

**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

DATE: January 12, 2015

TO: Supervisor Patricia Jursik, Chair, Economic & Community Development Committee

FROM: David Cialdini, Project Manager, DAS-Economic Development

SUBJECT: Submittal of Friedman Report regarding the Milwaukee County Research Park Incubator Needs Assessment (Informational Only)

An objective needs assessment of the market demand for Technology focused incubation needs. This report was commissioned by the Milwaukee County Research Park Board and is being submitted to the Committee of Economic and Community Development as an informational report.



David Cialdini, Project Manager  
Department of Administrative Services-Economic Development

Attachment: SB Freidman Report – Incubator Needs Assessment

cc: Chris Abele, County Executive  
Marina Dimitrijevic, County Board Chairwoman  
Economic and Community Development Committee Members  
Teig Whaley-Smith, Director, Department of Administrative Services  
Kelly Bablitch, Chief of Staff, County Board of Supervisors  
Raisa Koltun, Chief of Staff, County Executive's Office  
Julie Esch, Director of Operations, DAS

MILWAUKEE COUNTY RESEARCH PARK

# Incubator Needs Assessment

October 29, 2014



VISION | ECONOMICS | STRATEGY | FINANCE | IMPLEMENTATION

October 29, 2014

Mr. William Ryan Drew, Executive Director  
Mr. Guy Mascari, Director of Development  
Milwaukee County Research Park Corp.  
10437 Innovation Drive  
Suite 123  
Wauwatosa, WI 53226-4815

RE: Incubator Needs Assessment

Dear Mr. Drew and Mr. Mascari:

Pursuant to our agreement, *SB Friedman Development Advisors* is pleased to present this report outlining the findings and recommendations of the Incubator Needs Assessment.

The scope of our engagement included:

- A review of the role and past performance of the Technology Innovation Center (TIC) at Milwaukee County Research Park as a business incubator
- An assessment of the existing and planned space available to entrepreneurs, both in formal incubator settings and within the private market.
- A review of past and forward-looking economic indicators to determine whether sufficient demand exists to support an incubator at MCRP.

Based on the analysis summarized in this report, we feel the TIC is fulfilling a unique niche within the Milwaukee region's entrepreneurial ecosystem. Our report outlines the value proposition of the TIC and opportunities to enhance incubation efforts.

We appreciate the opportunity to have been of service to the Milwaukee County Research Park and look forward to working with you again in the future.

Sincerely,

**SB Friedman Development Advisors**



Stephen B. Friedman, FAICP, CRE  
President



Ranadip Bose, AICP  
Senior Project Manager

**MILWAUKEE COUNTY RESEARCH PARK  
Incubator Needs Assessment**

**October 29, 2014**

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MILWAUKEE COUNTY RESEARCH PARK  
Incubator Needs Assessment

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# 1. Executive Summary

The Technology Innovation Center (“TIC”) at Milwaukee County Research Park (“MCRP”) is a 137,000-square-foot high-technology business incubator with a focus on information technology and software, biotechnology and medical devices, and industrial applications and manufacturing. The TIC was one of the first incubators within the Milwaukee-Waukesha-West Allis MSA and incubation efforts at the TIC have led to the creation of approximately 1,059 jobs from graduate firms over its 20-year existence. Currently, 41 companies have a presence in the TIC, with approximately 220 employees. The building that houses the TIC is leased from Milwaukee County (“County”) whose facilities planning consultant recently recommended that the building be demolished and redeveloped due to deferred maintenance issues and building inefficiencies.

In light of this recommendation, the Milwaukee County Research Park Corporation engaged *SB Friedman Development Advisors (“SB Friedman”)* to conduct an objective needs assessment analysis for incubator space at MCRP. This report assesses only the need for incubator space and does not address the physical aspects of the TIC, particularly the condition of the existing structure or its appropriateness for incubator use. This report includes the following:

- An overview of the Technology Innovation Center, with a summary of key characteristics, past performance, and a profile of existing tenants based on a survey of current tenants.
- An introduction to the entrepreneurial ecosystem within the Milwaukee region, including recent major activities occurring within the ecosystem.
- An assessment of the existing and planned space available to entrepreneurs, both in formal incubator settings and within the private market.
- A review of past and forward-looking economic indicators to determine whether sufficient demand exists to support an incubator at MCRP.
- An outline of the value proposition of the TIC and opportunities to enhance incubation efforts.

## VALUE PROPOSITION OF THE TIC

The results of our needs assessment indicate that the TIC is fulfilling a unique niche within the Milwaukee region’s entrepreneurial ecosystem that is neither duplicated by the existing or planned supply of incubators and accelerators, nor fully available within the private market. Besides the TIC, three major incubator and accelerator facilities have recently opened or are planned to open within the Milwaukee region as follows:

- **The Global Water Center (GWC)** a water research and business accelerator that opened in the fall of 2013 in Milwaukee’s Walkers Point neighborhood.
- **The UWM Innovation Accelerator** opened in May 2014 as the first building within the new UWM Innovation Campus, which is located adjacent to MCRP to the east of U.S. Highway 45. The facility’s focus is to provide services, rather than space, to the entrepreneurial ecosystem primarily in the bioscience and medical devices field.
- **The Energy Innovation Center** is a planned accelerator and incubator facility focused on the energy, power and controls industries. The facility is currently under development in the former research facilities of Eaton Corporation near the proposed Century City Business Park in Milwaukee.

Each of the incubators, including the TIC, aligns with different sectors identified by Milwaukee 7 (the regional economic development entity) as having growth potential within the region. This allows the facilities to develop synergies, rather than be in competition with one another. Furthermore, the other incubator facilities in the ecosystem focus on early stages of business incubation, whereas the TIC specializes in incubating companies that are generating revenue and scaling up service or production. The TIC also provides critical services that are not available in the private market, particularly flexibility in lease terms and space requirements, specialized facilities and equipment, such as wet and dry labs, and the ability to network with other entrepreneurs.

It also appears likely that demand for an incubator with a focus on information technology and software, biotechnology and medical devices, and industrial applications and manufacturing will continue given the following:

- 14% growth in non-employer firms (self-employed firms with no employees) within those sectors from 2003 to 2012,
- Projected 17.5% employment growth in occupations (such as scientists, engineers and computer and mathematical occupations) that could spawn entrepreneurs from 2010 to 2020
- Steady occupancy rates at the TIC even through the recession, and
- Activity within the evolving entrepreneurial ecosystem in the Milwaukee region that could generate additional demand for incubator space.

#### **OPPORTUNITIES TO ENHANCE TIC ACTIVITIES**

However, opportunities exist to further enhance the TIC. The entrepreneurial ecosystem in Milwaukee is rapidly evolving with emerging networks between the newly developing incubators, academia, industry associations, private industry groups and government. Discussions with local and regional economic development officials have revealed that the TIC is not as actively involved with the ecosystem as the other incubator and accelerator facilities within the region. While some of this may be a product of the TIC focusing on revenue producing companies, other facilities may benefit more from active on-site participation by academia, industry organizations, government, and industry partners.

Additionally, analysis of tenancy data at TIC indicate that over 50% of companies have been a tenant of the TIC for over 6 years and over 30% have been a tenant for greater than 10 years. This is significantly greater than the average duration of 2.3 years for a business to be located in a business incubation center (based on data from the National Business Incubation Association). While the presence of long term tenants increases the stability of lease revenues for the operation of the TIC, from an economic development perspective, there is greater value added in terms of job creation with a greater throughput of graduates.

Potential strategies to further enhance demand and the economic development impact of the TIC include:

- Fostering stronger relationships within the entrepreneurial ecosystem which could encourage collaboration, increase demand for incubator space, and attract capital from the business community.

- Partnering with the UWM Innovation Campus, as synergies exist between the TIC and UWM Innovation Accelerator due to their similar sector focuses and emphasis on different stages of business incubation.
- Developing proactive marketing and outreach which could also increase occupancy and encourage further collaboration between TIC tenants and the rest of the entrepreneurial ecosystem.
- Establishing shorter graduation policies, while balancing financial stability, as, from an economic development perspective, there is greater value added in terms of job creation with a greater throughput of graduates.
- Developing metrics for tracking graduate performance to properly demonstrate the value and performance of the TIC, as it is likely the economic impact of the TIC is greater if it accounts for the growth in graduating firms.

## 2. Introduction

Milwaukee County Research Park (“MCRP”) is one of the premier research and technology parks in the State of Wisconsin. The 175-acre research park is home to 115 businesses that employ approximately 4,800 people. One of the key components of MCRP is the Technology Innovation Center (“TIC”), a 137,000-square-foot high-technology business incubator<sup>1</sup>, where incubation efforts have led to the creation of approximately 1,059 jobs over its 20-year existence. Currently, 41 companies have a presence in the TIC, with approximately 220 employees.

The building that houses the TIC is leased from Milwaukee County (“County”) and was originally built in 1913 as Muirdale Tuberculosis Sanitarium. Over the years, the facility has developed deferred maintenance issues, which will require a significant reinvestment to modernize and maintain the existing structure. Recently, the TIC building was identified by the County’s facilities planning consultant, CBRE, for demolition and redevelopment due to the deferred maintenance and building inefficiencies. In light of this recommendation, the County is exploring future options for the building and site.

The Milwaukee County Research Park Corporation engaged *SB Friedman Development Advisors (“SB Friedman”)* to conduct an objective needs assessment for incubator space at MCRP. This report assesses only the need for incubator space and does not address the physical aspects of the TIC, particularly the condition of the existing structure or its appropriateness for incubator use.

This report includes the following:

- An overview of the Technology Innovation Center, with a summary of key characteristics, past performance, and a profile of existing tenants based on a survey of current tenants.
- An introduction to the entrepreneurial ecosystem within the Milwaukee region, including recent major activities occurring within the ecosystem.
- An assessment of the existing and planned space available to entrepreneurs, both in formal incubator settings and within the market.
- A review of past and forward-looking economic indicators to determine whether sufficient demand exists to support an incubator at MCRP.
- An outline of the value proposition of the TIC and opportunities to enhance incubation efforts.

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<sup>1</sup> A business incubator is a facility that provides a range of services to start-up companies to help minimize the pitfalls of starting a new business that arise from fragmented or incomplete systems, to grow more quickly, and to increase the odds of success. These services typically include assistance with a business plan and financing, mentoring, administrative support, and physical space.

### 3. The Technology Innovation Center

The Technology Innovation Center at Milwaukee County Research Park is a 137,000-square-foot business incubator with a focus on the following sectors:

- Information technology and software;
- Biotechnology and medical devices; and
- Industrial applications and manufacturing.

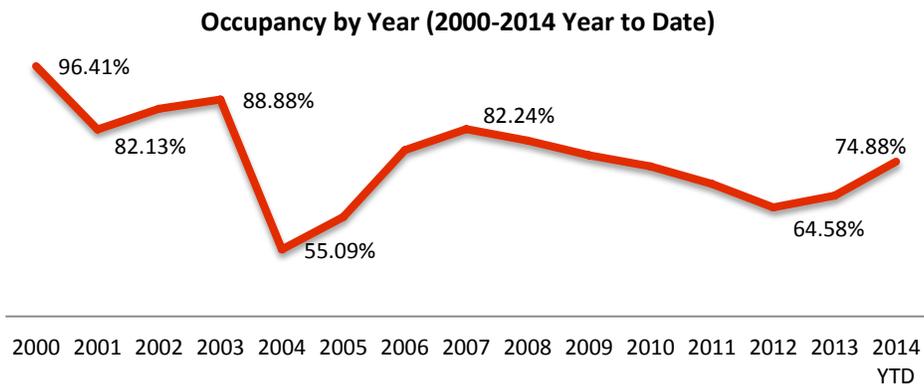
Located in the former Mairdale Tuberculosis Sanitarium building, the TIC began accepting tenants in March 1993. Over the years, the TIC has been home to 156 tenants, 115 of which have graduated. Incubation efforts at the TIC have led to the creation of approximately 1,059 jobs between 1993 and 2013. Currently, 41 companies have a presence in the TIC, with approximately 220 employees.

The TIC offers unique features, including: access to high-bandwidth internet, 11,200 square feet of wet lab space, shared conference rooms, and an in-house library. Benefits of the TIC also include easy transportation access and adjacencies to major institutional anchors, such as the Milwaukee Regional Medical Center, Medical College of Wisconsin, and the University of Wisconsin-Milwaukee (“UWM”) Innovation Campus. MCRPC maintains affiliations with these two universities, in addition to Marquette University and Milwaukee School of Engineering. These affiliations provide tenants of the TIC access to faculties, students, laboratories, libraries and specialized equipment.

To be an incubator tenant, applicants must have completed a business plan, demonstrate an ability to pay the roughly \$12 per square foot gross rent, and be incubating a business that aligns with the sector-focused mission of the TIC. In addition to the sectors outlined above, a number of support organizations are located within the TIC.

#### Past Performance

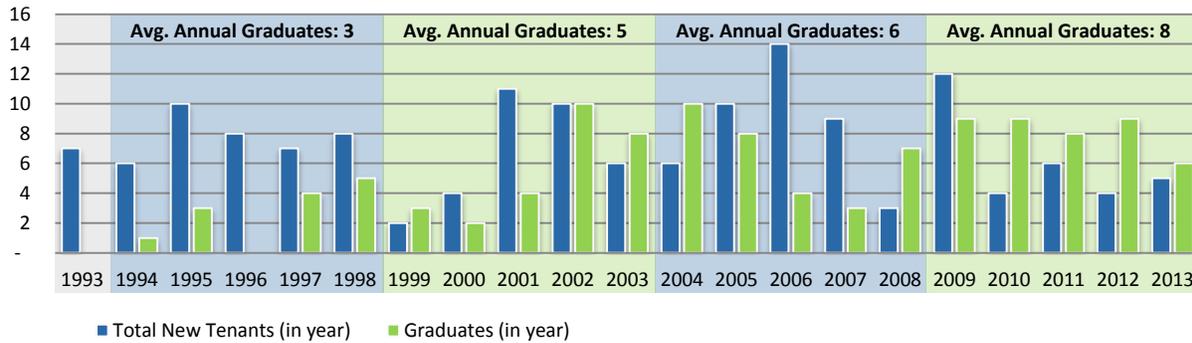
Approximately 80,000 square feet of space within the TIC is rentable building area. Occupancy of the TIC has fluctuated over the last 10 years due to the graduation of large incubator tenants and overall economic conditions. Currently, the TIC is approximately 75% occupied, which approaching pre-recession occupancy levels.



Source: Milwaukee County Research Park

Tenant graduation has increased over the last five years, averaging 8 graduates per year. Graduates of the TIC include: Tushaus Computer Services, Inc. and ZyStor Therapeutics, Inc. Other former tenants have been acquired by Time Warner Telecom, Inc. and Phillips Electronics.

### New Tenants and Graduates by Year

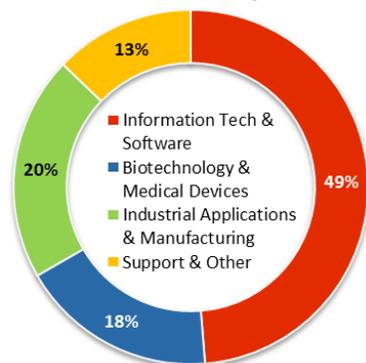


Source: Milwaukee County Research Park

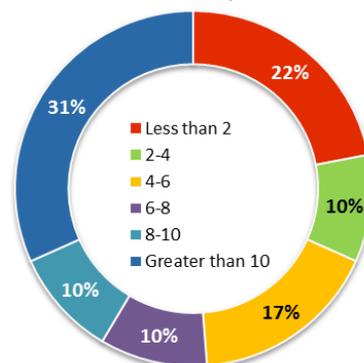
## Current Tenant Profile

Of the 41 tenants currently occupying space in the TIC, nearly 50% identify themselves as information technology and software firms. The remaining space is split nearly evenly amongst firms specializing in biotechnology and medical devices, industrial applications and manufacturing, and organizational support. The TIC focuses on companies that have a business plan in place, rather than entrepreneurs who are developing and prototyping a product or service or conducting preliminary research. Over 50% of companies have been a tenant of the TIC for over 6 years and over 30% have been a tenant for greater than 10 years. According to the National Business Incubation Association (NBIA), the average time for a business to be located in a business incubation center is approximately 2.3 years but it varies based on a number of factors, including the entrepreneurs’ level of business expertise, the type of businesses and graduation policies and goals of individual incubators. While the presence of long term tenants increases the stability of lease revenues for the operation of the TIC, from an economic development perspective, there is greater value added in terms of job creation with a greater throughput of graduates.

### Current Tenants by Sector



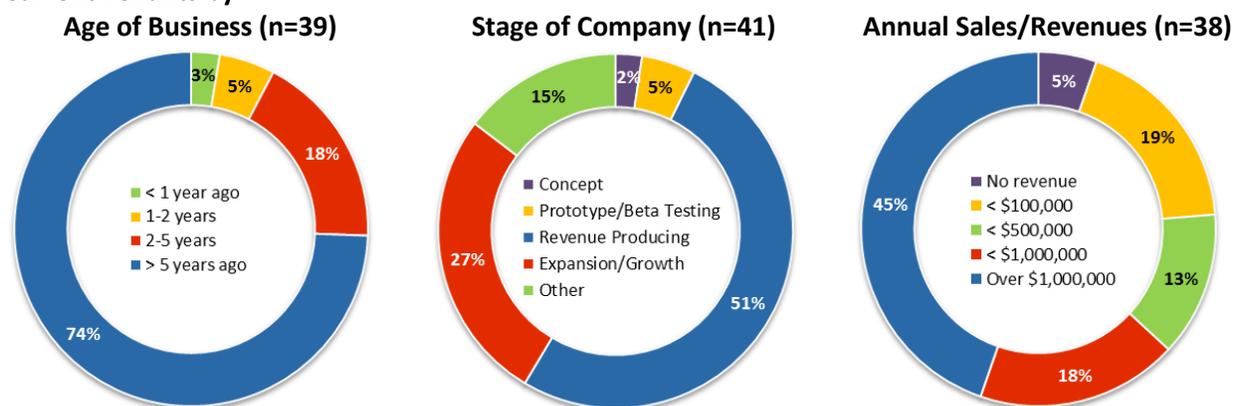
### Current Tenants by Term at TIC



Source: Milwaukee County Research Park

SB Friedman conducted a survey<sup>2</sup> of current tenants to better understand the type of business that locate within the TIC and their reasons for doing so. Results of the survey indicate that current tenants are largely established (over 5 years in age), and are revenue-producing or expanding businesses with revenues greater than \$500,000 per year.

**Current Tenants by:**



Source: SB Friedman

Note: 'n' indicates the number of survey responses for each question.

The most referenced reasons for locating within the TIC are: affordable rents, flexibility in space needs and lease terms, and the TIC's location within the metro Milwaukee area.

**Tenants Reasons for Locating within the TIC (n=40)**

| Reason for Locating within the TIC  | Average Rank from 1-10 |
|---|------------------------|
| Affordable Rents  | 2.2                    |
| Flexibility in Space Needs (Ability to Expand, Lease Small Spaces)                      | 2.9                    |
| Location within Metro Area & Highway Access   | 4.2                    |
| Flexibility with Lease Terms (Short-Term Leases)  | 4.5                    |
| Shared Facilities & Services  | 5.1                    |
| Proximity to Other Start-up Companies   | 6.0                    |
| Adjacency to the Medical College, Regional Medical Center, and/or UWM Innovation Campus | 6.5                    |
| Access to Wet and Dry Labs  | 6.7                    |
| Affiliation with Marquette, the Medical College, MSOE, and/or UWM                       | 7.0                    |

Source: SB Friedman

<sup>2</sup> SB Friedman collected a total of 41 survey responses from 33 tenants. This represents an 80% response rate of tenants and account for 87% of total leased space within the TIC.

**Graduate Profile: ZyStor Therapeutics, Inc.**

Incorporated: 2004 in St. Louis, MO  
Relocated to TIC: 2005  
Square Feet Occupied at Peak: 4,338  
New Jobs Created: 8  
Graduation: 2011, following an acquisition

ZyStor was a drug development company focused on therapeutics to improve the lives of people suffering from lysosomal storage diseases. Their business plan was to advance their technology through the clinical testing phase to a point where manufacturing could be arranged through partnership agreements or the company could be acquired by a major drug company.

Prior to relocating to the TIC, the company was headquartered in St. Louis, Missouri. The move to Milwaukee was motivated by a venture capital investment from the State of Wisconsin Investment Board, which required the recipient of funds be headquartered within the State of Wisconsin. ZyStor considered relocating to either the Madison or Milwaukee areas, ultimately choosing to locate within the TIC. Critical to the company's mission were wet labs and specialized equipment, which were retrofitted within the TIC to accommodate ZyStor. The company's former president has stated that without these facilities, the company would have located in Madison due to appropriate facilities not being available elsewhere in the Milwaukee region.

The company originally employed three high-level executives and expanded to 11 employees while at the TIC. The firm occupied 1,700 square feet of wet lab space, as well as non-contiguous offices for a total of approximately 4,000 square feet.

In 2010, ZyStor was acquired by BioMarin Pharmaceutical Inc. The original \$8.5 million investment by the State of Wisconsin Investment Board and others yielded a \$22 million sale price, with an additional \$93 million if certain development, regulatory and commercial milestones are achieved. Currently, the drugs developed by ZyStor are in phase 3 of the Food and Drug Administration's drug approval process.

Source: *SB Friedman*

## 4. Milwaukee's Entrepreneurial Ecosystem

Nurturing entrepreneurship requires a supportive ecosystem developed around the core economic base of the city, with strong partnerships and linkages between academia, workforce organizations, venture capitalists and angel investors, trade associations, and other private and public sector representatives. The term "ecosystem" is a biological term, but it is used to describe the web of relationships between entities that can play a decisive role in the success of new products and ventures. For much of the TIC's existence, the ecosystem in the region has been largely disconnected, with research, development and entrepreneurial activities occurring both geographically and systematically independent of one another.

However, recently, significant activity has begun to occur within the ecosystem as investments have been made in infrastructure and new players have emerged. While disconnect among key players is still occurring, an emerging network of incubators, organizations, mentorship programs and capital resources are beginning to transform the ecosystem. Recent activities include the following:

- In 2007, the Milwaukee Institute developed the Milwaukee Metropolitan Grid, or "MGrid", a network of high performance super-computers that provides consortium members access to modeling, simulation and visualization tools for development of new products and services.
- In 2011, the University of Wisconsin-Milwaukee (UWM) acquired 89 acres of County land for development of the UWM Innovation Campus. This public-private research park adjacent to MCRP is anticipated to leverage the research capabilities of academia, industry and nonprofit organizations, encourage commercialization of university and non-profit research, and attract new businesses. The first building, the UWM Innovation Accelerator, opened in 2014.
- In 2013, ScaleUp Milwaukee, an initiative led by the Greater Milwaukee Committee, was developed to address challenges within the entrepreneurial ecosystem. The goal of the initiative is to implement policies, structures and programs that foster entrepreneurship.
- In 2014, Milwaukee 7, the seven-county commission tasked with promoting and encouraging economic development in the region, developed the Framework for Economic Growth, which, for the first time, developed a coordinated, regional approach to economic development. Key elements of the plan include targeted cluster development and initiatives to: foster an interconnected entrepreneurial ecosystem; align workforce development with industry needs; and enhance the capabilities of the region's small and medium-sized enterprises.
- Also in 2014, as a result of the regional economic development plan, the Milwaukee region was designated as one of 12 Manufacturing Communities in the country by the U.S. Department of Commerce as part of the federal initiative: Investing in Manufacturing Communities Partnership (IMCP). The program is designed to transform communities into globally-competitive manufacturing hubs by helping them attract and expand private investment in the manufacturing sector and increase international trade and exports. The designation makes the region eligible for federal funding to implement their economic development plan.

Additional activities within the ecosystem include the development of new industry/university consortia, technical assistance providers and incubator/accelerator facilities.

## 5. Existing and Planned Space for Entrepreneurs

The following section outlines the supply of space available to entrepreneurs both within formalized incubator or accelerator<sup>3</sup> programs and in the private market.

### Incubators and Accelerators

As previously mentioned, the recent activity within the regional entrepreneurial ecosystem has spurred a number of new and planned incubator and accelerator facilities. Prior to development of these facilities, the TIC was the only facility of its scale and type in the Milwaukee area. While other incubation efforts have been initiated within the Milwaukee region over the past 20 years, the TIC is the longest lasting incubator that is still in operation. This section outlines the competitive set of the most comparable incubators and accelerators that have recently been developed or are currently under development within the Milwaukee region. It outlines the mission, focus and structure of each of these incubators or accelerators.

The overall competitive set was identified through interviews with local stakeholders and from a list published by the *Milwaukee BizTimes* on April 9, 2014. For the purposes of this supply analysis, we have focused on the three incubator/accelerator facilities that are most comparable to the TIC, are sponsored by a major institutional partner or sector-based organization, and include a manufacturing or production component at a scale similar to that of the TIC. These facilities include:

- **The Global Water Center (GWC).** The Global Water Center is a water research and business accelerator that opened in the fall of 2013 in Milwaukee's Walkers Point neighborhood. The facility is sponsored by the Water Council, which is a sector-based organization composed of academics, government officials, and members of private industry. The facility houses water-related research facilities for universities, existing water-related companies, and accelerator space for new, emerging water-related companies. Major companies at the GWC include: A.O. Smith Corporation, Badger Meter, and Veolia Water North America.

The GWC follows an accelerator model, branded The Brew, through which groups of entrepreneurs are brought into the facility annually and mentored over one year's time. While within the accelerator, entrepreneurs have access to the university research facilities and specialized wet and flow labs, in addition to mentors and industry professionals. The accelerator program at GWC is funded in part by the Wisconsin Economic Development Corporation's ("WEDC") Seed Accelerator program, which provides a grant to fund a portion of the accelerator's activities.

Adjacent to the GWC is the Reed Street Yards' Global Water Technology Park, a water technology focused business park that is currently under development. Additionally, GWC is exploring the possibility of developing nearby office space for use as a more traditional

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<sup>3</sup> Incubator and accelerator facilities both incubate start-up companies; however, accelerators typically focus on rapid growth and product launch/graduation, often times over just a matter of months. Accelerator sponsors also typically have an equity stake in the firm.

incubator that could accommodate The Brew's graduates and other water-related companies that are entering the growth stage.

- **UWM Innovation Accelerator.** The UWM Innovation Accelerator opened in May 2014 as the first building within the new UWM Innovation Campus, which is located adjacent to MCRP to the east of U.S. Highway 45. The facility's focus is to provide services, rather than space, to the entrepreneurial ecosystem. The facility includes a prototyping lab with 3D printers, laser, bioengineering and drug discovery labs, a mobility unit, mobile app lab, and a satellite office of Brooks Stevens, Inc., a full-service product development firm. The facility is largely staffed by researchers from UWM; however researchers from Concordia University Wisconsin occupy a portion of the building. Other regional educational institutions and non-profits have also expressed interest in co-location. UWM is currently entering into the design phase for a \$58 million Integrated Research Center, which would further expand research capabilities at the campus.
- **Energy Innovation Center (EIC).** The Energy Innovation Center is a planned accelerator and incubator facility focused on the energy, power and controls industries. The facility is currently under development in the former research facilities of the Eaton Corporation near the proposed Century City Business Park in Milwaukee. The facility is sponsored by the Mid-West Energy Research Consortium, which is a sector-based organization composed of academics, government officials, and members of the private industry. The EIC is expected to provide support to the entrepreneurship community from project inception through production, including an accelerator program similar to the one developed at the Global Water Center. This accelerator program would also be funded, in part, by WEDC. In addition, the EIC will conduct applied research with and under contract by industry partners and provide space to tenants at all stages of product development. Target completion is September 2015.

In addition to the incubator and accelerators outlined above, a number of co-working and smaller incubator spaces can be found throughout the Milwaukee region. Examples of these include 96 Square and Hudson Business Lounge and Café. These facilities have not been included in the supply analysis because they are smaller-scale, provide only office space to tenants, and do not offer access to specialized equipment or lab space. We recognize that some overlap in services may occur between these co-working spaces and the TIC, particularly in the information technology sector, but only for tenants that do not have significant hardware needs or privacy requirements. Co-working space is not as conducive to companies with multiple employees. Furthermore, many of the TIC tenants have specialized hardware requirements, such as servers and equipment, which likely could not be easily accommodated in co-working space.

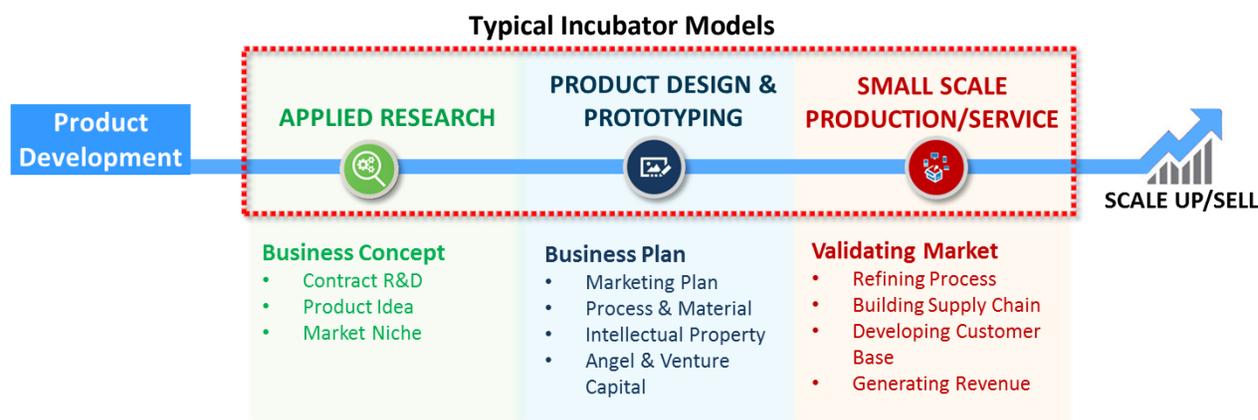
Other incubator facilities are also in the development pipeline, particularly a food and beverage incubator by the Food and Beverage Industry Council of Southeast Wisconsin (FaB Milwaukee), and the conversion of the Pritzlaff Building by CSA Partners. However, these plans are very preliminary in nature. Mentorship organizations, such as ScaleUp Milwaukee, Gener8tor and BizStarts Milwaukee, have incubator and accelerator programs that are not connected to a physical facility.

**Incubators and Accelerators in the Milwaukee Region**

|  |  |  |   |  |
|--|--|--|---|--|
|  |   |    |                                  |   |
|  | <b>Technology Innovation Center</b><br>Milwaukee County Research Park              | <b>Global Water Center</b><br>The Water Council  | <b>UWM Innovation Accelerator</b><br>University of Wisconsin-Milwaukee  | <b>Energy Innovation Center</b><br>Mid-West Energy Research Consortium   |
| <b>Location:</b>                       | 10437 Innovation Drive, Wauwatosa  | 247 W Freshwater Way, Milwaukee  | 1225 Discovery Pkwy., Wauwatosa   | 4201 N 27 <sup>th</sup> Street, Milwaukee  |
| <b>Sponsor Agency:</b>                 | Milwaukee County Research Park Corporation   | The Water Council  | University of Wisconsin-Milwaukee   | Mid-West Energy Research Consortium (M-WERC)   |
| <b>Square Feet of Incubator Space:</b> | 137,000 square feet; Approximately 80,000 sf is leasable                           | 8,000 square feet; Exploring expansion for an additional 50,000 square feet  | 24,000 square feet  | 8,000 square feet, with room for expansion   |
| <b>Incubator Tenants:</b>              | 41   | 6  | 0 ; Focused on providing services, not space  | Approximately 9 in Year 1  |
| <b>Business Structure:</b>             | Not-for-profit; quasi-public corporation   | Not-for-profit   | University-sponsored  | Not-for-profit   |
| <b>Key Features:</b>                   | Wet and dry labs; Specialized equipment; Shared common space and conference rooms. | University, wet and flow labs; Specialized equipment; Access to Milwaukee Institute supercomputing capabilities; Professional services on site. Shared auditorium.                 | Prototyping lab with 3D printers; Laser lab; Bioengineering lab; Drug discovery lab; Mobility unit; Mobile app lab. | 10 megawatts of power; 5 lab spaces; Thermal chamber; Technology infrastructure lab; Train-in-place opportunities being pursued. |
| <b>Source of Operating Funds:</b>      | Operations and a portion of land sales within the Milwaukee County Research Park   | Operations; Local philanthropy; WEDC Seed Accelerator Program  | University of Wisconsin-Milwaukee; Local philanthropy   | Operations; Local philanthropy; WEDC Seed Accelerator Program  |
| <b>Source of Capital Funds:</b>        | Milwaukee County   | Private companies; Milwaukee Metropolitan Sewerage District, City of Milwaukee, UWM, WEDC, WI Housing & Economic Development Authority, Wisconsin Energy Foundation, among others. | U.S. Department of Commerce; UWM Real Estate Foundation; WEDC   | Private companies; M-WERC; WEDC; WI Housing & Economic Development Authority; City of Milwaukee, among others.                   |

## INCUBATORS AND ACCELERATORS BY MODEL

The four Milwaukee incubators and accelerators profiled in the previous section can be understood as examples of three distinct, but partially overlapping models of incubators and accelerators conceptualized in the figure below.



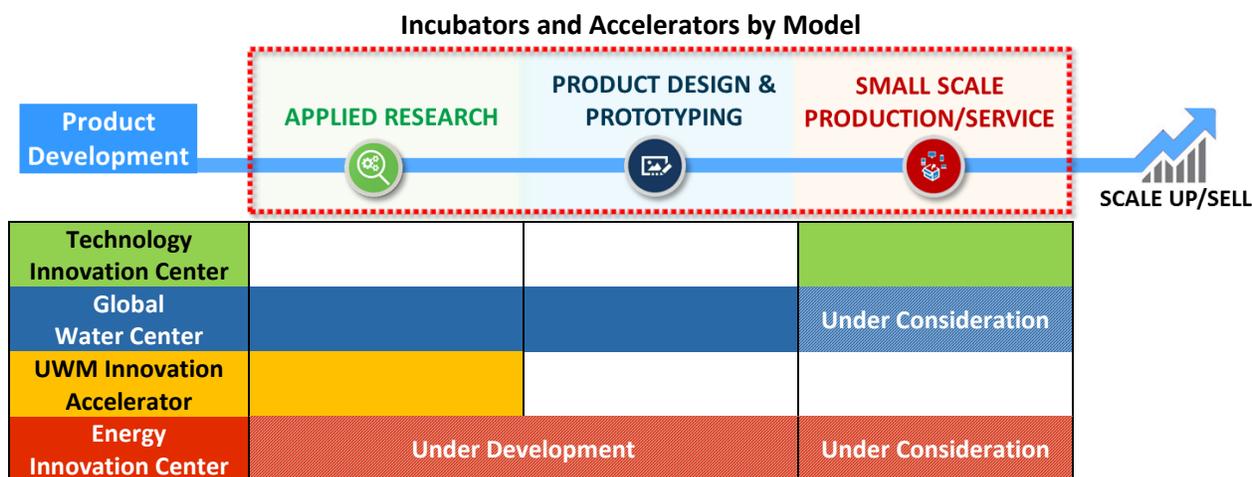
Source: SB Friedman

All start-ups go through various phases of development, from the initial business concept through business planning and market validation to growth. Each of the incubator models above specializes in helping businesses at a particular phase:

- **Applied Research Incubators** provide services to start-up companies from the concept stage onward. A critical component of such incubators is collaboration with researchers at R&D facilities or universities that are dedicated to commercializing research or new technologies.
- **Product Design and Prototyping Incubators** accommodate companies that are developing a business plan, refining their product through prototype development, and securing financing. Entrepreneurs that are manufacturing a product typically need access to specialized equipment and laboratory space to develop prototypes, and eventually, once the prototype is refined, access to contract manufacturers that would be willing to do small-batch production. Entrepreneurs developing a software product or other service as a product can directly begin marketing.
- **Small-Scale Production Incubators**, on the other hand, do not typically provide assistance to businesses at the concept or planning stage, but focus instead on companies that are validating their product and entering the growth stage. Businesses in these incubators typically have a defined business plan, and are already engaged (or are about to engage) in small-scale production or sales of their products/services.

New products can be developed at any phase of incubation with existing technologies and processes without the need for applied research or technologies. However, the opportunity for innovation in both product and process increases significantly when product development arises out of applied research or new technologies.

A review of the major existing and planned incubators in the Milwaukee region, presented in the figure below, has revealed that no overlap currently exists between the TIC and other facilities in the region, at least in terms of the phase of companies that are being incubated.



Source: SB Friedman

The Global Water Center, UWM Innovation Accelerator and Energy Innovation Center each currently focus on the applied research and product design/prototyping stage, whereas the TIC focuses on the small-scale production stage of incubation with over 78% of current tenants being revenue-producing.

However, the Global Water Center is exploring the possibility of developing a more traditional incubator space for graduates of their accelerator program, with a similar model proposed for the Energy Innovation Center. This would result in some overlap with the TIC in terms of the stage of the incubation, however, as outlined in the following section, that overlap is expected to occur in economic sectors that are different from the sectors on which the TIC focuses.

**INCUBATORS AND ACCELERATORS BY ECONOMIC SECTOR**

As part of the region’s application for the Investing in Manufacturing Communities Partnership program, Milwaukee 7 produced a region-wide plan titled a Framework for Economic Growth. The plan identified several clusters within the local economy that have potential for future growth. “Asset” clusters have been identified as being large, concentrated and with growth potential, while “emerging” clusters have a small but growing regional preference. “Legacy” clusters have a large regional presence, but limited growth potential. The eight identified clusters include the following:

**Asset Clusters**

- Energy, Power and Controls Manufacturing
- Food and Beverage Manufacturing
- Water Technology Manufacturing
- Finance and Insurance
- Headquarters and Business Services
  - Headquarters
  - Information Technology
  - Business-to-Business Solutions

**Emerging Clusters**

- Bioscience

**Legacy Clusters**

- Printing and Tourism

Of the clusters outlined above, Energy, Power and Controls, Food and Beverage, Water Technology, Information Technology and Bioscience are the sectors that could benefit most from business incubation. The focus of the existing and planned supply of incubators and accelerators roughly aligns with the clusters identified in the regional economic development plan, as presented in the figure below. The exception is the Food and Beverage industry; however an incubator for this sector is currently in conceptual planning stages and would be sponsored by the Food and Beverage Industry Council of Southeast Wisconsin (FaB Milwaukee).

**Incubators and Accelerators by Focus Economic Sector**

|  | <br>Information Technology | <br>Bioscience | <br>Energy, Power & Controls | <br>Water Technology | <br>Food & Beverage |
|--|---|---|--|---|--|
| <b>Technology Innovation Center</b>        |   |   |  |   |  |
| <b>Global Water Center</b>                 |   |   |  |   |  |
| <b>UWM Innovation Accelerator</b>          |   |   |  |   |  |
| <b>Energy Innovation Center</b>            |   |   |  |   |  |
| <b>FaB Incubator (Under Consideration)</b> |   |   |  |   |  |

Source: SB Friedman

As previously discussed, some overlap is expected to occur between the TIC and future operations at the Global Water Center and Energy Innovation Center in terms of the phase of incubation in which each facility is focused (i.e., small scale production at the Global Water Center and Energy Innovation Center). However, little to no overlap is anticipated to occur between the economic sectors or “clusters” in which each facility specializes. The Global Water Center and Energy Innovation Center both have mission-driven focuses on sectors related to water technology and energy, power and controls respectively. The mission of the TIC is focused on the two remaining clusters that have been identified for possible future growth: information technology and bioscience.

There is some overlap between the TIC and UWM Innovation Accelerator in the bioscience sector, however each facility focuses on different phases of incubation, as outlined in the previous section. Therefore, it is anticipated that the TIC and UWM Innovation Accelerator could develop a synergistic and complementary role, rather than be competitive. This connection would be further enhanced by the proximity of the facilities.

Furthermore, with the other incubator and accelerator facilities focused so rigidly on specific economic sectors, the TIC could capture demand from tenants outside of the focus economic sectors. This is due to the TIC being less restrictive in its sector focus than competing incubators and accelerators.

## **INCUBATORS AND ACCELERATORS - CONNECTIONS TO THE ECOSYSTEM**

The success of incubators and accelerators is dependent on their interaction with the entrepreneurial ecosystem in which they are located. In this section, we compare the four incubators and accelerators in terms of interconnectivity with the institutions that support the entrepreneurial ecosystem. Our analysis is presented in the table on the following page.

Discussions with local and regional economic development officials have revealed that the TIC is not as actively involved with the ecosystem as the other facilities within the region. Many of the stakeholders we interviewed (see Appendix for list of interviewees) were unaware of the activities currently taking place at the TIC. While some of this may be a product of the TIC focusing on revenue producing companies, other facilities benefit from active participation by the university community, industry organizations, government, and industry partners. This participation, much of which occurs directly on-site at other facilities in the ecosystem, encourages collaborations and is attractive to entrepreneurs in search of incubation space.

Furthermore, each facility is supported by a sector-based organization, comprised of a mix of local officials and industry executives, which actively promotes the facility, provides a line to equity and growth of tenants, and ultimately secures the funds necessary for operations and capital projects. This model allows for incubation activities to be responsive to potential gaps in innovation within the economic sector, which attracts capital from the business community.

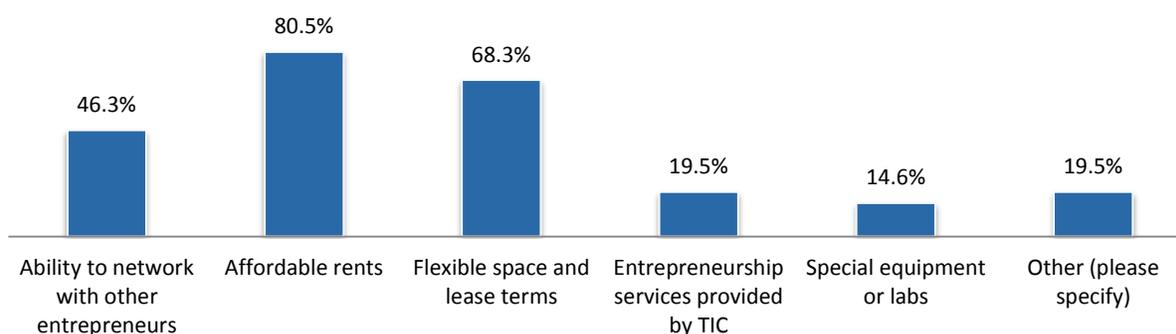
**CONNECTIONS TO THE ENTREPRENEURIAL ECOSYSTEM**

| <p><b>Connections to the Start-Up Ecosystem</b></p> |  <p><b>Technology Innovation Center</b><br/>Milwaukee County Research Park</p> |  <p><b>Global Water Center</b><br/>The Water Council</p>  |  <p><b>UWM Innovation Accelerator</b><br/>University of Wisconsin-Milwaukee</p>                                     |  <p><b>Energy Innovation Center</b><br/>Mid-West Energy Research Consortium</p> |
|---|---|---|--|--|
| <p>Colleges &amp; Universities Connections:</p>     | <p>Affiliated with Marquette University, Medical College of Wisconsin, Milwaukee School of Engineering, and UWM.</p>  | <p>The University of Wisconsin-Milwaukee and University of Wisconsin-Whitewater have active research facilities on-site. Affiliated with 8 other education institutions in southeast Wisconsin.</p> | <p>The University of Wisconsin-Milwaukee and Concordia University Wisconsin have active research facilities on site. Other Institutions have expressed interest.</p>                                   | <p>The University of Wisconsin-Milwaukee and Milwaukee Area Technical College will be active on-site, potentially others.</p>                                      |
| <p>Networks &amp; Organizations:</p>                | <p>Milwaukee County Research Park<br/>Wauwatosa Chamber of Commerce</p>   | <p>The Water Council<br/>Fund for Lake Michigan</p> <p>Access to Milwaukee Institute’s supercomputing capabilities</p>  | <p>University of Wisconsin-Milwaukee<br/>UWM Real Estate Foundation</p> <p>Access to Milwaukee Institute’s supercomputing capabilities</p>   | <p>Mid-West Energy Research Consortium</p> <p>Access to Milwaukee Institute’s supercomputing capabilities</p>  |
| <p>Government Relations:</p>                        | <p>Relationships with a number of government agencies, though none present on site.</p>   | <p>The Wisconsin Economic Development Commission and Greater Milwaukee Committee are active on-site.</p>  | <p>Relationships with a number of government agencies, though none present on site.</p>  | <p>Participation by the Wisconsin Economic Development commission. Public job training component.</p>  |
| <p>Industry Partners:</p>                           | <p>Access to tenants of the Milwaukee County Research Park but no formal connections/networking.</p>  | <p>A number of industry leaders have office or research facilities on-site.</p>   | <p>Anticipate working with hundreds of private-sector companies at a time. A number of industry leaders are proposed to have office or research facilities within the adjoining Innovation Campus.</p> | <p>A number of industry leaders are proposed to have office or research facilities on-site.</p>  |

## Supply within the Private Market

*SB Friedman* has interviewed real estate brokers in the Milwaukee region and conducted research via CoStar, a leading real estate research information provider, to determine whether the services provided by the TIC would be available in the private market should the TIC cease operations. As part of the tenant survey, *SB Friedman* discovered that affordable rents, flexible space and lease terms, and the ability to network with other entrepreneurs are the most critical elements provided by the TIC. None of the current tenants within the TIC believe that the same services offered by the TIC are available in the private market.

### Critical Elements of the TIC Not Available in the Private Market, as Identified by Current Tenants (n=41)



Source: *SB Friedman*

Our analysis of existing available supply in the Mayfair/Wauwatosa and West Allis submarkets<sup>4</sup>, as delineated by CoStar, suggests that space at gross rental rates comparable to the approximately \$12 per square foot charged by the TIC is available within the market. However, the supply of space, particularly entrepreneur-appropriate spaces below 1,000 square feet is limited. Available space within the submarket that is below 1,000 square feet is often in storefront spaces or multi-tenant professional office buildings, which may not be conducive to scaling up or reducing operations during a company's incubation phase. Furthermore, existing specialized facilities, such as wet or dry labs, are not readily available and would likely require substantial investment by the landlord or tenant, an investment that is unlikely to occur given the low rental rates affordable to incubator tenants.

### Class C Office Market Statistics

| Submarket                           | Vacancy Rate | Average Quoted Gross Rental Rates per Square Foot |
|-------------------------------------|--------------|---|
| <i>Technology Innovation Center</i> |              | \$12.02 [1]                                       |
| Mayfair/Wauwatosa                   | 6.2%         | \$12.28   |
| West Allis                          | 8.5%         | \$12.49   |

[1] Milwaukee County Research Park, September 2014

Source: CoStar, Mid-Year 2014 Milwaukee Market Report

<sup>4</sup> CoStar defines the Mayfair/Wauwatosa office market as extending roughly from Capitol Drive in the north to Interstate 94 to south, between 124<sup>th</sup> Street and 68<sup>th</sup> Street. The West Allis submarket is defined as extending roughly from Interstate 94 in the north to Howard Avenue in the south between 124<sup>th</sup> Street and 43<sup>rd</sup> Street.

Brokers confirmed that lease term flexibility varies, given different motivations of landlords, however finding an incubator-sized space with flexible lease terms would be challenging. Also challenging would be the ability to network with other entrepreneurs, which over 46% of current tenants identified as being critical.

## Conclusions

The results of our needs assessment indicate that the TIC is fulfilling a unique niche within the entrepreneurial ecosystem that is neither duplicated by the existing or planned supply of incubators and accelerators, nor fully available within the private market. Four major incubator and accelerator facilities, including the TIC, are located within the region. Each aligns with different sectors identified by Milwaukee 7 as having growth potential within the region. This allows the facilities to develop synergies, rather than be in competition with one another. Furthermore, other facilities in the ecosystem focus on early stages of business incubation, whereas the TIC specializes in incubating companies that are generating revenue and scaling up service or production. Furthermore, the potential exist for strong synergies to develop between the TIC and UWM Innovation Accelerator due to their similar sector focuses and focuses on different stages of incubation.

In terms of the private market, while comparable gross rental rates can be found within the local market area, the flexibility in space and lease terms necessary for entrepreneurial endeavors is not. Furthermore, availability of small rentable space is limited and existing specialized facilities, such as wet or dry labs, are not readily available and would likely require substantial investment by the landlord or tenant. An investment of this magnitude by the landlord is unlikely to occur given the low rental rates often affordable to incubator tenants.

## 6. Incubator Demand Indicators

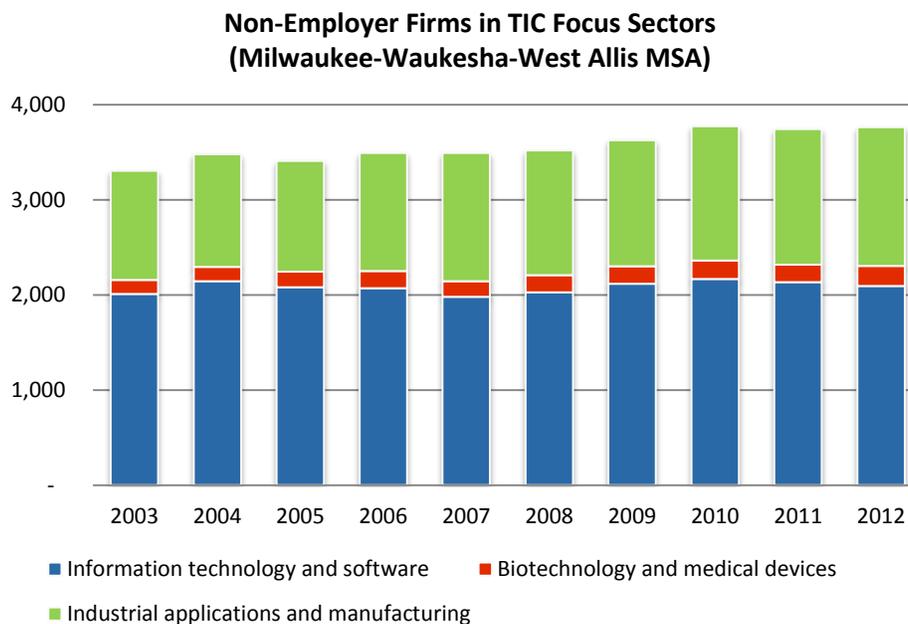
This section explores several economic indicators to determine whether sufficient demand exists for incubator space in the following economic sectors, which are the focus of efforts at the TIC:

- Information technology and software,
- Biotechnology and medical devices, and
- Industrial applications and manufacturing.

### Indicators of Demand for a Start-Up Incubator

Multiple indicators suggest strong demand for an incubator in the Milwaukee region with an emphasis on economic sectors outlined above. Each of these indicators is discussed below.

- **Growth in Non-Employer Firms in TIC Focus Sectors.** Non-employer firms are firms with no paid-employees and typically include entrepreneurs who are starting a business. Therefore, the growth of non-employer firms suggests growth in entrepreneurial firms that could be a source of demand for start-up incubators. As shown below, the number of non-employer firms within the Milwaukee-Waukesha-West Allis MSA, in economic sectors that overlap the focus of the TIC, has increased by approximately 14% from 3,303 firms in 2003 to 3,763 firms in 2012.

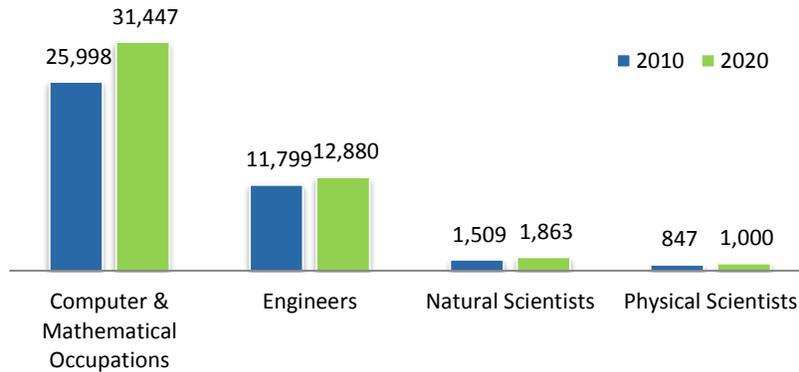


Source: U.S. Census Bureau, Non-employer statistics

- **Projected Growth in Occupations that Could Spawn Entrepreneurs.** Entrepreneurs in TIC focus sectors are often professionals, including engineers and scientists, who have been previously employed in other companies and want to test their ideas by starting a new company. Employment in key occupations, including computer and mathematical occupations, engineers, life scientists and physical scientists, is projected to grow by nearly 17.5% in the Milwaukee-

Waukesha-West Allis MSA between 2010 and 2020. The growth in these occupations suggests that there will be an increasing pool of highly educated professionals that could become entrepreneurs.

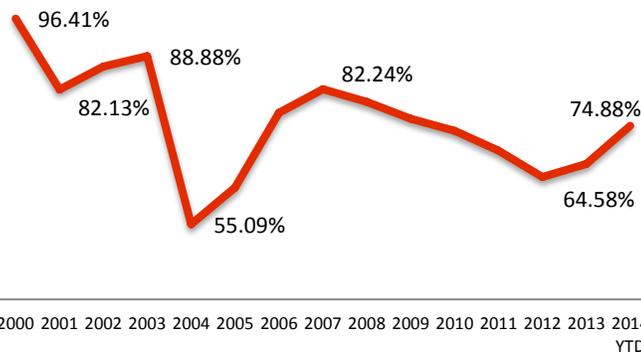
**Key Occupations that Could Spawn Entrepreneurs in TIC Focus Sectors (Milwaukee-Waukesha-West Allis MSA)**



Source: Wisconsin Department of Workforce Development

- Historic Occupancy.** Historic occupancy at the TIC has been relatively stable over the existence of the incubator, with some fluctuations as a result of tenant graduations and global economic conditions. It is anticipated that demand will continue for at least the portion of the space that is currently occupied within the TIC. Demand can also be quantified by a survey of existing tenants which indicated that a potential closure of the TIC would significantly impact 54% of existing businesses, or roughly 108 total employees.

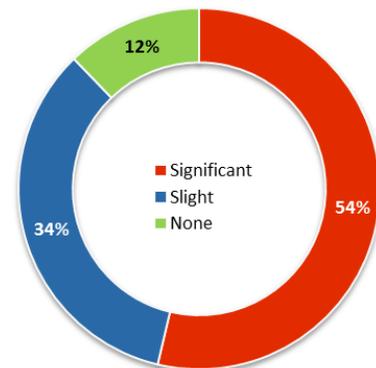
**Occupancy by Year (2000-2014 Year to Date)**



Source: Milwaukee County Research Park

Note: Occupancy drop in 2004 the result of large tenant graduations  
 Source: Milwaukee County Research Park

**Anticipated Impact of TIC Closure by Current Tenants**



Source: SB Friedman

- Activity with the Ecosystem.** As previously mentioned, a number of new activities are occurring within the entrepreneurial ecosystem that is likely to increase demand for incubator space. This includes the recent designation of the Milwaukee area as a federal Manufacturing Community, implementation of a regional economic development plan, and the development of new incubator and accelerator programs, among others. Collaboration with the entities responsible

for these activities could further drive demand for incubator space. Particularly positive is the development of the UWM Innovation Campus and Accelerator adjacent to MCRP. Due to the close proximity between the two institutions, potential exists for synergies to develop over time. This could lead to a new source of demand for the TIC as spinoff companies from the UWM Innovation Accelerator refine their prototypes, scale up and graduate into more traditional incubator space where production can expand.

## Conclusions

Based on *SB Friedman's* assessment of entrepreneur demand and the ecosystem within the Milwaukee region, it appears likely that demand will continue to exist for an incubator with a focus on information technology and software, biotechnology and medical devices, and industrial applications and manufacturing. This due in large part to the following:

- 14% growth in non-employer firms within the TIC focus sectors in the Milwaukee-Waukesha-West Allis MSA from 2003-2012
- Projected 17.5% employment growth in occupations that could spawn entrepreneurs, particularly computer and mathematical occupations and engineering from 2010 to 2020.
- Relatively steady occupancy rates at the TIC even through the recession, which suggests continued demand for occupied incubator space when the economy recovers.
- Activity within the entrepreneurial ecosystem and adjacent to MCRP that could generate additional demand for incubator space.

## 7. Value Proposition and Enhancement Opportunities

The results of our needs assessment indicate that the Technology Innovation Center is fulfilling a unique niche within the entrepreneurial ecosystem that is neither duplicated by the existing or planned supply of incubators and accelerators, nor fully available within the private market. Furthermore, it appears likely that demand for an incubator with a focus on information technology and software, biotechnology and medical devices, and industrial applications and manufacturing will continue. However, opportunities exist to further enhance the TIC which in turn could capture additional demand.

### TIC's Valuation Proposition

- **The TIC fulfills a unique niche in the region's entrepreneurial ecosystem.** Rather than being competitive with each other, the four incubators and accelerators in the Milwaukee region have the potential to be synergistic, as each provides specialized support at different stages of a company's growth or within focused economic sectors.
- **Services offered by the TIC are not readily available in the private market.** Comparable gross rental rates can be found within the local market area, however, flexibility in space and lease terms, small rentable space, and specialized facilities, such as wet and dry labs, are difficult to find.
- **The economic sectors incubated at the TIC are in line with regional focus clusters.** The TIC's focus sectors have been identified by the Milwaukee 7 in the regional economic development plan as potential growth sectors.
- **Demand for incubator space within the TIC focus sectors will continue.** Employment data indicate demand for an incubator within the TIC focus sectors will continue. This is due to growth in non-employer firms within those sectors, projected growth in occupations that could spawn entrepreneurs, relatively steady occupancy rates at the TIC even through the recession, and an uptick in activity within the entrepreneurial ecosystem.
- **The TIC is less restrictive than other incubators/accelerators in terms of sector focus.** This flexibility could allow the TIC to capture demand from tenants outside of the focus economic sectors.

### Opportunities to Further Enhance the TIC

- **Foster stronger relationships with the entrepreneurial ecosystem.** Opportunities exist to enhance connections between the TIC and the wider entrepreneurial ecosystem. This could encourage collaboration, increase demand for incubator space, and attract capital from the business community.
- **Explore formal partnership with the UWM Innovation Campus.** The potential exists for strong synergies to develop between the TIC and UWM Innovation Accelerator due to their similar

sector focuses, but focuses on different stages of incubation. The TIC could become a logical next step for companies that are spun-out from research activities at the Innovation Campus, due to its location.

- **Enhance marketing & outreach.** Several regional economic development professionals that we spoke with were unaware of the activities occurring within the TIC. Furthermore, 67% of current tenants became aware of the TIC through word of mouth, with only 11% responding to marketing materials or the internet. To remedy this, we recommend more aggressive marketing and outreach efforts, both to potential tenants and the entrepreneur community as a whole, via social media and active networking. These efforts could increase occupancy and encourage further collaboration between TIC tenants and the rest of the entrepreneurial ecosystem.
- **Establishing shorter graduation policies while balancing financial stability.** Over 50% of companies have been a tenant of the TIC for over 6 years and over 30% have been a tenant for greater than 10 years. While tenant stability results in stable lease revenues for TIC operations, from an economic development perspective, there is greater value added in terms of job creation with a greater throughput of graduates. Financial sustainability could still be maintained with higher graduation rates if demand is enhanced via the steps indicated above.
- **Developing metrics for tracking graduate performance.** While TIC staff track graduation of firms and their employment at the time of graduation, there is no formal tracking of the performance of graduates in terms of employment growth and/or their acquisition by other firms. According to the NBIA, approximately two thirds of incubation programs collect outcome data from their graduates and over 70% of those who collect information do so for 3 years or more. The likely economic impact of the TIC is greater than the sum total jobs of graduate firms at the time of graduation and the tracking of key metrics can further demonstrate the value and performance of the TIC.

## Limitations of our Engagement

Our report is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and meetings during which we obtained certain information. The sources of information and bases of the estimates and assumptions are stated in the report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report or to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include without limitation economic growth trends, governmental actions, additional competitive developments, interest rates and other market factors. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our study did not ascertain the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits and licenses. No effort was made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters.

Further, we neither evaluated management's effectiveness, nor are we responsible for future marketing efforts and other management actions upon which actual results will depend.

Our report is intended solely for your information and for submission to Milwaukee County, economic development organizations and associations and other partners and should not be relied upon by any other person, firm or corporation or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan or other agreement or any document intended for use in obtaining funds from individual investors.

Should you wish to indicate in an offering memorandum, prospectus or similar document that our firm prepared market and/or financial feasibility analyses regarding this project, the following statement may be used:

“In preparing its development plans and projections, the developer (or sponsor) conducted research and analysis, consulted various sources and obtained studies from third parties including S.B. Friedman & Company. The information, estimates and projections contained in this prospectus are the conclusions of the developer (or sponsor) after consideration of the various sources noted. The developer (or sponsor) alone is responsible for these conclusions.”

To obtain our permission to include this statement in a prospectus we must be permitted to review the offering materials including without limitation the identity and backgrounds of all principals, the description of the project, the market and financial projections utilized, and the text of the materials. We will be compensated at our current hourly rates for the time required to conduct such reviews and to provide our consent.

In no case does this permission include or imply the right to specifically cite the conclusions or recommendations of our report in such a document.

## List of Meetings and Interviews

|  |   |
|--|---|
| <p><b>Teig Whaley-Smith</b><br/>Economic Development Director<br/>Milwaukee County</p>                     | <p><b>Jay Bayne, PhD</b><br/>Executive Director<br/>Milwaukee Institute</p>   |
| <p><b>Rocky Marcoux</b><br/>Commissioner<br/>City of Milwaukee<br/>Department of Community Development</p> | <p><b>Loren Peterson</b><br/>Managing Director &amp; CFO<br/>Venture Investors, LLC<br/>(former CEO of ZyStor Therapeutics, Inc.)</p> |
| <p><b>David Gilbert</b><br/>President<br/>University of Wisconsin-Milwaukee<br/>Real Estate Foundation</p> | <p><b>David Dull</b><br/>MCRPC Board Chairman<br/>President &amp; CEO<br/>Allis-Roller, LLC</p>                                       |
| <p><b>Dean Amhaus</b><br/>President &amp; CEO<br/>The Water Council</p>                                    | <p><b>Tim Beck</b><br/>TIC Tenant<br/>Inspatial, LLC</p>  |
| <p><b>Alan Perlstein</b><br/>Executive Director and CEO<br/>Mid-West Energy Research Consortium</p>        | <p><b>Don Muehlbauer</b><br/>TIC Tenant<br/>Securience, LLC</p>   |
| <p><b>Jacquin Davidson</b><br/>Entrepreneur Director<br/>BizStarts Milwaukee</p>                           | <p><b>Tom Rehberger</b><br/>TIC Tenant<br/>Agro BioSciences, Inc.</p>   |

## TIC Tenants as of December 31, 2013

| Tenant                                  | Business  |
|---|---|
| Agro BioSciences, Inc.                  | Research to identify bacteria that increase the bioavailability ellagic acid.         |
| Attalus Communications, LLC             | Design, installation, and support for all-in-one communications systems.              |
| BizStarts Milwaukee, Inc.               | Programs and training that will assist entrepreneurs to launch new enterprises.       |
| Bungee Craft Corporation                | Computer systems integration and information technology solutions.                    |
| BYK USA, Inc.                           | Development and marketing of specialty chemical technology.                           |
| Cytometix, Inc.                         | Development of an intravenous pain therapeutic agent that performs like morphine.     |
| Dermavation, S.C.                       | Enroll subjects in FDA approved Investigational new drug research programs.           |
| Ellie, LLC                              | Research and development of fluorescence polarization assays.                         |
| Eye Surgery and Laser Center of WI, LLC | Medical records and general storage.  |
| Gammex, Inc.                            | Manufacturing and distribution of quality control devices.                            |
| Global Capital Group                    | Global business intelligence trans-disciplinary consulting.                           |
| Groupware Technologies, Inc.            | Lotus Notes based applications. "Provide Care Management" software.                   |
| Guild Software, LLC                     | On-line simulation software and multi-player games.                                   |
| Illumination Optics, Inc.               | High-tech LED (light emitting diode) based lighting systems.                          |
| Inphinet Interactive Solutions, Inc.    | Internet content design and the development of web communities.                       |
| Inspatial, LLC                          | Ambulance dispatch and GPS technology-based tracking software.                        |
| James Peterson Sons, Inc.               | Field office for road construction contractor rebuilding Watertown Plank Road.        |
| KL Hotel, LLC                           | Storage of furniture, equipment, and other items for the Crowne Plaza Hotel.          |
| Lansare Corporation                     | On-demand software applications and related IT services for life insurance companies. |
| Lockstep Solutions, LLC                 | Strategic IT planning, application development, and Six-Sigma methodology.            |
| Logan Automation, LLC                   | Process control solutions for industrial manufacturing facilities.                    |
| ManagePoint, LLC                        | Business to business on-site and off-site technology support.                         |
| MARS IT Corporation                     | Woman-owned software consulting company.  |
| MedTrak                                 | Development of multi-modality patient transport systems.                              |
| Milwaukee County Research Park          | Technology park and business incubation for technology based firms.                   |
| Molecular Specialties, LLC              | Microwave probes based on electron spin resonance (ESR) technology.                   |
| Montgomery Assoc. Resource Solutions    | Water resource engineering and management, including storm water management.          |
| Productive Data Corporation             | ASP, web hosting, electronic publishing, eCommerce, and data conversion.              |
| Securience, LLC                         | Flavor research and production business manufacturing flavored eLiquids.              |
| Serlio Corporation                      | Software engineering tools, services, and distributed computer solutions.             |
| Shining Brow, Inc.                      | Software development and business management solutions consulting.                    |
| Sieve Networks, Inc.                    | Network security design and implementation.   |

| Tenant                          | Business  |
|---------------------------------|---|
| Smart Measurement. LLC          | Instrumentation for measuring and controlling the flow rates of liquids and gases.  |
| Soliton Technologies. Inc.      | Test automation software, data acquisition consoles, and related services.          |
| Tailored Solutions, Inc.        | Job tracking software for the printing industry.                                    |
| Ticomix, Inc.                   | Consumer Relationship Management software and IT Service management.                |
| Tobin Solutions. Inc.           | Provides a complete range of information technology services for business.          |
| Trillium Specialties. LLC       | Specialty chemical technology for color and other additives for the plastics.       |
| Wauwatosa Chamber of Commerce   | Business association that represents companies in and around Wauwatosa.             |
| Wisconsin Procurement Institute | Assists business in selling to the Federal government and finding research funding. |

# October 7<sup>th</sup> Board Meeting Presentation



**Milwaukee County Research Park  
INCUBATOR NEEDS  
ASSESSMENT**

October 7, 2014

 **SB Friedman**  
Development Advisors

VISION | ECONOMICS | STRATEGY | FINANCE | IMPLEMENTATION

1

## Introduction

- Objective needs assessment for incubator space at MCRP
- Overview of TIC & current tenants
- Introduction to the entrepreneurial ecosystem within the Milwaukee region
- Assessment of the existing and planned space available to entrepreneurs
- Review of past and forward-looking economic demand indicators
- Outline of the value proposition of the TIC and opportunities to enhance incubation efforts



 **SB Friedman**  
Development Advisors

VISION | ECONOMICS | STRATEGY | FINANCE | IMPLEMENTATION

2

## Technology Innovation Center

- 137,000 SF; 79,523 SF leasable
- Opened in March 1993
- Focus sectors:
  - Information technology & software
  - Biotechnology & medical devices
  - Industrial applications & manufacturing
- Features:
  - High-bandwidth internet,
  - 11,200 SF of wet lab space
  - Shared conference rooms
  - In-house library.
- Focus on tenants with a business plan in place

|                                  |              |
|----------------------------------|--------------|
| <b>Current Tenants</b>           | <b>42</b>    |
| <b>Current Employment</b>        | <b>200</b>   |
| <b>Graduates (since 1993)</b>    | <b>120</b>   |
| <b>Jobs Created (since 1993)</b> | <b>1,059</b> |
| <b>Current Occupancy Rate:</b>   | <b>75%</b>   |

Source: MCRP

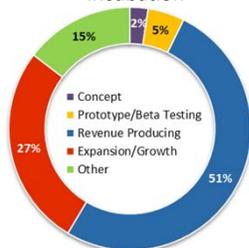


VISION | ECONOMICS | STRATEGY | FINANCE | IMPLEMENTATION



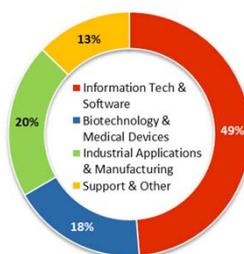
## Current Tenant Profile

Majority of tenants are in the revenue producing stage of incubation



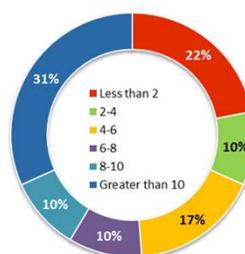
Stage of TIC Company (n=41)

50% of tenants are information technology or software firms



Current Tenants by Sector (n=42)

50% of tenants have been in the TIC for 6 years or more



Current Tenants by Term at TIC (n=42)

National average for a business to be located in a business incubation center:

**Approximately 2.3 years**

Source: National Business Incubation Association



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## Evolving Entrepreneurial Ecosystem

**SB Friedman**  
Development Advisors

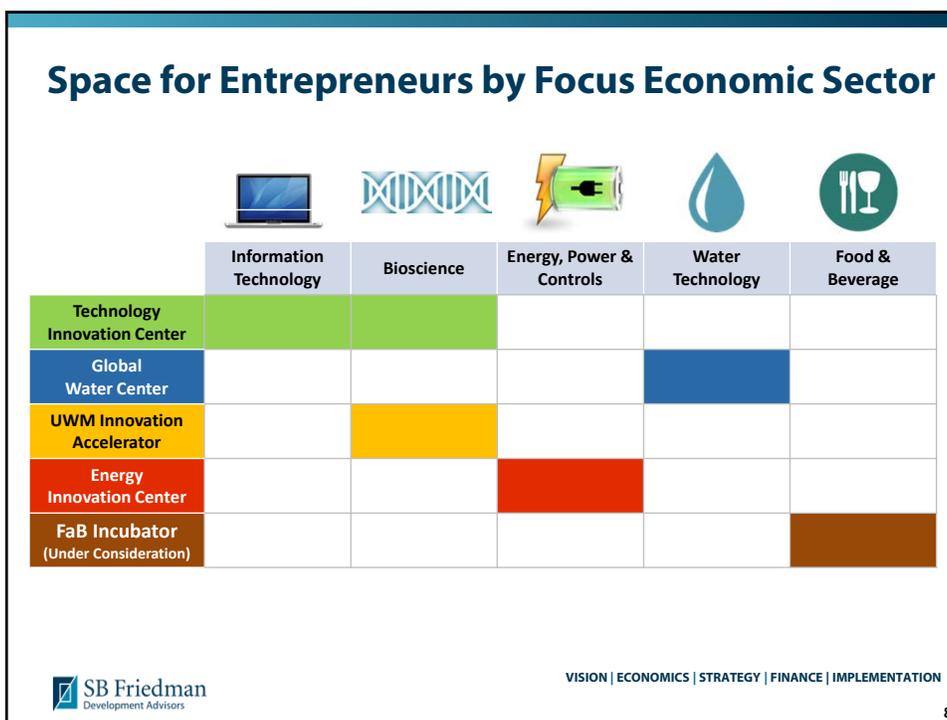
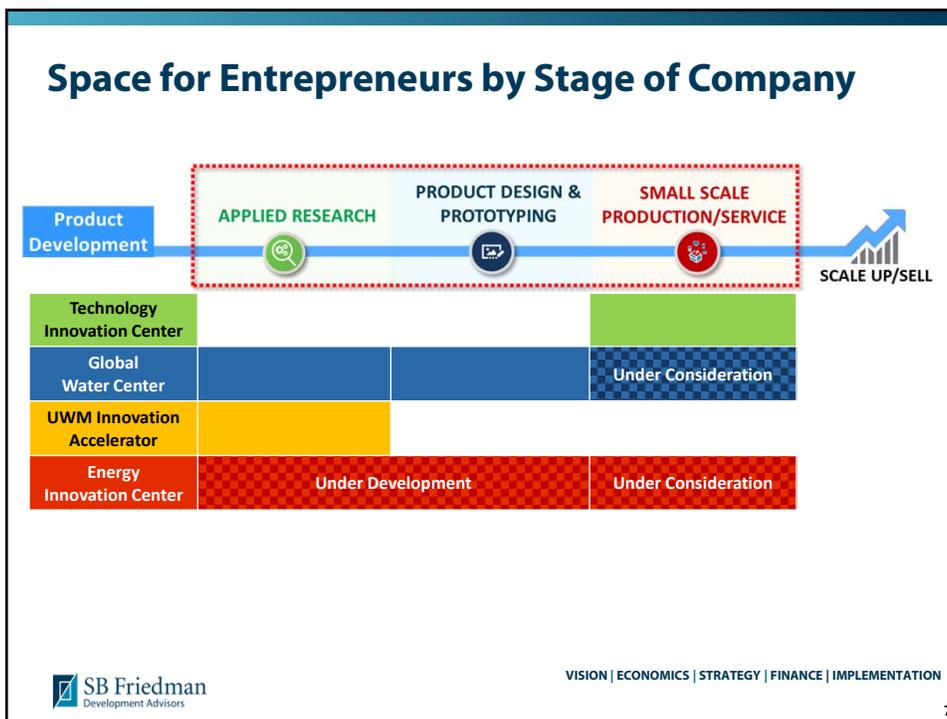
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5

## Space for Entrepreneurs: Accelerators/Incubators

|                       |  |   |   |    |
|-----------------------|---|--|---|---|
| Name                  | <b>Technology Innovation Center</b>   | <b>Global Water Center</b>   | <b>UWM Innovation Accelerator</b>   | <b>Energy Innovation Center</b>   |
| Sponsor Agency        | Milwaukee County Research Park Corp.  | The Water Council (TWC)  | University of Wisconsin-Milwaukee   | Mid-West Energy Research Consortium   |
| SF of Incubator Space | 80,000 SF Leasable  | 8,000 SF; 50,000 SF expansion possible   | 24,000 SF   | 8,000 SF with room for expansion  |
| # of Tenants:         | 42  | 6  | NA  | Approx. 9 in Year 1   |
| Key Partners:         | <b>ON SITE:</b> Wauwatosa Chamber of Commerce; WI Procurement Institute.            | <b>ON SITE:</b> Fund for Lake Michigan; UWM School of Freshwater Science; UWM College of Business; Marquette Univ. College of Engineering; WEDC; Milwaukee Institute; Greater Milwaukee Committee; Numerous private companies. | <b>ON SITE:</b> Numerous UWM Departments; Concordia University; WI Pharmacy School; Milwaukee Institute; Numerous private companies expected. | <b>ON SITE:</b> UWM College of Engineering & Applied Science; Milwaukee Area Technical College; WEDC; Milwaukee Institute; Numerous private companies expected. |

6



## TIC Not Fully Replicated in the Private Market

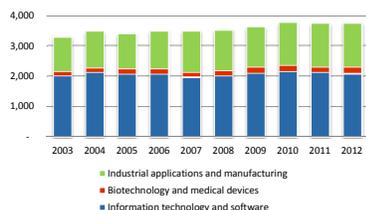
- Gross rental rates comparable to local market for low Class B/Class C space
- Flexibility in terms varies by landlord
- Flexibility in space may be difficult to find
- Small rentable space (+/- 1,000 sf) is limited
- Specialized spaces, such as wet or dry labs, are not readily available and would likely require substantial investment by the landlord or tenant
- Would limit the ability to network with other entrepreneurs in similar fields



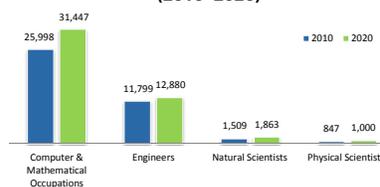
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## Incubator Demand Indicators

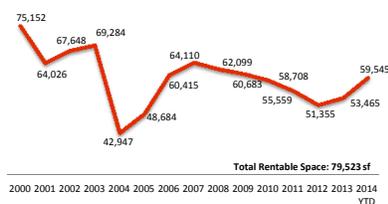
14% Growth in Non-Employer Firms in TIC Focus Sectors (2003-2012)



Projected 17.5% Employment Growth in Occupations that Could Spawn Entrepreneurs (2010-2020)



Relatively Steady Occupancy in the TIC



Activity with the Ecosystem & Adjacent to MCRP



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## Value Proposition

- The TIC fulfills a unique niche in the region's entrepreneurial ecosystem
- Services offered by the TIC are not readily available in the private market
- The economic sectors incubated at the TIC are in line with regional focus clusters
- Demand for incubator space within the TIC focus sectors will continue
- The TIC is less restrictive than other incubators/accelerators in terms of sector focus



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11

## Enhancement Opportunities

- Foster stronger relationships with the entrepreneurial ecosystem
- Explore formal partnership with the UWM Innovation Campus
- Enhance marketing & outreach
- Establish shorter graduation policies
- Develop metrics for tracking graduate performance

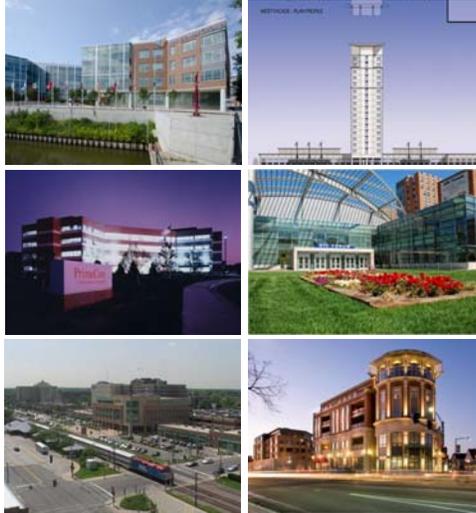


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12

## Development Advisors to the Public & Private Sectors



- Real Estate Economics
- Public-Private Partnerships
- Developer Solicitation
- Public Financing
- Area Plans and Implementation
- Fiscal and Economic Impact

### **SB Friedman Development Advisors**

221 North LaSalle Street  
Suite 820  
Chicago, IL 60601  
(312) 424-4250  
[www.sbfriedman.com](http://www.sbfriedman.com)



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## Tenant Survey Results

**Q4 Name of Technology Innovation Center (TIC) business(es): Please include all current and previous tenancies.**

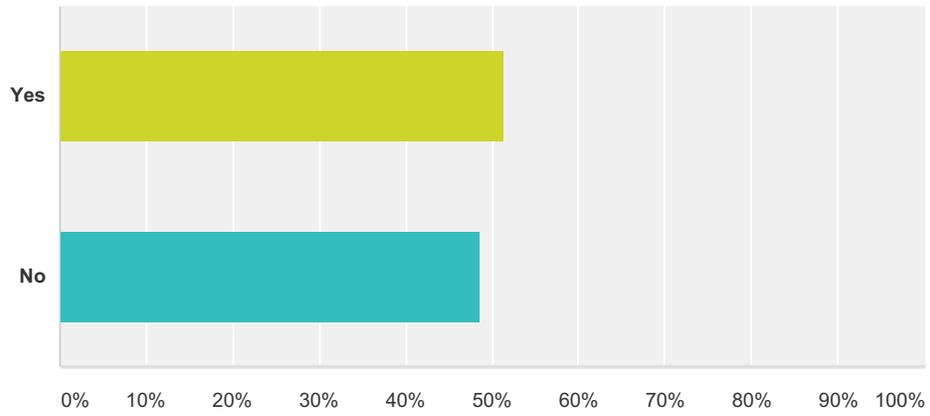
Answered: 41 Skipped: 0

| #  | Responses  | Date               |
|----|--|--------------------|
| 1  | Ellie LLC/Veridia LLC  | 9/9/2014 11:05 AM  |
| 2  | Global Capital Group, LLC  | 9/9/2014 11:03 AM  |
| 3  | Cytometix  | 9/9/2014 5:03 AM   |
| 4  | Medical Advances, Inc. 1993 - 2004 Molecular Specialties, Inc. 2002 - Present                | 9/8/2014 10:00 PM  |
| 5  | V-Glass  | 9/8/2014 5:51 PM   |
| 6  | Wisconsin Procurement Institute (WPI)  | 9/8/2014 5:49 PM   |
| 7  | BungeeCraft Corporation  | 9/8/2014 5:30 PM   |
| 8  | Ticomix, Techworks   | 9/8/2014 4:02 PM   |
| 9  | Serlio Software  | 9/8/2014 3:56 PM   |
| 10 | Ellie LLC  | 9/8/2014 3:20 PM   |
| 11 | Lansare Corporation  | 9/8/2014 3:14 PM   |
| 12 | lockstep solutions HQ 10437 W Innovation Dr Suite 205 Milwaukee, WI 53226-4815               | 9/8/2014 3:00 PM   |
| 13 | Tailored Solutions, Inc.   | 9/5/2014 11:15 AM  |
| 14 | Gammex, Inc.   | 9/5/2014 9:50 AM   |
| 15 | Attalus Communications   | 9/5/2014 9:00 AM   |
| 16 | Tobin Solutions  | 9/4/2014 8:27 PM   |
| 17 | Groupware Technologies Inc.  | 9/4/2014 5:39 PM   |
| 18 | Agro BioSciences, Inc.   | 9/4/2014 5:37 PM   |
| 19 | Soliton  | 9/4/2014 4:39 PM   |
| 20 | Logan Automation   | 9/4/2014 4:30 PM   |
| 21 | Securience, DuraSmoke, AmericaneLiquidStore, Vaping Press, NuraSplash, NuroBrain Foods, etc. | 9/4/2014 3:57 PM   |
| 22 | MARS IT  | 9/4/2014 3:57 PM   |
| 23 | SmartMeasurement LLC   | 9/4/2014 3:56 PM   |
| 24 | Find Accounting Software   | 9/4/2014 3:44 PM   |
| 25 | James Peterson Sons, Inc.  | 9/3/2014 3:46 PM   |
| 26 | Guild Software, Inc.   | 8/29/2014 5:41 PM  |
| 27 | Trillium Specialties, BYK  | 8/28/2014 6:41 AM  |
| 28 | Productive Data Corporation  | 8/27/2014 4:51 PM  |
| 29 | Wauwatosa Chamber of Commerce, Inc.  | 8/27/2014 12:19 PM |
| 30 | ManagePoint ICS  | 8/27/2014 9:56 AM  |
| 31 | Tailored Solutions   | 8/27/2014 8:59 AM  |

|    |   |                   |
|----|---|-------------------|
| 32 | Shining Brow Software   | 8/26/2014 6:28 PM |
| 33 | Illumination Optics   | 8/26/2014 5:37 PM |
| 34 | Securience, LLC (current) techworks, LLC (previous)   | 8/26/2014 5:33 PM |
| 35 | Attalus Communications  | 8/26/2014 4:26 PM |
| 36 | Tailored Solutions  | 8/26/2014 4:24 PM |
| 37 | Sieve Networks, Inc.  | 8/26/2014 4:04 PM |
| 38 | MedTrak   | 8/26/2014 4:03 PM |
| 39 | Wauwatosa Chamber of Commerce   | 8/26/2014 4:00 PM |
| 40 | Hewlett-Packard currently and previously with Tushaus Computer Services.                    | 8/26/2014 3:57 PM |
| 41 | Guild Software, Inc. Time Warner Telecom, Internet and Data Division Internet Connect, Inc. | 8/26/2014 3:57 PM |

### Q5 Is this your first entrepreneurial venture?

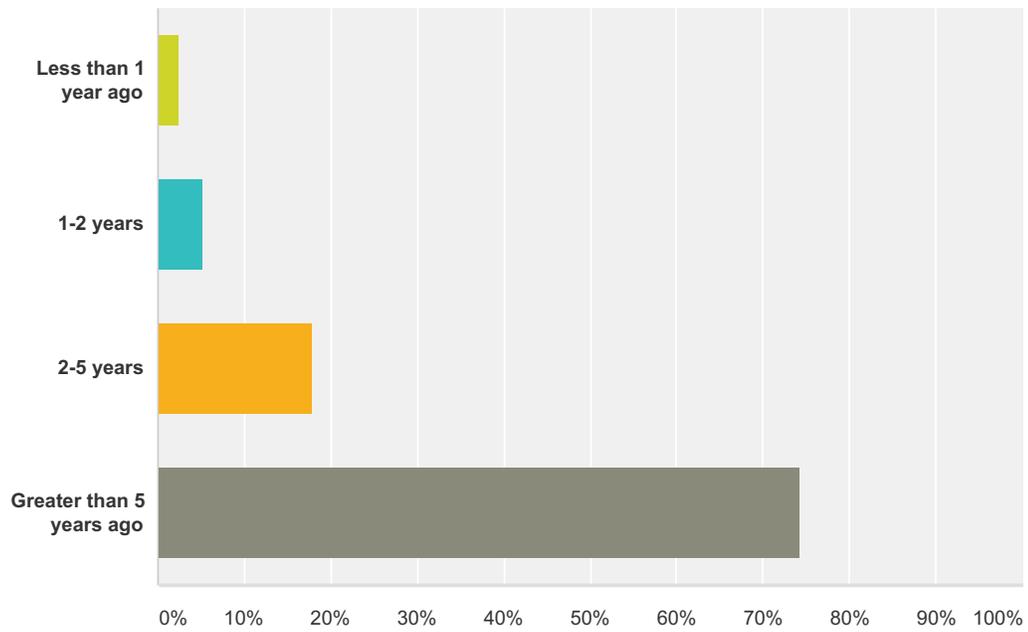
Answered: 39 Skipped: 2



| Answer Choices | Responses |
|----------------|-----------|
| Yes            | 51.28% 20 |
| No             | 48.72% 19 |
| <b>Total</b>   | <b>39</b> |

### Q6 When did you start your current TIC business?

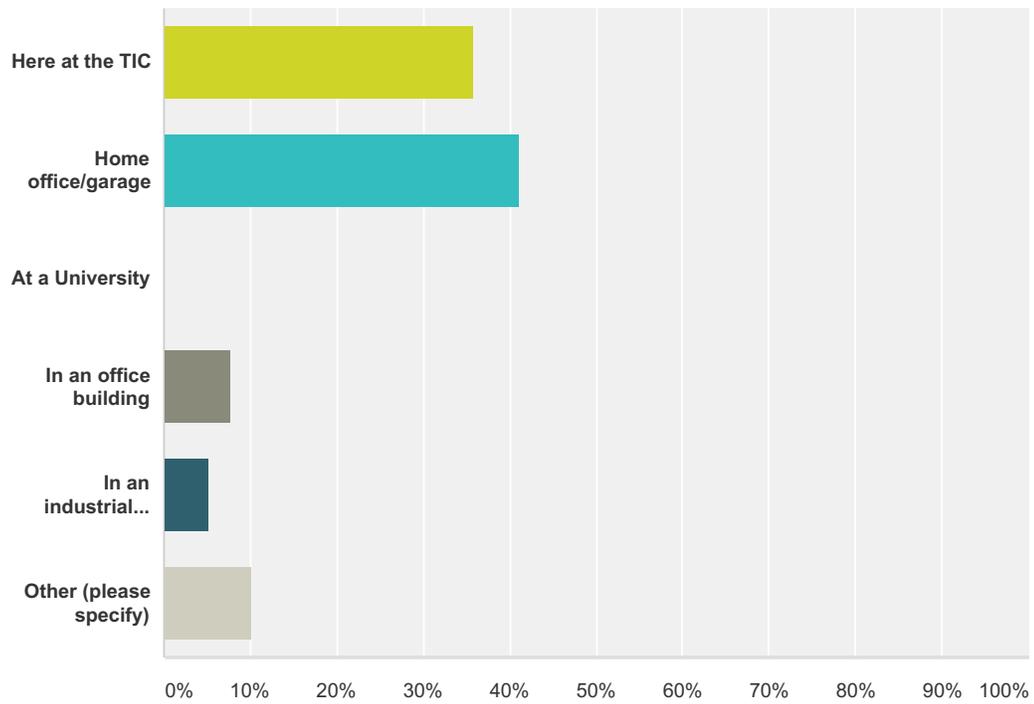
Answered: 39 Skipped: 2



| Answer Choices           | Responses |
|--------------------------|-----------|
| Less than 1 year ago     | 2.56% 1   |
| 1-2 years                | 5.13% 2   |
| 2-5 years                | 17.95% 7  |
| Greater than 5 years ago | 74.36% 29 |
| <b>Total</b>             | <b>39</b> |

### Q7 Where did you start your current TIC business?

Answered: 39 Skipped: 2

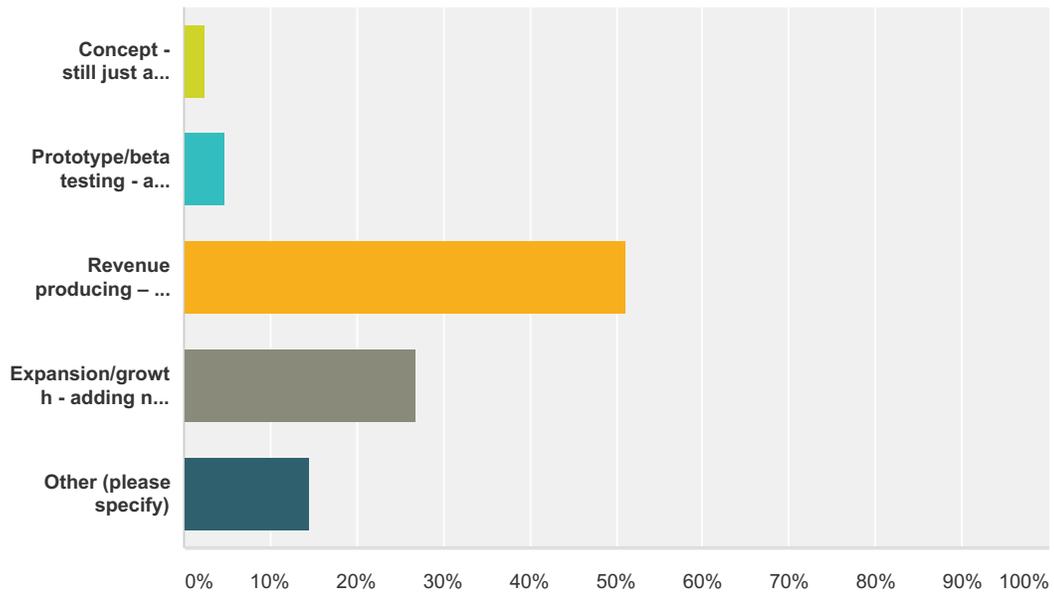


| Answer Choices            | Responses |
|---------------------------|-----------|
| Here at the TIC           | 35.90% 14 |
| Home office/garage        | 41.03% 16 |
| At a University           | 0.00% 0   |
| In an office building     | 7.69% 3   |
| In an industrial facility | 5.13% 2   |
| Other (please specify)    | 10.26% 4  |
| <b>Total</b>              | <b>39</b> |

| # | Other (please specify)                        | Date              |
|---|---|-------------------|
| 1 | MCW   | 9/9/2014 5:04 AM  |
| 2 | not a TIC business, just renting office space | 9/3/2014 3:47 PM  |
| 3 | In my home 31 years ago.                      | 8/27/2014 4:53 PM |
| 4 | 75 years                                      | 8/26/2014 4:01 PM |

### Q8 Which stage of company are you?

Answered: 41 Skipped: 0

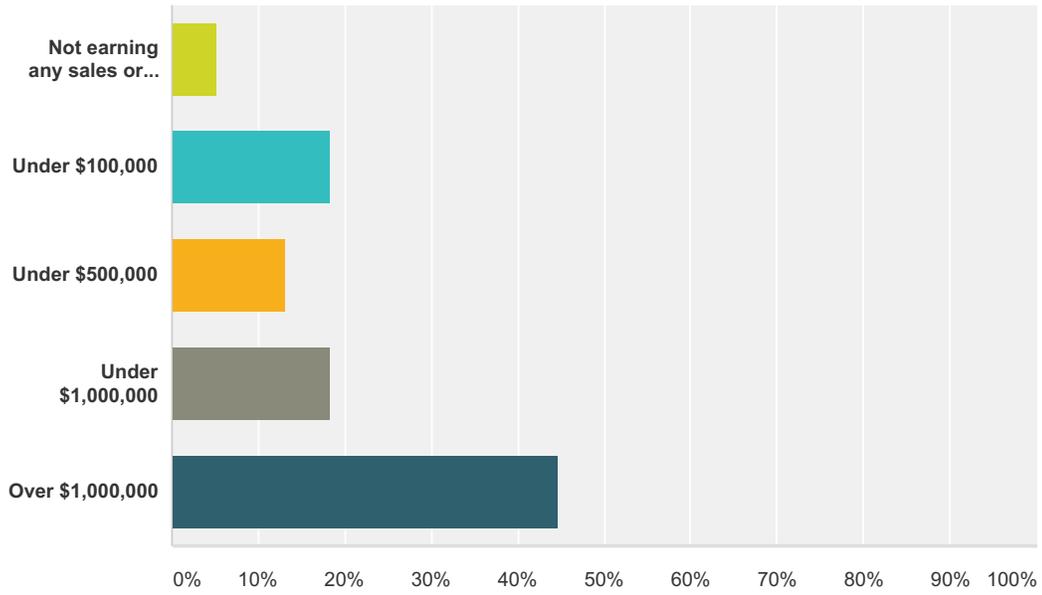


| Answer Choices  | Responses |
|---|-----------|
| Concept - still just an idea, not a functioning product, not market tested                            | 2.44% 1   |
| Prototype/beta testing - a functioning product or service has been developed                          | 4.88% 2   |
| Revenue producing – you have customers for that product or service                                    | 51.22% 21 |
| Expansion/growth - adding new products or services, expanding sales to other locations, raising money | 26.83% 11 |
| Other (please specify)  | 14.63% 6  |
| <b>Total</b>  | <b>41</b> |

| # | Other (please specify)                                   | Date               |
|---|--|--------------------|
| 1 | clinical stage pharmaceutical                            | 9/9/2014 5:04 AM   |
| 2 | We are a technical support organization                  | 9/8/2014 5:53 PM   |
| 3 | 4th generation highway construction company              | 9/3/2014 3:47 PM   |
| 4 | Sold, now concept again                                  | 8/28/2014 6:42 AM  |
| 5 | chamber of commerce                                      | 8/27/2014 12:20 PM |
| 6 | guessing not terribly applicable for your survey results | 8/26/2014 3:59 PM  |

### Q9 What are your annual sales/revenues?

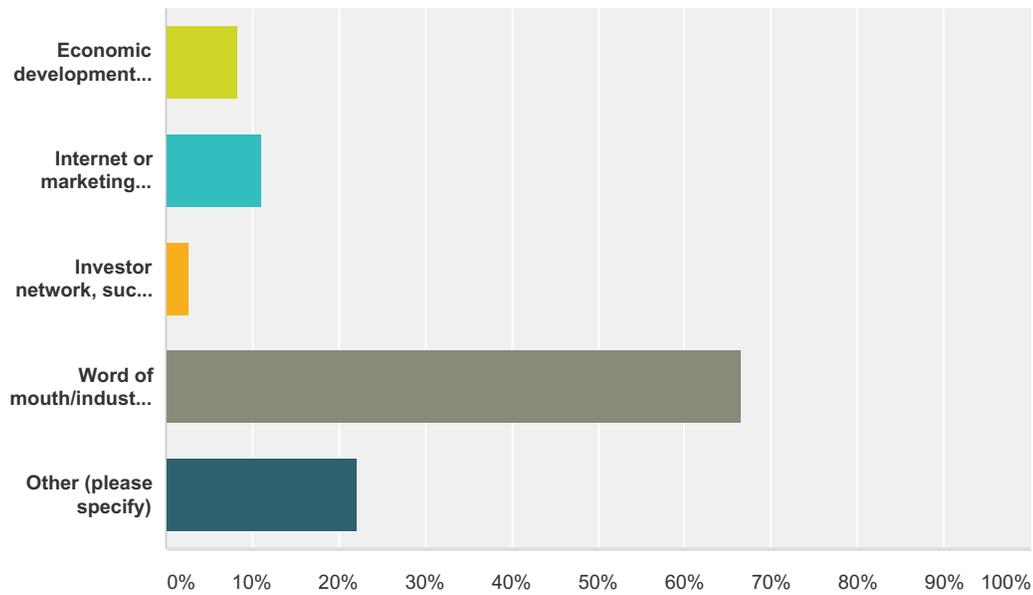
Answered: 38 Skipped: 3



| Answer Choices                       | Responses |
|--------------------------------------|-----------|
| Not earning any sales or revenue yet | 5.26% 2   |
| Under \$100,000                      | 18.42% 7  |
| Under \$500,000                      | 13.16% 5  |
| Under \$1,000,000                    | 18.42% 7  |
| Over \$1,000,000                     | 44.74% 17 |
| <b>Total</b>                         | <b>38</b> |

### Q10 How did you hear about the TIC? (check all that apply)

Answered: 36 Skipped: 5

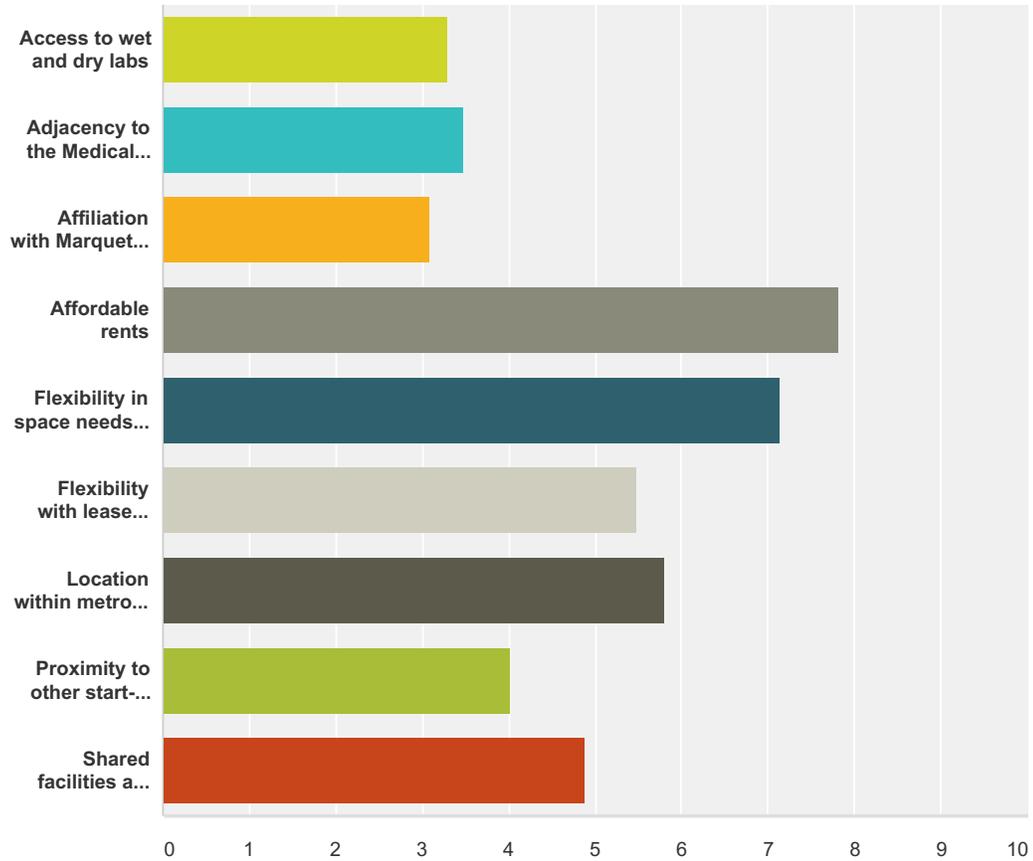


| Answer Choices                                    | Responses |
|---|-----------|
| Economic development organization or municipality | 8.33% 3   |
| Internet or marketing materials                   | 11.11% 4  |
| Investor network, such as BizStarts               | 2.78% 1   |
| Word of mouth/industry professionals              | 66.67% 24 |
| Other (please specify)                            | 22.22% 8  |
| <b>Total Respondents: 36</b>                      |           |

| # | Other (please specify)  | Date              |
|---|---|-------------------|
| 1 | Have resided in one way or another in the so called Milwaukee County Research Park since 1985 | 9/8/2014 10:17 PM |
| 2 | Prior tenant  | 9/8/2014 5:54 PM  |
| 3 | Techworks was there   | 9/8/2014 4:03 PM  |
| 4 | Not sure, my Business Partner Ken M. found the TIC  | 9/5/2014 11:18 AM |
| 5 | knocking on doors   | 9/3/2014 3:48 PM  |
| 6 | TEC/Vistage   | 8/28/2014 6:44 AM |
| 7 | Took a SCORE class here   | 8/26/2014 5:40 PM |
| 8 | tenant under previous employment  | 8/26/2014 4:00 PM |

### Q11 Please rank your reasons for locating within the TIC, with 1 being the most important reason.

Answered: 40 Skipped: 1

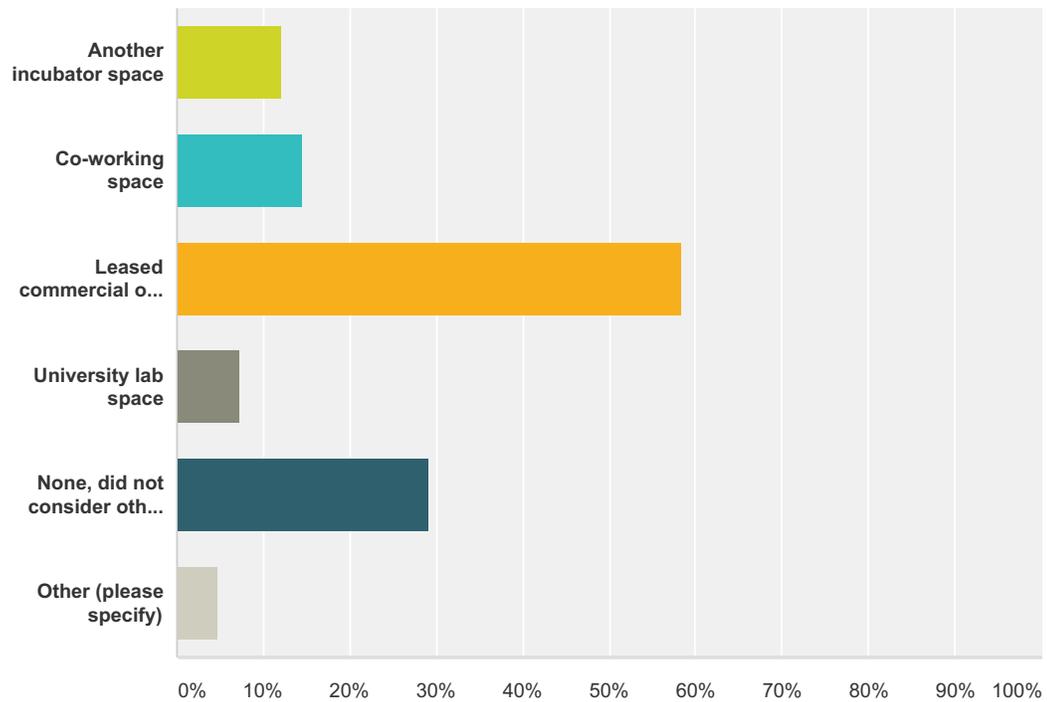


|   | 1            | 2            | 3            | 4           | 5            | 6           | 7           | 8            | 9            | Total | Average Ranking |
|---|--------------|--------------|--------------|-------------|--------------|-------------|-------------|--------------|--------------|-------|-----------------|
| Access to wet and dry labs  | 17.50%<br>7  | 2.50%<br>1   | 2.50%<br>1   | 2.50%<br>1  | 2.50%<br>1   | 5.00%<br>2  | 10.00%<br>4 | 0.00%<br>0   | 57.50%<br>23 | 40    | 3.30            |
| Adjacency to the Medical College, Regional Medical Center, and/or UWM Innovation Campus | 2.50%<br>1   | 7.50%<br>3   | 5.00%<br>2   | 2.50%<br>1  | 5.00%<br>2   | 12.50%<br>5 | 22.50%<br>9 | 30.00%<br>12 | 12.50%<br>5  | 40    | 3.48            |
| Affiliation with Marquette, the Medical College, MSOE, and/or UWM                       | 2.50%<br>1   | 2.50%<br>1   | 5.00%<br>2   | 2.50%<br>1  | 2.50%<br>1   | 15.00%<br>6 | 17.50%<br>7 | 37.50%<br>15 | 15.00%<br>6  | 40    | 3.08            |
| Affordable rents  | 55.00%<br>22 | 22.50%<br>9  | 5.00%<br>2   | 5.00%<br>2  | 2.50%<br>1   | 5.00%<br>2  | 2.50%<br>1  | 0.00%<br>0   | 2.50%<br>1   | 40    | 7.83            |
| Flexibility in space needs (ability to expand, lease small spaces)                      | 12.50%<br>5  | 27.50%<br>11 | 32.50%<br>13 | 17.50%<br>7 | 7.50%<br>3   | 2.50%<br>1  | 0.00%<br>0  | 0.00%<br>0   | 0.00%<br>0   | 40    | 7.13            |
| Flexibility with lease terms (short term leases)  | 2.50%<br>1   | 7.50%<br>3   | 22.50%<br>9  | 20.00%<br>8 | 25.00%<br>10 | 5.00%<br>2  | 12.50%<br>5 | 2.50%<br>1   | 2.50%<br>1   | 40    | 5.50            |

|  |                   |                    |                    |                     |                     |                     |                    |                    |                   |    |      |
|--|-------------------|--------------------|--------------------|---------------------|---------------------|---------------------|--------------------|--------------------|-------------------|----|------|
| Location within metro and highway access | <b>5.00%</b><br>2 | <b>17.50%</b><br>7 | <b>12.50%</b><br>5 | <b>25.00%</b><br>10 | <b>17.50%</b><br>7  | <b>12.50%</b><br>5  | <b>2.50%</b><br>1  | <b>5.00%</b><br>2  | <b>2.50%</b><br>1 | 40 | 5.80 |
| Proximity to other start-up companies    | <b>0.00%</b><br>0 | <b>7.50%</b><br>3  | <b>2.50%</b><br>1  | <b>10.00%</b><br>4  | <b>7.50%</b><br>3   | <b>32.50%</b><br>13 | <b>22.50%</b><br>9 | <b>12.50%</b><br>5 | <b>5.00%</b><br>2 | 40 | 4.03 |
| Shared facilities and services           | <b>2.50%</b><br>1 | <b>5.00%</b><br>2  | <b>12.50%</b><br>5 | <b>15.00%</b><br>6  | <b>30.00%</b><br>12 | <b>10.00%</b><br>4  | <b>10.00%</b><br>4 | <b>12.50%</b><br>5 | <b>2.50%</b><br>1 | 40 | 4.88 |

### Q12 Prior to locating within the TIC, which other types of locations did you consider?

Answered: 41 Skipped: 0



| Answer Choices  | Responses |
|---|-----------|
| Another incubator space                                     | 12.20% 5  |
| Co-working space  | 14.63% 6  |
| Leased commercial or industrial space in the private market | 58.54% 24 |
| University lab space  | 7.32% 3   |
| None, did not consider other locations                      | 29.27% 12 |
| Other (please specify)                                      | 4.88% 2   |
| <b>Total Respondents: 41</b>                                |           |

| # | Other (please specify) | Date             |
|---|------------------------|------------------|
| 1 | Home Office            | 9/4/2014 4:33 PM |
| 2 | -                      | 9/4/2014 4:01 PM |

**Q13 If you considered another incubator space, please tell us where:**

Answered: 6 Skipped: 35

| # | Responses  | Date              |
|---|------------|-------------------|
| 1 | Madison    | 9/8/2014 5:55 PM  |
| 2 | Brookfield | 9/8/2014 3:23 PM  |
| 3 | madison    | 9/8/2014 3:04 PM  |
| 4 | n/a        | 9/4/2014 8:30 PM  |
| 5 | Milwaukee  | 9/4/2014 3:58 PM  |
| 6 | Milwaukee  | 8/26/2014 6:31 PM |

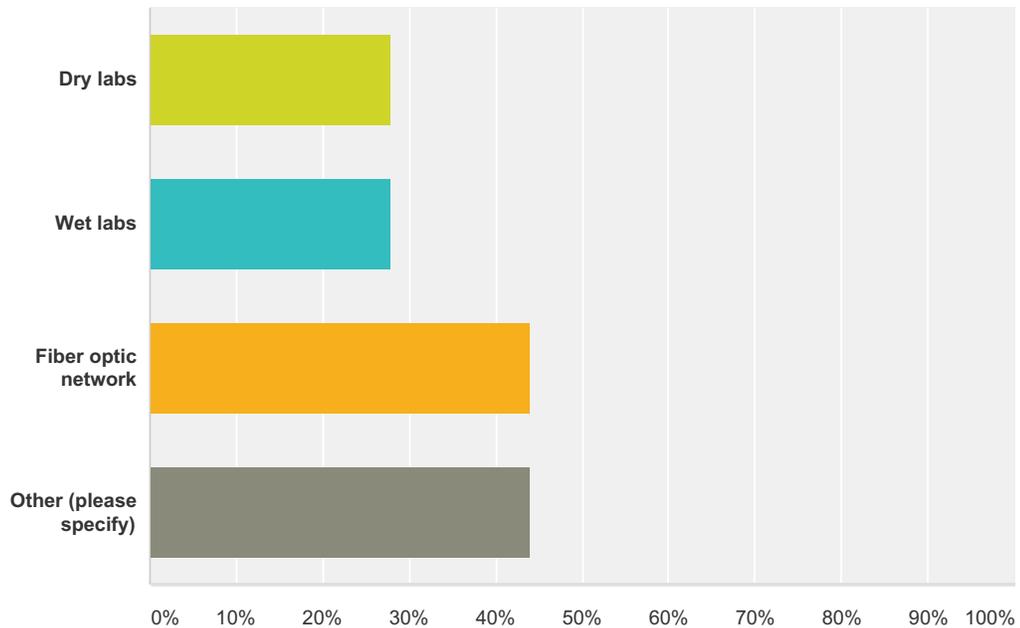
**Q14 If you considered leased commercial or industrial space in the private market, please tell us where:**

Answered: 21 Skipped: 20

| #  | Responses   | Date               |
|----|---|--------------------|
| 1  | Downtown Milwaukee  | 9/9/2014 11:06 AM  |
| 2  | Pewaukee and Brookfield   | 9/8/2014 5:55 PM   |
| 3  | Other space in the research park and office parks in Brookfield and downtown.                             | 9/8/2014 4:05 PM   |
| 4  | Waukesha  | 9/8/2014 3:23 PM   |
| 5  | Milwaukee downtown  | 9/8/2014 3:18 PM   |
| 6  | waukesha, pewaukee  | 9/8/2014 3:04 PM   |
| 7  | Waukesha  | 9/5/2014 10:06 AM  |
| 8  | n/a   | 9/4/2014 8:30 PM   |
| 9  | Wauwatosa   | 9/4/2014 3:59 PM   |
| 10 | Milwaukee   | 9/4/2014 3:58 PM   |
| 11 | Bishops Woods   | 9/4/2014 3:47 PM   |
| 12 | Metro Milwaukee area  | 8/29/2014 5:45 PM  |
| 13 | Wauwatosa   | 8/27/2014 12:22 PM |
| 14 | Mayfair Road and Capitol Drive  | 8/27/2014 9:59 AM  |
| 15 | Milwaukee   | 8/26/2014 6:31 PM  |
| 16 | Butler, West Allis  | 8/26/2014 5:40 PM  |
| 17 | Milwaukee / New Berlin, West Allis, Close to MCRPC  | 8/26/2014 5:36 PM  |
| 18 | 76th and Bluemound  | 8/26/2014 4:33 PM  |
| 19 | Menomonee Falls, tosa, brookfield   | 8/26/2014 4:09 PM  |
| 20 | Village of Wauwatosa  | 8/26/2014 4:02 PM  |
| 21 | West Allis, very unpleasant location with similar pricing, no services or internet, no ability to expand. | 8/26/2014 4:00 PM  |

### Q15 Is there any special technology, equipment, or infrastructure that is critical to your business?

Answered: 25 Skipped: 16



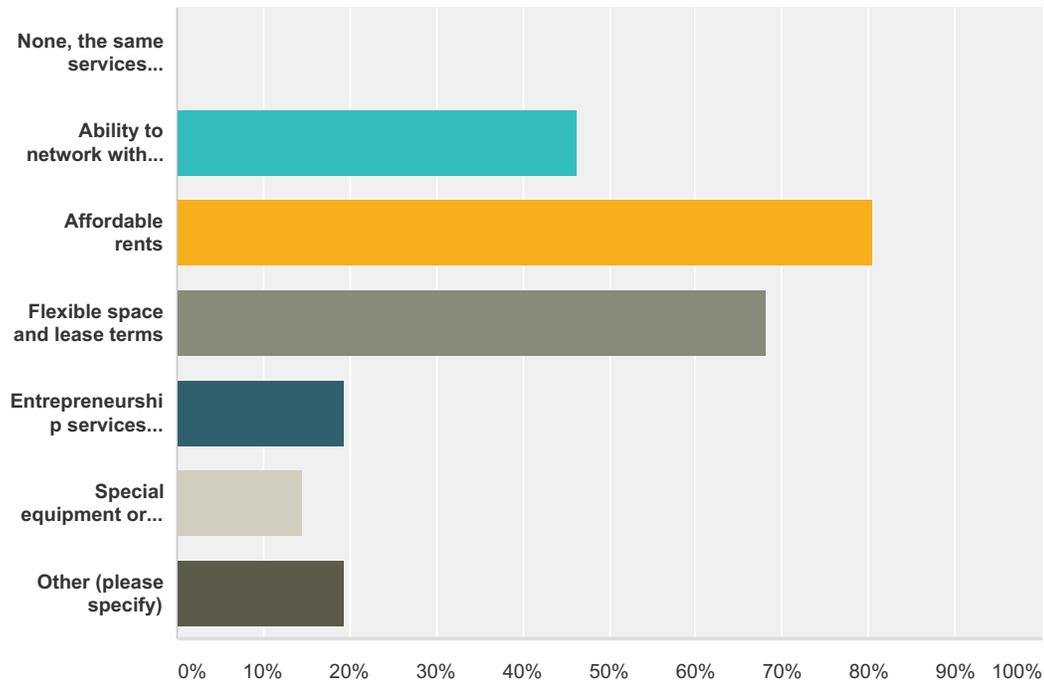
| Answer Choices               | Responses |
|------------------------------|-----------|
| Dry labs                     | 28.00% 7  |
| Wet labs                     | 28.00% 7  |
| Fiber optic network          | 44.00% 11 |
| Other (please specify)       | 44.00% 11 |
| <b>Total Respondents: 25</b> |           |

| #  | Other (please specify)   | Date               |
|----|--|--------------------|
| 1  | You have accommodated our every need so far.                   | 9/9/2014 11:08 AM  |
| 2  | The Bldg. wired for the telecommunications and on-site support | 9/8/2014 10:18 PM  |
| 3  | networking with other firms                                    | 9/8/2014 3:05 PM   |
| 4  | Uninterruptible power  | 9/4/2014 8:31 PM   |
| 5  | autoclave, purified water                                      | 9/4/2014 5:39 PM   |
| 6  | High Speed internet connection                                 | 9/4/2014 3:47 PM   |
| 7  | none   | 9/3/2014 3:49 PM   |
| 8  | It had been Internet Service.                                  | 8/27/2014 4:57 PM  |
| 9  | Power Backup, Conditioned Space                                | 8/27/2014 10:00 AM |
| 10 | fast inexpensive internet                                      | 8/26/2014 4:34 PM  |

|    |   |                   |
|----|---|-------------------|
| 11 | Reliable power: TIC is on the same grid as the medical college, power reliability is above average. | 8/26/2014 4:06 PM |
|----|---|-------------------|

### Q16 What are the critical elements provided at TIC that you think are not provided within the private market?

Answered: 41 Skipped: 0



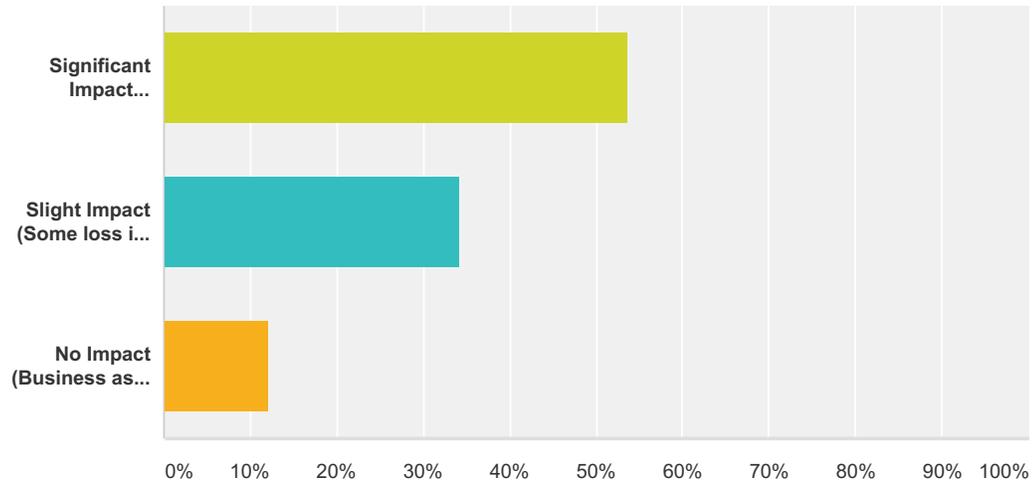
| Answer Choices   | Responses |
|--|-----------|
| None, the same services offered by the TIC are available in the private market | 0.00% 0   |
| Ability to network with other entrepreneurs                                    | 46.34% 19 |
| Affordable rents   | 80.49% 33 |
| Flexible space and lease terms   | 68.29% 28 |
| Entrepreneurship services provided by TIC                                      | 19.51% 8  |
| Special equipment or labs  | 14.63% 6  |
| Other (please specify)   | 19.51% 8  |
| <b>Total Respondents: 41</b>   |           |

| # | Other (please specify)  | Date              |
|---|---|-------------------|
| 1 | combination of above  | 9/9/2014 5:07 AM  |
| 2 | Convenient commute from home and proximity to MCW. Park-like setting. | 9/8/2014 10:18 PM |
| 3 | Easy access for visitors, comfortable/mixed/flexible work environment | 9/8/2014 5:56 PM  |
| 4 | High Speed Internet Service quality and affordability                 | 9/4/2014 5:43 PM  |
| 5 | Free trade zone status  | 9/4/2014 4:00 PM  |

|   |  |                    |
|---|--|--------------------|
| 6 | n/a  | 9/3/2014 3:49 PM   |
| 7 | meeting space  | 8/27/2014 12:22 PM |
| 8 | <p>The building is very robust against uncertain weather (a facilities concern for high availability services), but I really can't emphasize the available-space enough. We're negotiating a large deal with one of the biggest companies in the world, which will require a sudden, large expansion while keeping our costs down.. this would be impossible in most incubators. At my prior company, Internet Connect (Inc.Net / TWTC), we expanded to almost an entire floor of the TIC before moving, as did Tushaus and other "larger" graduates. This is *critical* to a growing startup that can't handle the migration and costs of traditional office space. The jump in costs is *HUGE*. The fact that the TIC usually has room is a major advantage for starting a business.</p> | 8/26/2014 4:06 PM  |

### Q17 If there was no longer space available in the TIC for your continued use, what kind of impact would this have on your business?

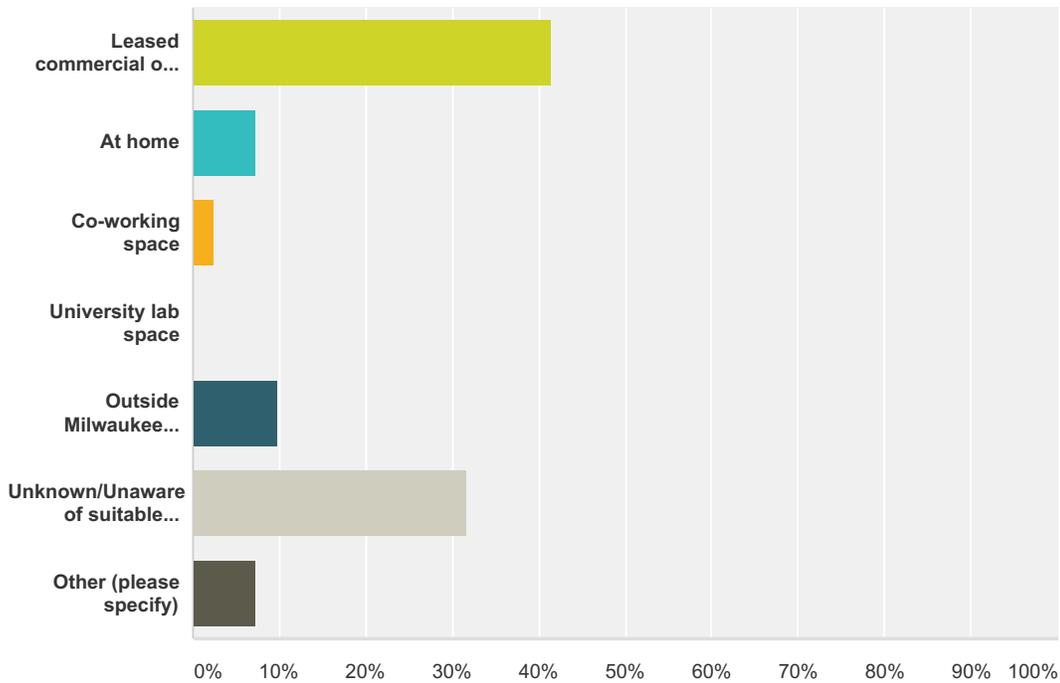
Answered: 41 Skipped: 0



| Answer Choices  | Responses |
|---|-----------|
| Significant Impact (Downsizing, layoffs)                | 53.66% 22 |
| Slight Impact (Some loss in efficiency or productivity) | 34.15% 14 |
| No Impact (Business as usual)                           | 12.20% 5  |
| <b>Total</b>  | <b>41</b> |

### Q18 If you were not able to remain in the TIC, to where would you relocate your business?

Answered: 41 Skipped: 0

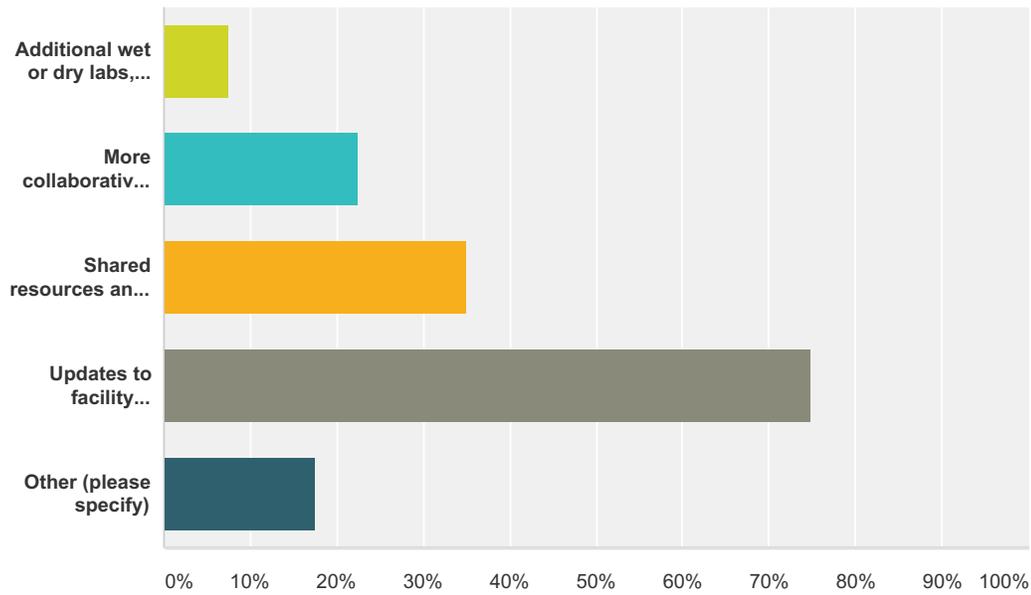


| Answer Choices  | Responses |
|---|-----------|
| Leased commercial or industrial space in the private market | 41.46% 17 |
| At home   | 7.32% 3   |
| Co-working space  | 2.44% 1   |
| University lab space  | 0.00% 0   |
| Outside Milwaukee Region                                    | 9.76% 4   |
| Unknown/Unaware of suitable alternate space                 | 31.71% 13 |
| Other (please specify)                                      | 7.32% 3   |
| <b>Total</b>  | <b>41</b> |

| # | Other (please specify)                           | Date              |
|---|--|-------------------|
| 1 | Unknown - would consider leaving county          | 9/8/2014 5:58 PM  |
| 2 | next highway job location...temporary space only | 9/3/2014 3:50 PM  |
| 3 | nearby   | 8/26/2014 4:35 PM |

### Q19 How could the TIC improve?

Answered: 40 Skipped: 1



| Answer Choices  | Responses |
|---|-----------|
| Additional wet or dry labs, safety hoods, etc.  | 7.50% 3   |
| More collaborative environment  | 22.50% 9  |
| Shared resources and auxiliary services such as high-speed internet, legal, financial advisor | 35.00% 14 |
| Updates to facility (Central HVAC, windows, electrical systems, etc.)                         | 75.00% 30 |
| Other (please specify)  | 17.50% 7  |
| <b>Total Respondents: 40</b>  |           |

| # | Other (please specify)  | Date              |
|---|---|-------------------|
| 1 | Not easy to improve, It already runs well. Startups could use better price. | 9/8/2014 3:26 PM  |
| 2 | cleanliness of bathrooms  | 9/8/2014 3:20 PM  |
| 3 | n/a   | 9/3/2014 3:50 PM  |
| 4 | Backup Generator to help with power outages.                                | 8/27/2014 4:59 PM |
| 5 | Not sure how, but a larger, more contiguous space, such as warehouse        | 8/26/2014 5:38 PM |
| 6 | west parking lot is in bad shape  | 8/26/2014 4:35 PM |
| 7 | more useable bathrooms  | 8/26/2014 4:02 PM |