



## Frequently Asked Questions

### WHAT IS A TECHNOLOGY INCUBATOR?

A technology incubator provides specialized facilities and mentoring services to assist and accelerate the development of start-up companies.

### WHAT IS THE PURPOSE OF A TECHNOLOGY INCUBATOR?

An incubator stimulates regional development and new economic growth sectors. Most incubators are not-for-profit entities that create jobs, attract private capital and build the tax base for the regions they serve.

### HOW DOES AN INCUBATOR WORK?

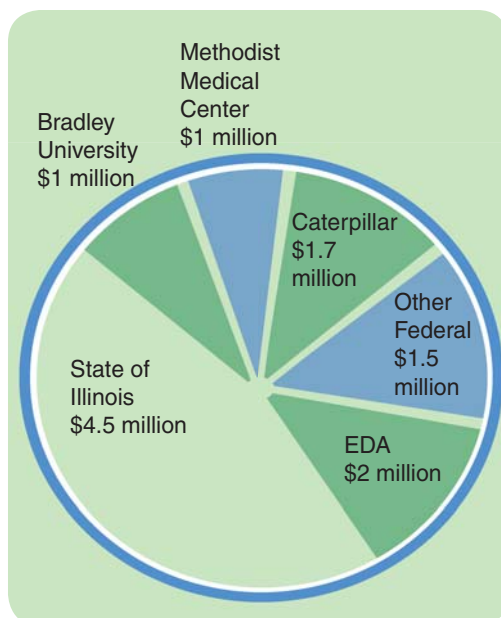
The average start-up company matures in a technology incubator for roughly two to five years. During this time they hire employees and attract capital. Upon "graduation," incubator companies establish their own facilities, expanding to benefit the local economy.

### WHAT IS UNIQUE ABOUT A TECHNOLOGY INCUBATOR?

A technology incubator specializes in companies that offer products or services based on proprietary technology in fields such as life sciences, engineering and information technology. Technology companies are highly desirable from an economic perspective. They create a wide variety of jobs, including higher-paying professional jobs, and attract substantial private capital investment. These companies tend to be excellent corporate citizens in their communities, and are responsible environmental stewards.

### WHO IS RESPONSIBLE FOR BUILDING THE INNOVATION CENTER?

The construction of the Innovation Center will occur as a collaborative partnership between Peoria NEXT and the Heartland Commerce & Economic Development Foundation.



### WHAT WILL IT COST?

The cost of the Innovation Center is approximately \$12 million.

### WHERE WILL THE FUNDS COME FROM?

The following funding partners have contributed to the construction of the Peoria NEXT Innovation Center: The Illinois Department of Commerce and Economic Opportunity, the US Economic Development Administration, Caterpillar Inc., the Small Business Administration, Bradley University, Methodist Medical Center, and the US Department of Housing and Urban Development.

## Facts About Incubators

- North American tech incubator client companies and graduate companies have created about half a million jobs since 1980.
- Every 50 jobs created by an incubator client company generate approximately 25 more jobs in the same community.
- In 2001 alone, North American incubators assisted more than 35,000 start-up companies that provided full-time employment for nearly 82,000 workers and generated annual earnings of more than \$7 billion.
- Research has shown that for every \$1 of estimated public investment provided the incubator, clients and graduates of NBIA-member incubators generate approximately \$30 in local tax revenue alone.
- Publicly supported incubators create jobs at a cost of about \$1,100 each, whereas other publicly supported job creation mechanisms cost more than \$10,000 per job created.

*Source: National Business Incubation Association (NBIA)*

## Peoria NEXT Mission & Vision

Through collaboration and creativity, Peoria NEXT will facilitate Discovery, Innovation and Commercialization of new technologies for economic development.

By 2015 our regional economy will be more diversified and be a desired location for new technology-based businesses.



## ADDITIONAL INFORMATION

### WHERE WILL THE INNOVATION CENTER BE LOCATED?

The Innovation Center will be located on the 800 Block of West Main Street in the heart of Renaissance Park.

### HOW LARGE WILL THE FACILITY BE?

The three-story Innovation Center will encompass 48,000 square-feet on approximately three acres (1 city block), fronting West Main Street.

Included in the Innovation Center will be individual tenant suites, wet lab space, dry lab space, shared-tenant conference rooms, shared common areas (business center, scientific equipment room, kitchen, etc.) and administrative/support office space.

### WHO WILL OPERATE THE FACILITY?

Peoria NEXT will own and operate the facility in cooperation with the Heartland Commerce and Economic Development Foundation, Caterpillar Inc., and Bradley University.

### HOW ARE OPERATIONS FUNDED?

Once they are up and running, many technology incubators are largely self-sustaining on rent from tenant companies. Rental income is normally sufficient, provided the cost of construction is covered by grants and donations without carrying forward debt and interest payments to burden future operations. During start-up years, operational funding may be supplemented by anticipated support from Peoria NEXT anchor organizations.

### WHO WILL THE TENANTS BE?

Central Illinois has long thrived as an advanced entrepreneurial community. The Innovation Center will focus on the development of new technology companies from throughout the region.

For example, the USDA Ag Lab and the University of Illinois College of Medicine facilitate millions of dollars in annual technology research. Much of that research is well-suited for commercial viability. The Innovation Center will also leverage the strengths of Caterpillar Inc. and Bradley University to ensure the successful occupancy of the Innovation Center with appropriate innovators and business support resources.

## WHY IS THIS CRITICAL FOR THE PEORIA REGION?

Approximately \$1 billion is invested each year in research and development in the Peoria area.

The technologies and products of Central Illinois research and development have historically left Central Illinois for two reasons -- the lack of places for these ventures to incubate and the absence of a system of business development facilitation, as was revealed by in the strategic plan completed by the Battelle Memorial Institute Technology Partnership Practice in 2001.

The Peoria NEXT Innovation Center is designed to stop the exportation of commercialization from Central Illinois. The Innovation Center will be a place for these ventures to grow. From a regional perspective, long term impacts will include the infusion of direct and indirect jobs that will begin once the incubator is opened. This long term impact will continue as small firms grow, become stable graduates, and take up permanent residence within the project area and the community. Most importantly, the \$1 billion in research and development that takes place in Central Illinois each year will have a place to be commercialized. Through the Innovation Center initiative, Peoria NEXT is providing an urgently needed home for growing businesses and effectively stemming the loss of commercialization and entrepreneurial resources from Central Illinois.

## WHY A TECHNOLOGY INCUBATOR?

Technology incubators have gained prominence in recent years as communities seek to transition to new economic models of growth and job generation. Within these models, the role of small businesses and entrepreneurs has become particularly important for the continued prosperity of local economies. Nonetheless, studies show that the vast majority of small start-up enterprises fail within the first 2-5 years of operation. The limited success of small technology companies is attributable to an overall lack of capital funding and limited understanding of contemporary business practices. However, for companies associated with business incubators, the story is much different. Start-up enterprises that progress through business incubation programs and facilities have a 90 percent survival rate. In addition, almost 85 percent of firms locate within the community following their incubator graduation.

The completed Innovation Center will focus on the development of new technology companies by enhancing entrepreneurial skills, aiding the creation of business strategies, and acquiring venture funding.

The Innovation Center will provide a place for entrepreneurs and researchers to commercialize innovative ideas into successful free standing businesses. The incubator could also eventually house various facilitation groups providing valuable services for start-up companies.

**Peoria NEXT**

[www.peorianext.org](http://www.peorianext.org)

309.676.6398