

The University of Michigan-Dearborn Innovation Index



Third Quarter 2007 Release

Release Date: March 2008

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

Terry Gallagher, Director of Public Relations, UM-D
(313) 593-5518 or tgallagh@umd.umich.edu

University of Michigan-Dearborn Innovation Index down from 99.7 to 95.8 in third quarter

(March 10, 2008) The University of Michigan-Dearborn's Center for Innovation Research – iLabs – today releases its Innovation Index for the third quarter of 2007. The Index provides a summary measure of economic innovation activity in the state of Michigan. The University of Michigan-Dearborn Innovation Index fell from 99.7 in the second quarter of 2007 to 95.8 in the third quarter of 2007. The reading for the third quarter of 2006 was 97.7. For the most recent quarter, declines in four components of the index outweighed improvements in two 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 third quarter indicated a partial reversal of the strong growth in science and engineering employment that occurred in the year leading up to the second quarter of 2007. The third quarter drop subtracted 2.5 points from the Index.
- **Venture Capital:** After a very strong second quarter, venture capital experienced a sharp drop in the third quarter. Venture capital data for Michigan comes from the MoneyTree™ report prepared by Pricewaterhouse Coopers and the National Venture Capital Association using Thomson Financial Data. The third quarter decline lowered the Innovation Index by 2.4 points.
- **Small Business Administration Loans:** The number of loans arranged by the Detroit office of the Small Business Administration continued to decline. Since peaking in the second quarter of 2006, it has dropped in four of five quarters. The third quarter decline subtracted 1.8 points from the Index.
- **Incorporations:** Although up slightly from year-ago levels, incorporations and LLCs filed in the State of Michigan were down on a quarter-on-quarter basis. The drop from the second to third quarters reduced the Index by 0.4 points.
- **Trademarks:** Trademark applications by Michigan entities continued a recent string of winning quarters. The estimated number of trademarks has now increased for four straight quarters. The third quarter increase added 0.2 points to the Innovation Index.
- **Gross Job Creation:** The reported number of new jobs created by new companies or companies adding jobs was approximately 239,000 in the second quarter of 2007 (due to data availability, this item enters the Index one quarter delayed). This number, the highest since the second quarter of 2006, added 2.9 points to the Innovation Index.

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