

IAF BUSINESS INNOVATION SYMPOSIUM (E6)
Finance and Investment: The Practitioners' Perspectives (2)

Author: Mr. Charles Lauer
Rocketplane Global, Inc., United States, clauer@rocketplane.com

THE TRAVERSE CITY SPACE ACCELERATOR – A CASE STUDY FOR ECONOMIC GROWTH
AND DIVERSIFICATION IN MICHIGAN

Abstract

The State of Michigan is not generally perceived as a hotbed of aerospace activity, either in traditional aerospace manufacturing or in the NewSpace sector. The legacy automotive industry, Motown, the Domino's and Little Caesars pizza chains, and Quicken Loans / Rocket Mortgage are what most people think of for Michigan based industry. New industry growth companies such as Shinola and Detroit Labs have started to broaden the Michigan industrial base, but the perceptions persist. The state actually does already have a significant aerospace manufacturing base with over 150 companies involved, but it is mostly Tier 2 / 3 parts manufacturing and service based businesses such as Kalitta Air (one of the largest MRO companies in the US).

The Traverse City Space Accelerator was formed in 2018 by a Traverse City based venture capital company with a mission to create new high-paying tech jobs in Michigan. The goal is to diversify the local and regional economy and create or recruit new tech companies with high growth potential to locate in the region and create new jobs for fresh university graduates as well as Michigan ex-pats who had to leave the state to find work. By investing in early stage tech companies with the condition that the headquarters and most of the jobs be located in the Traverse City area, these investors are putting their own money to work to realize their goals. The Traverse City metropolitan region has a population of about 150,000. The main industries are tourism and specialty agriculture. The city has a vibrant downtown with numerous restaurants, brew pubs, craft distilleries, galleries and entertainment. As such, the very high quality of life attributes and reasonable cost of living make the area attractive to new tech companies that really can locate anywhere.

The VC investors chose to focus on space as an investment area several years ago and already have several NewSpace companies in their portfolio. The TCSA is extending this reach by providing mentoring, coaching and significant network connectivity to candidate NewSpace companies in addition to providing early stage VC investment. The goal is to grow a diverse Space Cluster in Traverse City that can expand throughout the state including manufacturing and even LEO polar launch services through the Michigan Launch Initiative. This paper will describe the investment programs, outreach activities, growth strategies and NewSpace portfolio of the TCSA as a case study in economic diversification.