

The University of Michigan-Dearborn Innovation Index



First Quarter 2012

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Innovation Index Moves Ahead

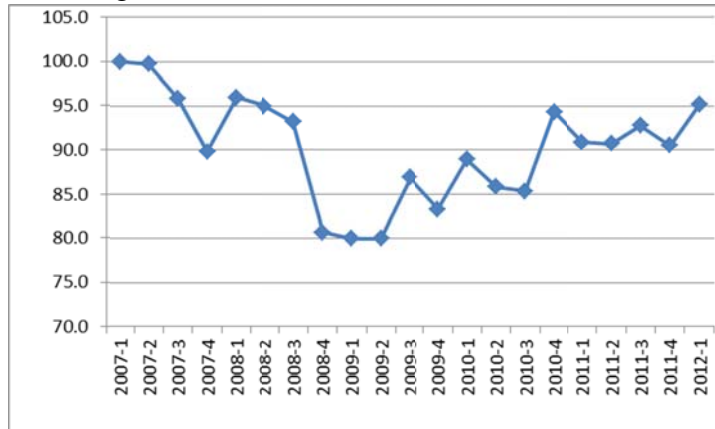
Trademarks, Incorporations Up But Job Creation Down

(May 21, 2012) The University of Michigan-Dearborn's Center for Innovation Research – iLabs – today released its

Innovation Index for the first quarter of 2012. The Index rose from 90.5 to 95.2 in the first quarter, which also put it ahead of the 2011 first quarter reading of 90.9. The increase in the Index was due to strong results for trademark

applications and incorporations, set against disappointing numbers for

gross job creation. The accompanying chart shows that the Index has been improving overall since the financial crisis of late 2008 but that progress has not been uniform.



Six indicators comprise the Innovation Index; in the last quarter, four rose while two fell. Compared to one year ago, four are higher and two are lower.

- **Trademark Applications** coming from the State of Michigan turned in a very strong first quarter after a decline in the previous quarter. The estimated number of applications was ahead of the year earlier level as well, and the first quarter performance added 4.0 points to the Innovation Index.
- **Incorporations** and LLC filings in Michigan are traditionally strong in the first quarter and as expected showed an increase in the start of 2012 from the last quarter of 2011. The increase added 2.6 points to the Index. More than seasonal factors seem to be at work as filings were also ahead of the year-earlier number.
- **Venture Capital Funding** in Michigan, as provided by the MoneyTree™ report prepared by Pricewaterhouse Coopers and the National Venture Capital Association using Thomson Financial data, increased in the first quarter and contributed 1.1 points to the Index increase. Reported venture capital activity was the highest since the second quarter of 2010.
- **Small Business Administration Loans** through the Detroit office of the Small Business Administration rose slightly in the first quarter of 2012, adding 0.3 points to the Index.
- **Innovation Workers** are estimated by iLabs calculations based on Bureau of Labor Statistics data. The estimated percentage of workers employed in science and engineering was little changed from the

previous quarter, although it was down from the same quarter in 2011. The quarterly change cost the Index 0.2 points.

- **Gross Job Creation** Gross job creation fell in the fourth quarter (due to data availability, this measure enters the Index with a one quarter delay) and was only slightly ahead of gross job losses. Gross job creation was also somewhat down from its level in the same quarter one year earlier. The quarterly drop in gross job creation cost the Index 3.2 points

Looking ahead, seasonal factors may produce a lower level of incorporations in the next report which could result in a modest second quarter decline. The next University of Michigan-Dearborn Innovation Index report is due out on November 26.

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