

The University of Michigan-Dearborn Innovation Index



**Second Quarter 2007
Release**

Release Date: January 2008

University of Michigan-Dearborn Innovation Index down 0.3% in second quarter, up 2.8% from prior year

(January 21, 2008) The University of Michigan-Dearborn's Center for Innovation Research – iLabs – is pleased to introduce its index measuring innovation in the Michigan economy. The University of Michigan-Dearborn Innovation Index fell from 100 in the first quarter of 2007 to 99.7 in the second quarter of 2007. The reading for the second quarter of 2006 was 97.0. For the second quarter, declines in three components of the index roughly balanced increases in three components. The six indicators, together with a brief analysis of their performance in the second quarter, are:

- **Innovation Workers:** Bureau of Labor Statistics data for the second quarter indicated a strong growth in the proportion of Michigan workers employed as scientists and engineers. This indicator has improved for four consecutive quarters. The improvement in the second quarter added 1.9 points to the Index.
- **Venture Capital:** The MoneyTree™ report prepared by Pricewaterhouse Coopers and the National Venture Capital Association using Thomson Financial Data showed the strongest quarter of venture capital funding in Michigan since the fourth quarter of 2004. The increase from the first quarter of 2007 added 1.5 points to the Index.
- **Trademarks:** Trademark applications by Michigan entities were the highest since the first quarter of 2006. The estimated number of trademarks is up 13% from a recent low in the third quarter of 2006, and the increase in the second quarter of 2007 added 0.7 points to the Index.
- **Incorporations:** A drop in the number of filings of new incorporations or LLCs in Michigan subtracted 1.2 points from the Index.
- **Small Business Administration Loans:** The number of loans arranged by the Detroit office of the Small Business Administration resumed a decline from a peak in the second quarter of 2006. This subtracted 1.6 points from the Index.
- **Gross Job Creation:** The reported number of new jobs created by new companies or companies adding jobs was 217,000 in the first quarter of 2007 (due to data availability, this item enters the Index one quarter delayed). This drop from the 229,000 jobs added in the previous quarter subtracted 1.6 points from the Index.

The third quarter 2007 University of Michigan-Dearborn Innovation Index will be released in early March.

CONTACT:

Lee Redding, Ph.D., Project Director of the Index
(313) 593-4680 or LRedding@umich.edu

Tim Davis, Assistant Director of iLabs
(313) 593-4060 or tadavis@umd.umich.edu