East Central Illinois University Center
Illinois Incubators Study
April 22, 2014
Study of Illinois Incubators: Landscape Assessment of Rural vs. Urban Settings

• EDA University Center at the University of Illinois commissioned a research study with the Dept. of Urban Planning to research and interview 18 Illinois incubators
  – Prof. Marc Doussard, Urban & Regional Planning, research studies contribution of public policy decisions to economic opportunity

• Created a report with a systematic analysis and itemization of the diverse range of activities undertaken by Illinois incubators as they work to respond to distinctive missions, economic needs and technological opportunities.
  – Tracked client mix, unique programs, financial support, and differences in missions across incubators
Key Conclusions from Incubators:

• Every incubator follows a clear mandate:
  1. Support the development of high-technology industries
  2. Commercialize the innovations of affiliated universities
  3. Support entrepreneurship in regions with significant economic development challenges

• Broad variety of supporting funding arrangements
  – Depending on local opportunities, they may rely on a mix of grants, public funding, rent, anchor tenants and reduced-cost facilities to support themselves.
  – Results suggest the broader importance of flexibility and adaptability
Key Conclusions from Incubators:

• Approaches vary by location and institutional origin:
  – University-based incubators focus on providing the services researchers need to become entrepreneurs.
  – Technology-focused incubators in Chicago provision office and lab space that remains in short supply.
  – Small-city and rural incubators provide space, knowledge and services that are not widely available in smaller and less diversified regional economies.

• Illinois incubators appear to be minimally networked
  – Only an informal network referenced.
  – Recommend a statewide incubator association to support incubators’ interests and facilitate the sharing of knowledge about their contributions, challenges and innovative practices.
Key Conclusions from Incubators:

• Competition rising in Chicago-based technology incubators
  – Public, not-for-profit and university-based forms
  – Provide specialized bundles of lab spaces, “pre-incubation” activities, accelerators and business connections

• University-based incubators generally fit their sectoral focuses and operating plans to the unique opportunities of their region.
  – Benefit from stable funding from the supporting university, and prioritize strong relationships with local institutional stakeholders.

• Small-city incubators embrace flexibility in response to the distinctive economic challenges of their regions.
  – Rely upon public funding, draw upon the advantage of inexpensive real estate, and demonstrate great flexibility in assisting tenants that span a broad range of industries.
**ILLINOIS INCUBATORS**

- Chicago
- Evanston
- Northwestern University Incubator
- Peoria
  - Peoria NEXT Innovation Center
- Normal
  - Illinois State University (ISU) For Emerging Entrepreneurs (closed)
  - Rantoul Business Incubator
- Quincy
  - Quincy Business and Technology Center (QBTC)
- Edwardsville
  - University Park - Southern Illinois University Edwardsville (SIUE)
- Salem
  - Kaskaskia College Institute for Entrepreneurial Success Business Incubator
- West Frankfort
  - West Frankfort Business Incubator
- Carbondale
  - Southern Illinois University (SIU) Business Incubator

**KEY POINTS OF STUDY**

- Geography plays a significant role in the types of businesses incubators attract.
- Chicago based technology incubators are competitive and now come in public, not-for-profit and university-based forms. They provide specialized services such as wet labs, pre-incubation activities, and networking events.
- Small city incubators embrace flexibility because of economic challenges in their regions. These incubators rely heavily on local economic development organizations and inexpensive real estate.
- Best practices and approaches for incubators need to vary based on their location and institutional origin.
- Illinois incubators appear to be minimally networked which indicates they may benefit from an extension-type partnership with University of Illinois Research Park Incubator.
ILLINOIS INCUBATOR PROFILES
1871

Location: Chicago, IL in the Merchandise Mart
Founded: May 2012
Website: http://www.1871.com/
Tenants: 240, Size: 50,000 square feet

Overview: A recent addition to Chicago, 1871 has spurred substantial activity around tech startups. Located in the Merchandise Mart, it has generated more than 800 jobs and been recognized by elected officials in its first year. 1871 uses its combined coworking space and mentorship programs to assist tenants. 1871-mentored startups have also received more than $69 million in venture capital funds and generated $13 million in revenue.

Partner organizations:
Pritzker Group, Sandbox Industries, Techstars, IL Science and Tech Coalition, Impact Engine, University of IL, University of Chicago, Northwestern University
CATAPULT CHICAGO

Location: Chicago, IL
Founded: 2012
Website: http://catapultchicago.com/
Tenants: 9 residents (tenants)

Overview: Three entrepreneurs sought to address the gap for tech companies that were later-stage startups, and approached Foley & Lardner, a law office, for assistance. Foley & Lardner agreed to house Catapult and develop the incubator. Catapult depends on other corporate sponsors who provide comprehensive services for tenants and help to sustain the incubator. They also recently started a mentorship program (The Everest Program), which provides tenants with one-on-one mentorship.

Tenants are required to have a team, funding, and tech products already in the market/in beta form to generate revenue.
Overview: EigerLab was founded by Rockford Area Ventures and is part of the Rockford Area Economic Development Council (RAEDC) and managed by Rock Valley College. EIGERlab uses resources from its Center for Product Development, accelerator, and workforce training center to help their tenants succeed. The soft-landing program also helps to attract international companies who are working to build branches in the United States.
ENTERPRISEWORKS CHICAGO (UIC)

Location: Chicago, IL - Chicago Technology Park
http://tigger.uic.edu/depts/ovcr/research/techpark/
Tenants: 23 residents, 10 affiliates
56,000 SF with wet-labs

Overview: Located in the Medical District and owned by UIC, the incubator was the first biotech incubator in Chicago. Targeting growth in tenancy associated with the university, while the other tenants will include non-university related startups from Abbott Labs, Northwestern University, and additional companies across Chicagoland. Health, Technology, Innovation (HTI) just opened as a pre-incubator building, which will be the first coworking lab space in Chicago as a pipeline for startups.

Focus on complex research and development, targeting long life-cycle products that are capital-intensive and face a long time to market. A third of companies have been there more than 10 years.
ENTERPRISEWORKS INCUBATOR (UIUC)

Location: Champaign, IL  
Founded: 2003  
Website: http://researchpark.illinois.edu/enterpriseworks  
Tenants: 38  
Graduates: 150

Overview: Started by the University of Illinois, EnterpriseWorks develops scientific startups companies from the University to support economic development. Located in the University of Illinois Research Park (UIRP), the incubator provides tenants with a range of services, including SBIR grant assistance, access to student workers, Entrepreneurs-in-residence, funding for professional services, 100+ events annually, NSF I-Corps lean startup training.

Clients have raised more than $575 Million in venture capital. Companies have been awarded $50 million in SBIR/STTR funding.
Overview: The incubator was run by Illinois State University and the Bloomington-Normal Economic Development Council (EDC). It was a virtual incubator without physical space. The Center targeted small businesses with fewer than 25 employees, helping more than 250 businesses in its three-year operation. It provided mentoring and counseling; assistance in finding professional services; business modeling; and patenting assistance. Businesses helped raise $6-7 million in capital locally.
Location: Centralia (main campus), Greenville, Salem, IL
Founded: 2005
Website: http://www.kaskaskia.edu/ISBDC/INC.aspx
Tenants: 6
Graduates: 3 in the past 12 months

Overview: Unlike other colleges, Kaskaskia College has five education centers—extensions of the main campus—and is working to add incubators to each education center. Currently, it has incubators at three of its campuses (Centralia, Greenville, and Salem, IL). Each education center has three offices available for tenants, or a total of 9 total offices. Targets new businesses, or those launching a business idea, no specific industry focus. Assistance from SBDC for clients.

Potential tenant submit business plans and meet with the SBDC Director. Office spaces (110-150 sq. ft.) are mostly for 1-2 people. Student receptionists help receive clients of tenants. Conference room space.
MATTER

Location: Chicago, IL – Merchandise Mart
Founded: Fall, 2014 - 25,000 square feet
Tenants: goal is to have 15-20 in the beginning

Overview: MATTER will open Fall 2014 to serve as a collaborative space in Chicago for biotech, health, and life sciences companies. MATTER will address the growing technological needs in health care and expand connections between companies, universities, hospitals, and insurers. Located in the Merchandise Mart next to 1871 and funded with $4 million state investment, $1.5 million loan. Currently, 12 biomedical companies have agreed to join MATTER and support its work, including AbbVie and Baxter.

Create density, collaboration, and meeting space for the biotech industry in Chicago: large corps and startup companies. Lab space not planned.
NORTHWESTERN UNIVERSITY INCUBATOR

Location: Evanston, IL - 600 Davis St. downtown Evanston
http://fcei.northwestern.edu/resources/incubators

Overview: Incubation space for Northwestern-affiliated students, faculty, and alumni, run by the Northwestern Farley Center for Entrepreneurship and Innovation. The Farley Center teaches students prototyping and business plan development across multiple disciplines. The incubator has two offices located in Evanston, and access to Chicago’s 1871. Paid rent includes: coworking office space, desks and chairs available and conference room space. The incubator does not have dedicated staff, programming is on campus.

Student tenants are required to use the online tool Big Marker to keep track of tenant progress and ensure tenants pay rent. Companies pay just $5/month to join.
PEORIA NEXT INNOVATION CENTER

Location: Peoria, IL - 48,000 SF across 3 different levels
Founded: 2007
Website: http://www.bradley.edu/sites/pnic/
Tenants: 16, Graduates: 3

Overview: Located 5 blocks from Bradley University, Peoria NEXT targets tenants in manufacturing, health, food products, and energy. Bradley is the building manager and provides University’s resources. Peoria NEXT works with the Central Illinois Angels group, a venture capital group, which provides private funding to tenants and helps to financially sustain the incubator. Provide office and lab space and connect tenants to Bradley, Caterpillar, USDA, the Medical District.

Bradley Technology Commercialization Center is the property manager for Peoria NEXT, and the building is owned by the Heartland Foundation. Assists with proof-of-concept, prototype testing, and initial customer feedback.
Location: Quincy, IL - 67,000 square feet on five floors  
Founded: 1985  
Website: http://www.qbtc.org/  
Tenants: 18, Graduates: 50

**Overview:** Operating in an industrial building built in 1918, which was purchased with a state grant and loan from the City of Quincy. QBTC has become self-sufficient in its operations and only requires grants for renovations. It does not have a specialization and offers affordable space from single offices and suites of 100-1,800 SF including: light manufacturing, distribution, office, and warehousing space. It supports its operations through anchor tenants. QBTC has generated more than 500 jobs in the area.

Has maintained 95% occupancy; if tenants graduate and still need the space, they are allowed to stay and pay market rent. Houses SBDC and ITC.
RANTOUL BUSINESS INCUBATOR

Location: Rantoul, IL
Founded: 2012
Website: http://rantoulincubator.org/

Overview: Joint effort of the Village of Rantoul and the East Central Illinois University Center, the incubator opened in 2012. It is located in the Rantoul Business Center (former Air Force Base building). It has office and industrial space as well as shared conference rooms. Tenants have access to programming from nearby EnterpriseWorks, onsite SBDC counselors, and FastTrac training onsite from Parkland College. It is a mixed-use, has 2 University startups seeking manufacturing space.

2,500 sq. ft., 4 office spaces
Meeting rooms
Reception area
Shared kitchen, auditorium
Shared manufacturing/shell labs
Onsite counseling services
SOUTHERN ILLINOIS UNIVERSITY (SIU) BUSINESS INCUBATOR

Location: Carbondale, IL
Founded: 1990
Website: http://incubator.siu.edu
Tenants: 25 (not including student tenants), Graduates: 108

Overview: Opened with funds from the state to support economic development. The incubator connects its tenants with additional on-campus SIU resources. It follows a traditional incubator model, mixed-use companies. The incubator is connected to the SIU Research Park and located in the Dunn-Richmond Economic Development Center; it is managed by the SBDC. Operation Mousetrap: cohorts of 8 university scientists participate in a 12-week entrepreneurship program to help commercialize technology.

Student Innovation Incubator: Started in 2013 with funding from USDA and Delta Regional Authority, provides student entrepreneurs with training programs, consulting services, mentorship, resources room, collaboration area.
Overview: SIU-E acquired a building in January 2013 to start an incubator. SIU-E seeks to commercialize its research capabilities to support economic development in the region. Currently, it has two tenants: an IT/Internet company and an established business. SIU-E is also looking into business plan competitions to help recruit tenants. They are seeking tenants that are students, faculty, and outside companies who may be interested in office space. University Park at SIUE is a 330-acre technology park on campus.

Entrepreneurs and new business start-ups are competing in the Metro East Start-Up Challenge 2014, Southern Illinois University Edwardsville’s first regional business plan competition with $15K in cash prizes.
TECHNEXUS

Location: Chicago, IL – Lyric Opera Building, downtown
Founded: 2006
Website: http://www.technexus.com/
Tenants: 2,000 member entrepreneurs and exes hosted
Graduates: 178

Overview: The city’s first coworking incubator, created in association with the Illinois Tech Association in 2005, as a central point for tech (IT/Software) companies in Chicago. Not started as an incubator, but with 3,000 users co-working, many programs flourished—entrepreneurs, customers, mentors, used the space together. TechNexus is a for-profit operation that generates revenue from leasing and memberships. A core activity is connecting startups to large corporations.

New 51,000 facility in the Lyric Opera Building in downtown Chicago just opened. Complete with office suites, coworking space, seminar rooms, bar, recording studio, a roof deck, ping pong and gym for members.
UNIVERSITY OF CHICAGO - CHICAGO INNOVATION EXCHANGE (CIE)

Location: Chicago, IL – Hyde Park
Founded: 2014
https://innovation.uchicago.edu/page/chicago-innovation-exchange
Tenants: potential 5-10 per year

Overview: A newly established incubator, CIE brings together multiple institutions and labs at the University of Chicago to commercialize technology. Affiliated partners will include Argonne National Lab, Fermi National Accelerator Lab, and the Marine Biological Lab. It will also help to provide venture funds through the Innovation Fund, $50-$150K in venture funds for University of Chicago companies ($20 Million fund). Initial tenant focus: energy storage and water resources.
UNIVERSITY TECHNOLOGY PARK AT ILLINOIS INSTITUTE OF TECHNOLOGY (IIT)

Location: Chicago, IL
Founded: 2006 for first incubator; 2011 second incubator
Website: http://www.universitytechnologypark.com/
Tenants: 17

Overview: Located 10 minutes south of downtown Chicago, focuses on developing high-tech startup companies. Offers a combination of university resources and programming for needed services. IIT is developing an international soft-landing program. 33,000 sq. ft. in incubator space & adjacent 128,000 graduate facility. Tenants currently employ more than 380 employees, 80% employ students. Tenants have raised $150 million in Angel and VC capital and $8 million in federal funding.
Location: West Frankfort, IL
Founded: 2000
http://www.westfrankfort-il.com/default.asp?id=258
Tenants: 11
Graduates: 2

Overview: The West Frankfort Business Incubator is run in an old boat factory, which was sold to the city for $1 in 2000. The incubator relies on public funding and federal and state grants. Economic development for the city is the primary focus for the incubator for the rural area location. While it is difficult to stay financially viable with its large building and facility maintenance, it collaborates with local stakeholders to attract tenants and provide resources.
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