jones said he was so encouraged by October's trip that the Alley is considering a return mission to Eastern Europe in 2006. The Alley also is planning a trip to China in the fall.

■ Eric Morath covers manufacturing and technology for Oakland Business Review.

RESULTS

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business:

- The Technology Center, which helps entrepreneurs enhance their skills and provides seed funding to emerging businesses;

- The Member Consortium, which runs most of the Alley's events;

- GLIMA, an organization for individual workers in the technology field; and

- The International Business Center, which helps local small and mid-sized businesses export and assists foreign companies establish a base in Michigan.

Funding tech startups and helping foreign auto parts makers seems a far cry what Delphi Corp., EDS Corp., ArvinMeritor and other original members envisioned when they joined with Oakland County to establish the Alley in 1998.

"When the Alley originated, the goal was to attract and retain high-technology talent to the region," Rush said. "It's ongoing, but in many ways we look at that as mission accomplished."

The Alley has expanded its fo-

cus to include more small tech firms. Last year, for example, the Alley started an entrepreneurs series that got fledgling companies in front of angel investors. Plans are to now expand that quarterly program to six times a year.

The Technology Center also intends to invest seed funding in six businesses, one more than in 2005.

The Alley's board makeup also has evolved to include companies outside technology and automotive, such as Royal Oak-based Beaumont Hospitals, and smaller firms, such as Troy-based IT services firm PMV Technologies.

PMV employs about 40 people.

"Small businesses play a tremendous role in our economy, and as a fairly fast-growing local IT provider we find our involvement with the Alley invaluable," said Scott Goemmel, PMV executive vice president and newly elected member of the Alley board.

In addition to serving members locally, the Alley also is becoming a more recognizable voice in Lansing and Washington, Rush said. It worked to preserve and add jobs to the Detroit Arsenal in Warren

“We’ve shown leaders in Washington and elsewhere that Automation Alley ranks right up there with Silicon Valley and Route 128 in Boston.”

Jerry Rush
president,
Automation Alley

and Gov. Jennifer Granholm and House Speaker Craig DeRoche (R-Nowi) used Alley events as a platform discuss business policy.

"We've shown leaders in Washington and elsewhere that Automation Alley ranks right up there with Silicon Valley and Route 128 in Boston," Rush said.

But southeast Michigan lacks

a strong venture capital community and a second major industry to complement automotive - the vital components that those high-profile tech centers have," said Farmington Hills-based manufacturing consultant Kenneth Dalto.

"Michigan needs to have diverse, clearly defined industries. Assisting some smaller companies in a number of different fields doesn't reach that goal."

Dalto said southeast Michigan has the potential to become a health-care hub or a center for international business.

Others, such as Michigan State University economics professor Charles Ballard, said it's too soon to judge the Alley.

"It remains to be seen if Michigan can develop the critical mass it takes to be not just an automotive hub, but a high-tech cluster," Ballard said. "To the extent Automation Alley and other groups are working to expand beyond automotive, that's a good sign."

■ Eric Morath covers technology for Oakland Business Review.

FUNDING

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nology Tri-Corridor - the Alley's dollars don't come in the form of grants. Instead, the funds are seed investments and, like any early stage investor, the Alley hopes to see a return on that investment.

Any returns would be reinvested in another young company.

Since the seed-funding program started in 2004, six companies have received Alley investments. Tom Anderson, senior director of Automation Alley, said he anticipates six more companies to receive funding in 2006.

The state also granted the Alley \$92,000 as part of the Michigan Information Security Regional Skills Alliance program. The program's goals include identifying opportunities for southeast Michigan businesses in information security development and identifying career paths in that field.

■ Eric Morath covers technology for Oakland Business Review.