Innovation:
The Engine of Economic Growth
Throughout the second worst recession in a hundred years, "the greatest engine of innovation that has ever existed" kept running. In fact, the recession itself was caused by innovation getting out of control, and now it's clearly over with that astonishing burst of economic growth revealed on Friday.

Tom Friedman
Centers of Innovation exist to create a new model for Economic Development …

connecting Industry expertise to University R&D, and other GA resources to high growth potential enterprises commercializing new Products, Services & Processes….

leveraging “intellectual & knowledge capital” for economic growth
Business Growth

Large Mature
- e.g. Coke/Home Depot/UPS NCR

Small / Innovation Stage
- Traditional Economic Development focus

Growth Stage
- New Products Services - innovation

Innovative Entrepreneurship
- Ideas Innovation/Technology Universities
- Leadership and Management
- Investment Capital
# Strategic Industries Impact

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment</th>
<th>Rank US</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>430,000</td>
<td>11th</td>
<td>$43B</td>
</tr>
<tr>
<td>Logistics</td>
<td>120,000</td>
<td>#2 transportation #3 Seaport</td>
<td>$15B</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>15,000</td>
<td>7th</td>
<td>$7.8B</td>
</tr>
<tr>
<td>Agriculture</td>
<td>389,000</td>
<td>12th</td>
<td>$58.5B</td>
</tr>
<tr>
<td>Aerospace</td>
<td>85,000</td>
<td>7th</td>
<td>$9.6B</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>67,000</td>
<td></td>
<td>$4B</td>
</tr>
</tbody>
</table>

*Highest potential for Economic Impact*
Statewide Impact

- Activity well distributed
- 19 counties without Activity – innovation projects in process
- 148 Active Innovation Projects
Innovation Projects

- Generally projects seem to be more concentrated where our COI is located
- Concentration in major population centers
- Energy and AG seem more geographically distributed than other industries
- 148 Active Innovation Projects

July- Dec 2009
Centers of Innovation

- Deep Industry Expertise & Leadership for Strategic Industries –
  - Industry Marketing for all Georgia
  - Market & Technical knowledge

- Connections to ..
  - R&D – University … Other
  - Market Expertise
  - Business Connections
Strategic Partners

Medical College of Georgia
GEORGIA'S HEALTH SCIENCES UNIVERSITY

THE UNIVERSITY OF GEORGIA

Georgia Tech
LANIER TECHNICAL COLLEGE

MIDDLE GEORGIA COLLEGE
Focus

• High Growth Potential Enterprises
  • Commercialization – New products and Services leveraging New Technologies
  • Both Established and Emerging Growth Enterprises

• Industry Expertise – 6 Industries
  – Support for all GA Economic Development Organizations
  – Support (as needed) for Company Recruitment
  – Industry Influence
    • In GA – Improving GA competitiveness
    • Elevates GA WW
Innovation Grants

• Matching funds –
  – University/College Research & Activities

• Commercialization focus –
  – new products and services

• Requires support from the Center of Innovation Director
A new tool for advancing Georgia economic impact by leveraging the profiles of more than 500 leading research faculty at eight Georgia public and private research universities enhancing the potential for collaboration across disciplines and universities by allowing industry to find experts, research centers, and projects with commercial potential.
8 Research Universities

303 Patented Bio-Research Properties

500+ Top Faculty in Patents, Awards & Publications

ONE HIGH-POWER SEARCH SOURCE
Leadership

Steve Justice  Page Siplon  Donnie Smith

Jill Stuckey  John Zegers  Stacy Shuker Phd.

www.georgiainnovation.org
Investment Tax Credit
Investment Tax Credit

- 10% tax credit:
  - Credit for R&D Expenditure Increases (IRS Section 41)
  - Accrues for the next 5 Years
  - Can be carried forward for 10 years
  - Applies to all GA companies
  - Can be applied against with-holdings
How it applies …

• Corporate Tax bill & With-holdings
  – For those With Profits –
    • first 50% applied to corp tax
    • Then against with -holdings
  – Startups without corporate tax liability can use against with-holding liabilities
Summary

• Credit for Increase in R&D expenditures
• Can be taken against with-holdings
• Companies without profits can use
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Economic Development

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## Key Measurements

<table>
<thead>
<tr>
<th>Innovation Pipeline</th>
<th>Activities</th>
<th>GDEcD Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Projects</td>
<td>Clients Assisted</td>
<td>Industry Invest Assisted ($)</td>
</tr>
<tr>
<td>FY 2010 (Q2)</td>
<td>Visits/New Contacts</td>
<td>Jobs Assisted (＃)</td>
</tr>
<tr>
<td>148</td>
<td>1269</td>
<td>1,770K</td>
</tr>
<tr>
<td>5,913K</td>
<td>1008</td>
<td>1965</td>
</tr>
<tr>
<td>10,832</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>21</td>
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</table>
Range Fuels – Diamond Energy (Pine Tree Ethanol)

Deep Organic - European Growth Company

Savannah Port Growth #1 in the USA Growth - 466%

GA’s Life Science Incubator one of the top five places in the U.S. for Biotech startups

Focus to Ensure Georgia’s Global Competitiveness
• Leverage Atlanta sponsored and Grass Roots programs such as…
  • ATDC – Startup Lounge – Startup Atlanta –

• Support offered
  • “Innovative Entrepreneur” Focus vs “Replicative Entrepreneurs”

• High Growth Potential Enterprises – Intellectual Capital focused
Range Fuels – Diamond Energy (Pine Tree Ethanol)

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