

How AI & Big Data are Transforming Economic Development

WEBINAR

December 11, 2018

YOUR SPEAKER



STEVEN JAST
PRESIDENT

- Over 20 years of experience in ec dev
- 12 years as site-selection consultant
- Finalist: International E&Y Entrepreneur of the Year
- Led ROI as a Profit 50 company
- Founder ROI Research on Investment
- Founder of Gazelle.ai

The ROI Story



Core Services



Lead
Generation



Market Intelligence &
targeting strategies



Business
Expansion &
Retention



In-market
Representation



Economic
Development
Training



Trade Shows
& Event
Promotion



Gazelle.ai

Our Team

70 Professionals

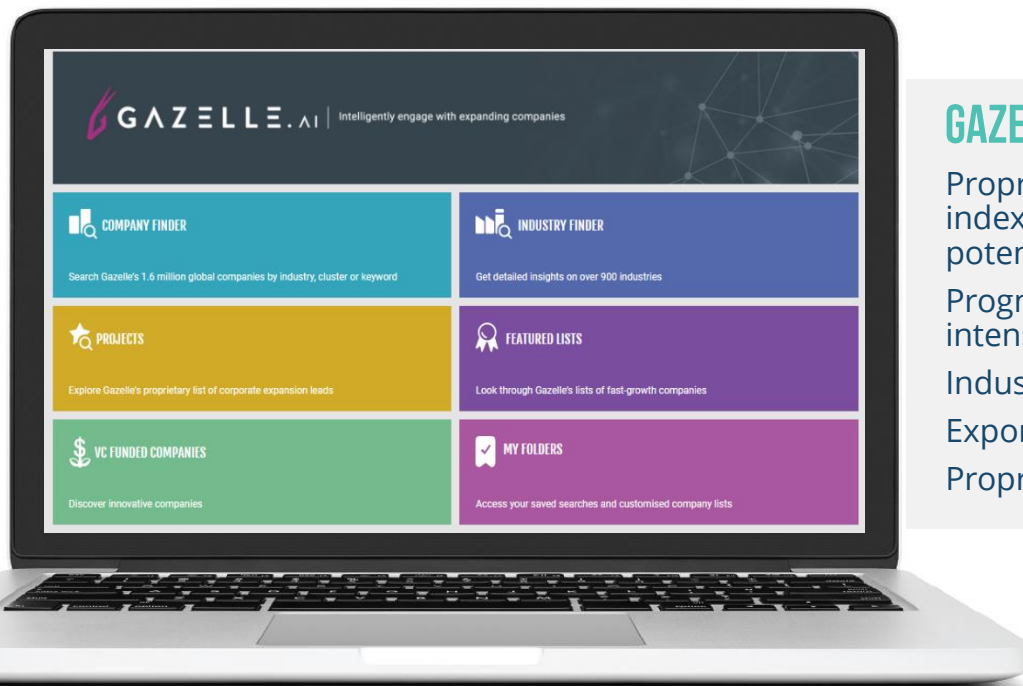
- Proprietary certification process
- 3 PhD staff members with over 60 years of combined experience in neural networks, benchmarking and investment attraction
- Over 200 years of combined experience in investment attraction
- Proprietary AI
- Former Select USA, IEDC, C-Suite Management at Utilities, EDOs and Site Selection



DATA SERVICE



Gazelle is the first database designed to detect and expose companies that are expanding. Gazelle combines machine-learning algorithms, big data and human curated intelligence to identify expanding companies.



GAZELLE'S FEATURES

Proprietary algorithm indexing company growth potential

Prognosticative Job posting intensity

Industry Overviews

Export/Import analysis

Proprietary analytics

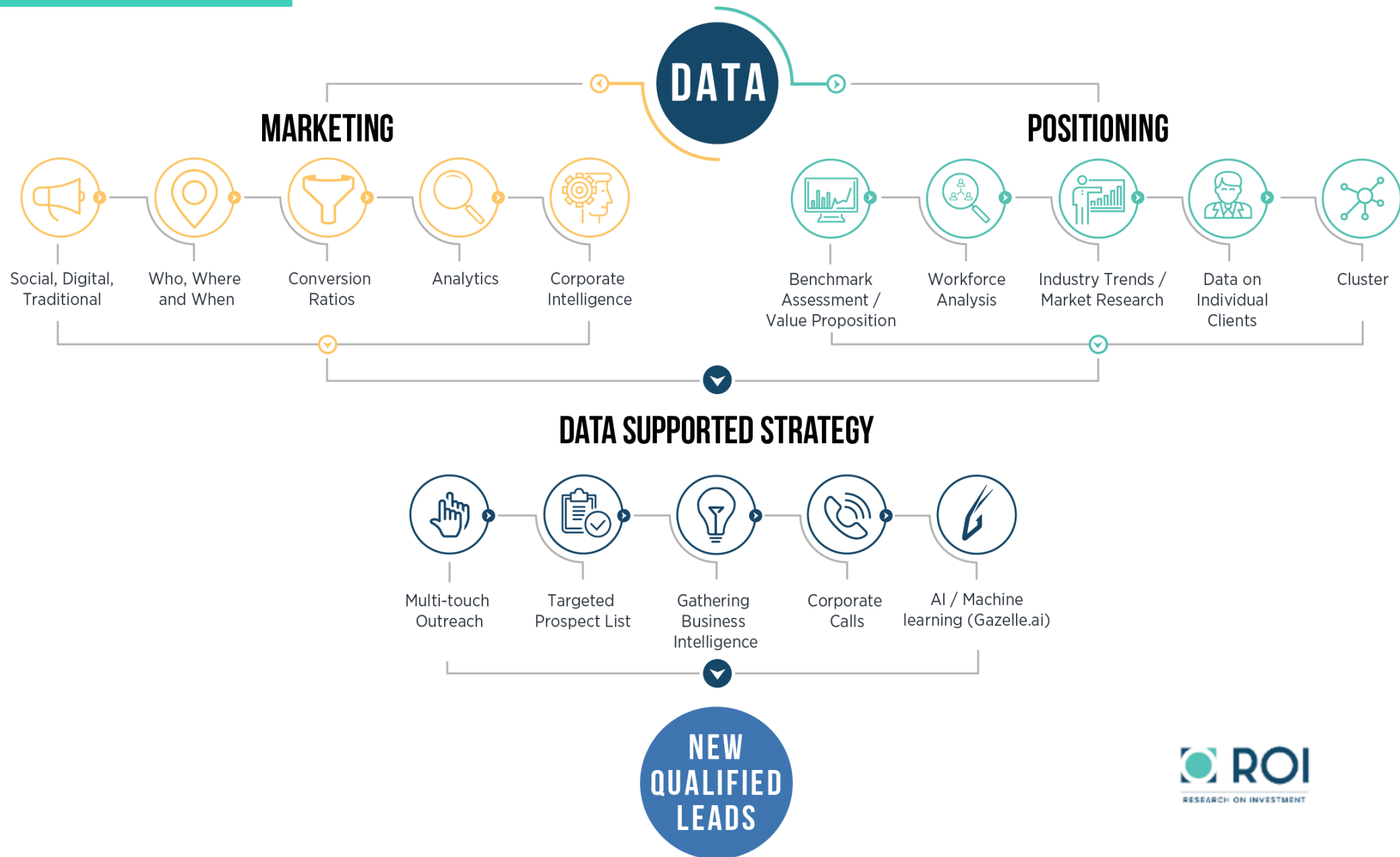
Cluster heat maps by number of companies

Dynamic company updates

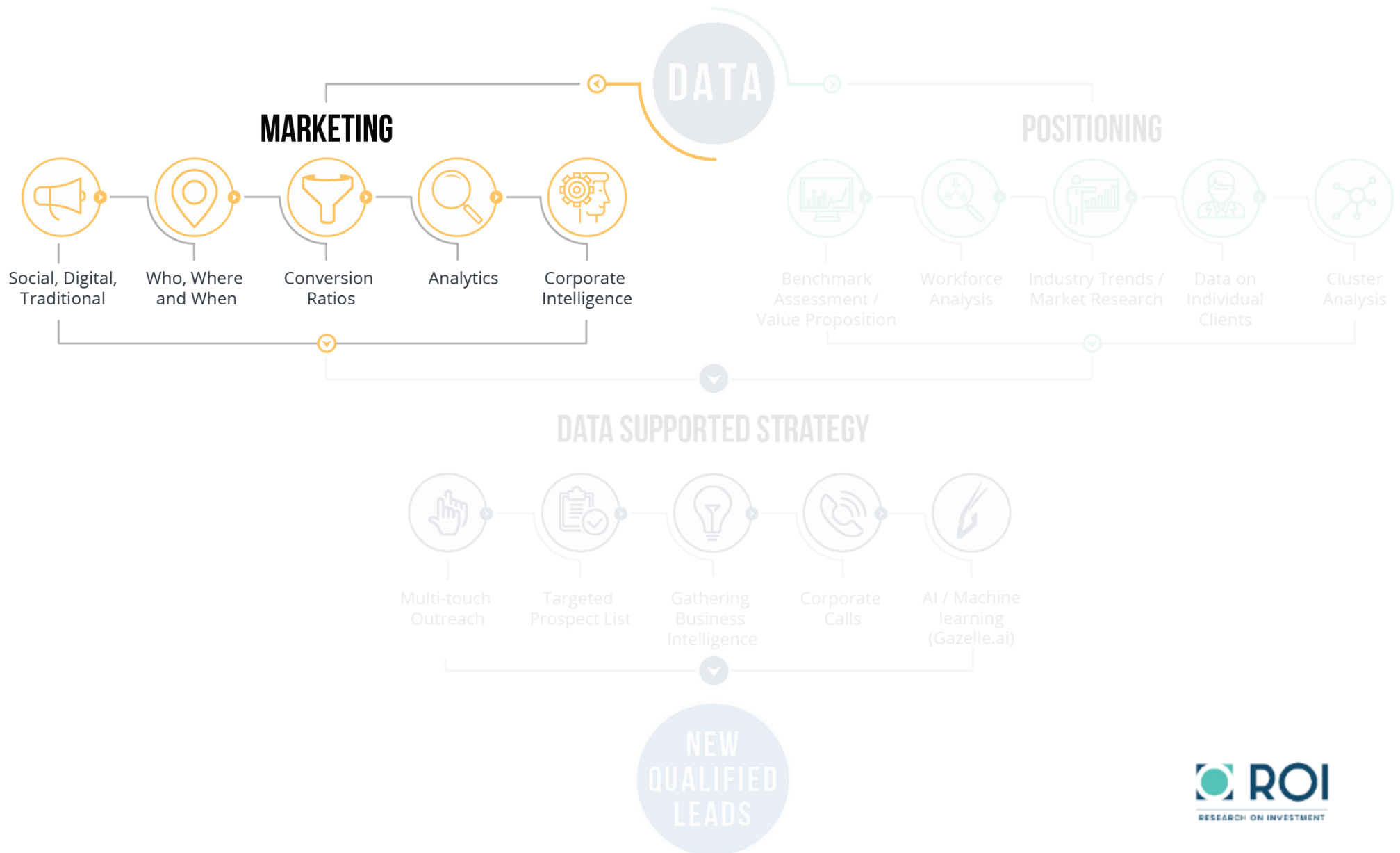
Company news feeds

10-year revenue and employment forecast

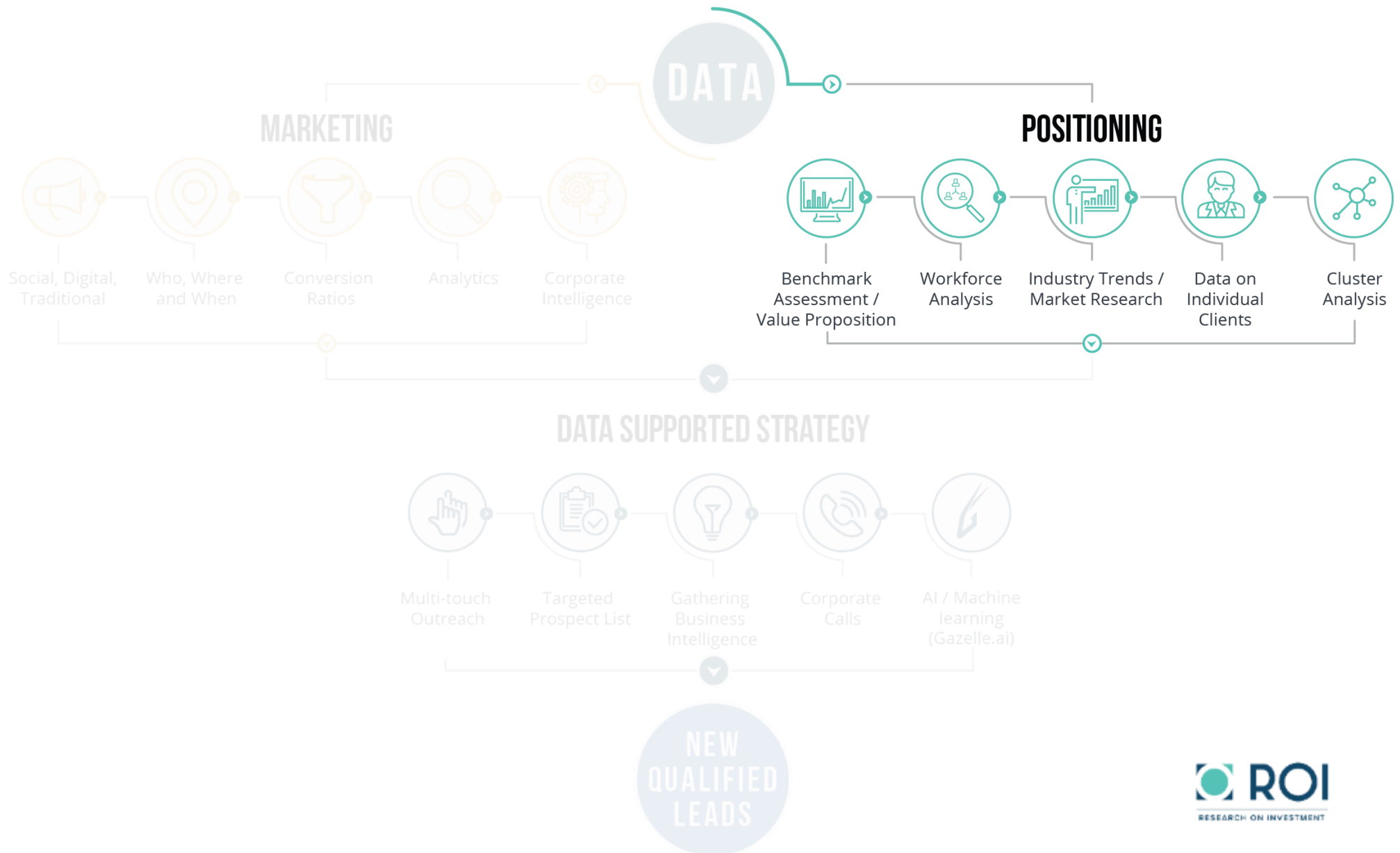
Data Driven Strategy



Data Driven Positioning



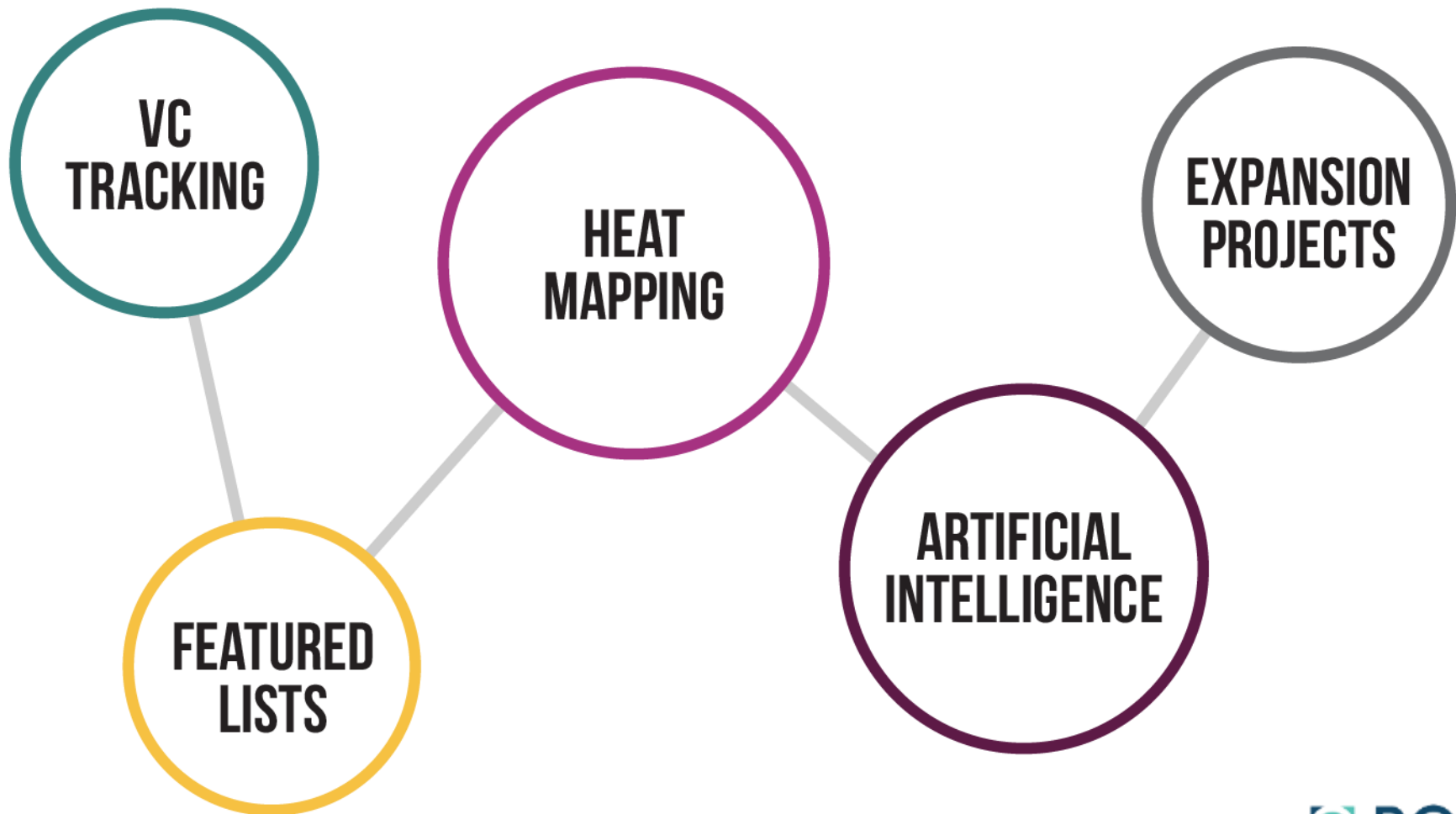
Data Driven Positioning



Data Driven Positioning



5 Ways to Use Big Data



The Goal



GENERATE
LEADS



GENERATE
GREATER
EFFICIENCIES



IDENTIFY
EXPANDING
COMPANIES



IDENTIFY GROWTH
CLUSTERS

The Goal



GENERATE
LEADS



GENERATE
GREATER
EFFICIENCIES



IDENTIFY
EXPANDING
COMPANIES



CLUSTER
TARGETING

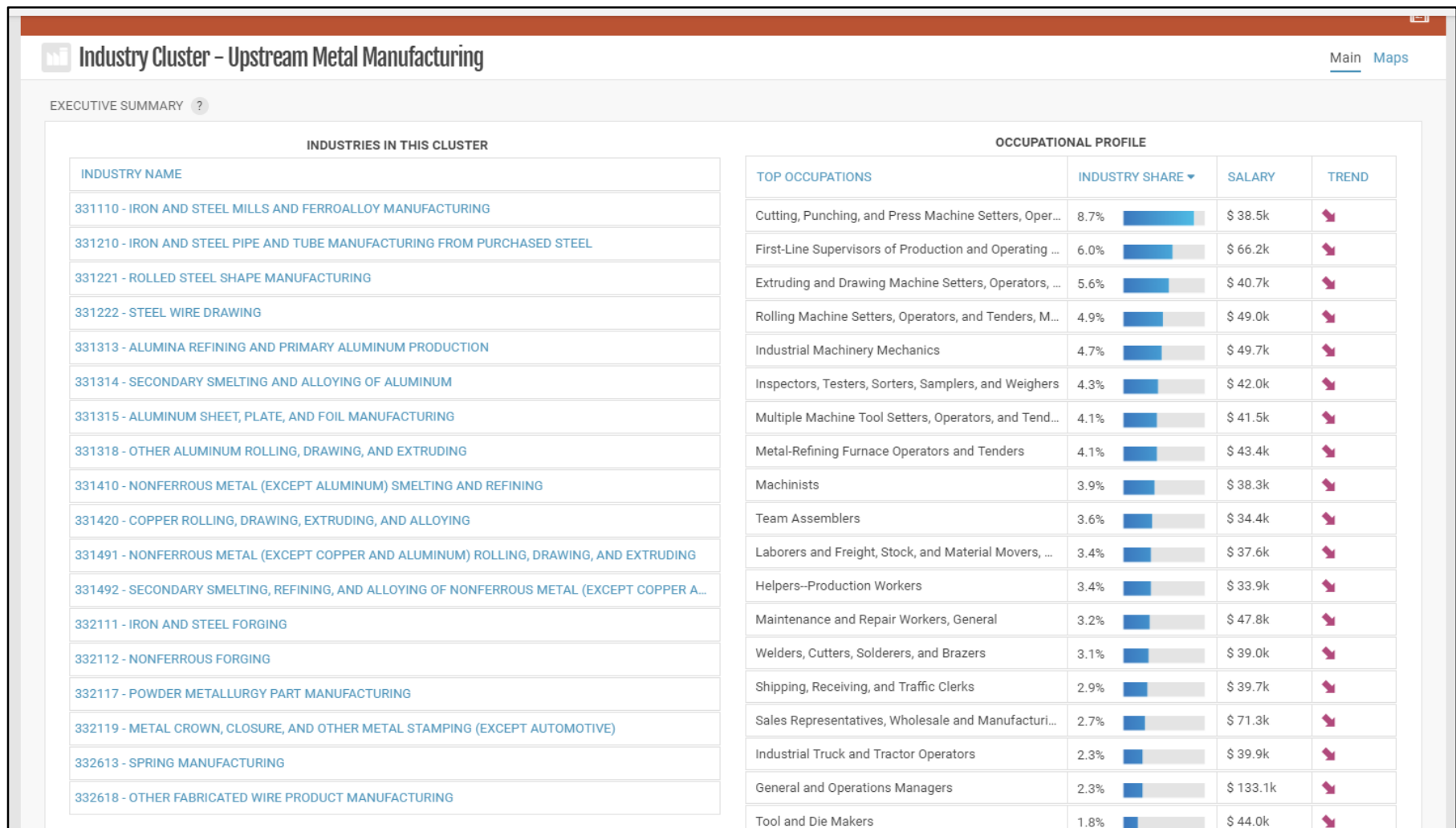
Cluster Targeting

Industry Clusters

- An industry cluster is a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field.
- Clusters are considered to increase the productivity with which companies can compete, nationally and globally.
- Michael Porter and Purdue Industry Clusters
- NAICS-based

Know Thy Clusters

Upstream Metal Manufacturing: Combination of 18 6-digit NAICS codes (Porter)



Supply Chain Ecosystems and Gaps

How is your current industry connected to other industries inside and outside your region?

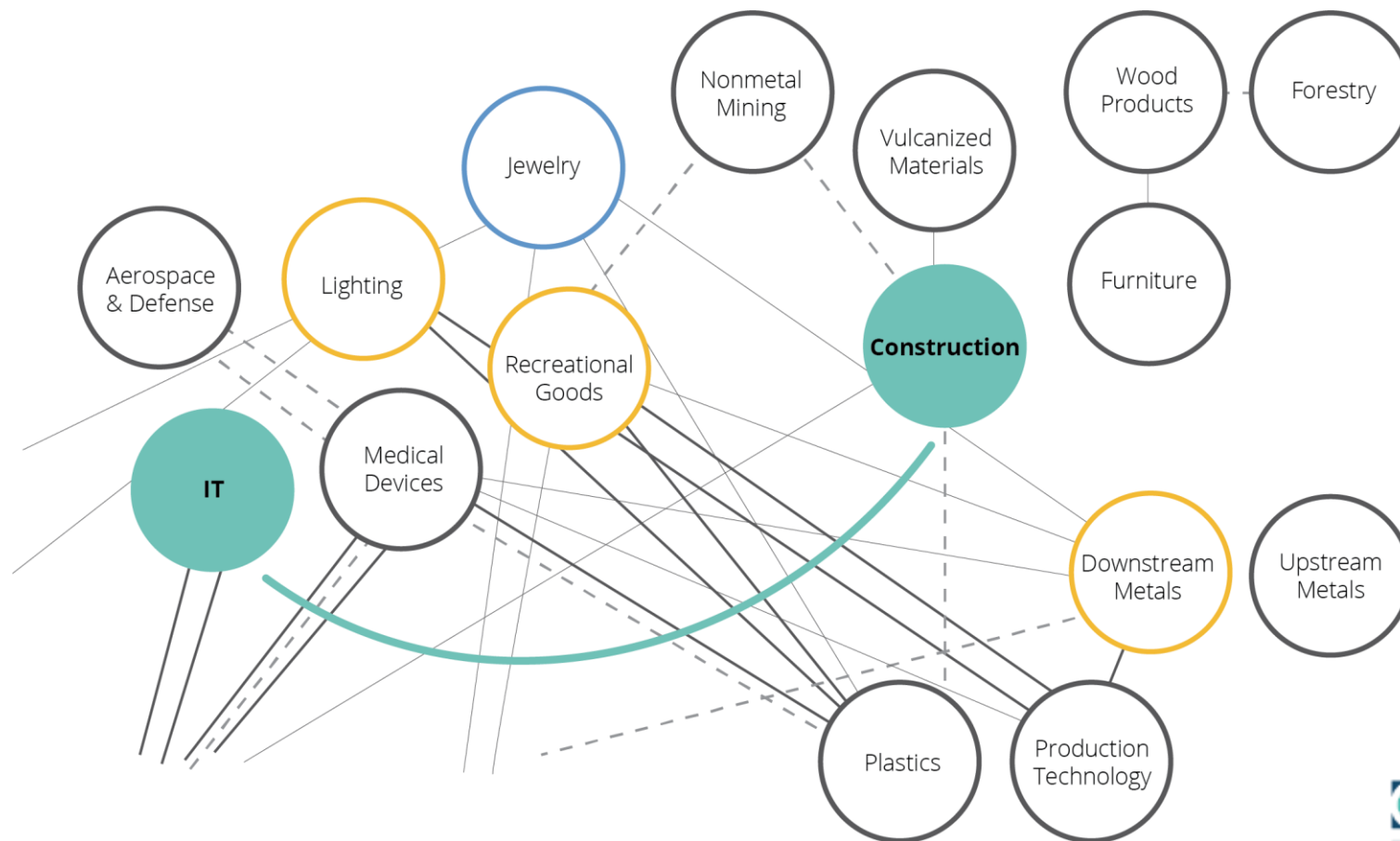
LEAKAGE: If an industry can't buy what it needs in the region, it buys what it needs from outside of the region, which means that money has left the regional economy.

Leakage is unavoidable, but any region can target the gaps in industry supply chains to see where those leakages can be avoided.



Emerging Clusters

Clusters in the end are a local phenomenon:
New technologies without NAICS codes “Unlikely friends”



Company Data

Not confined by NAICS codes
Technology and product focus
that can link different companies

SAN DIEGO'S "BLUE ECONOMY":

- Water transportation and tech cluster
- Study identified over 200 NAICS codes, over 700 firms with "maritime-related" activities

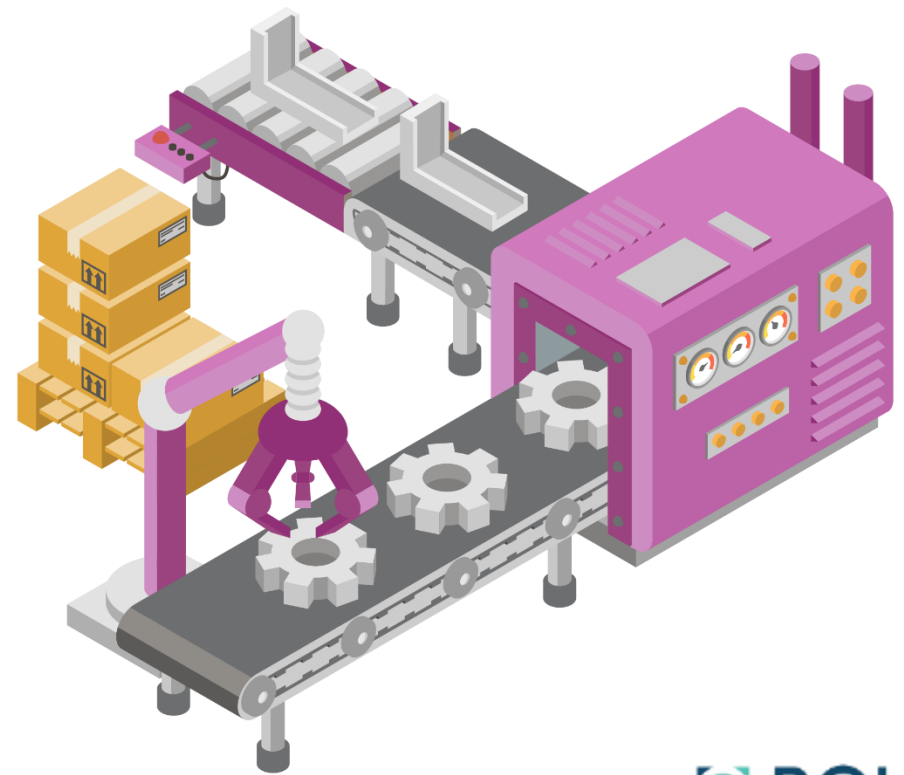




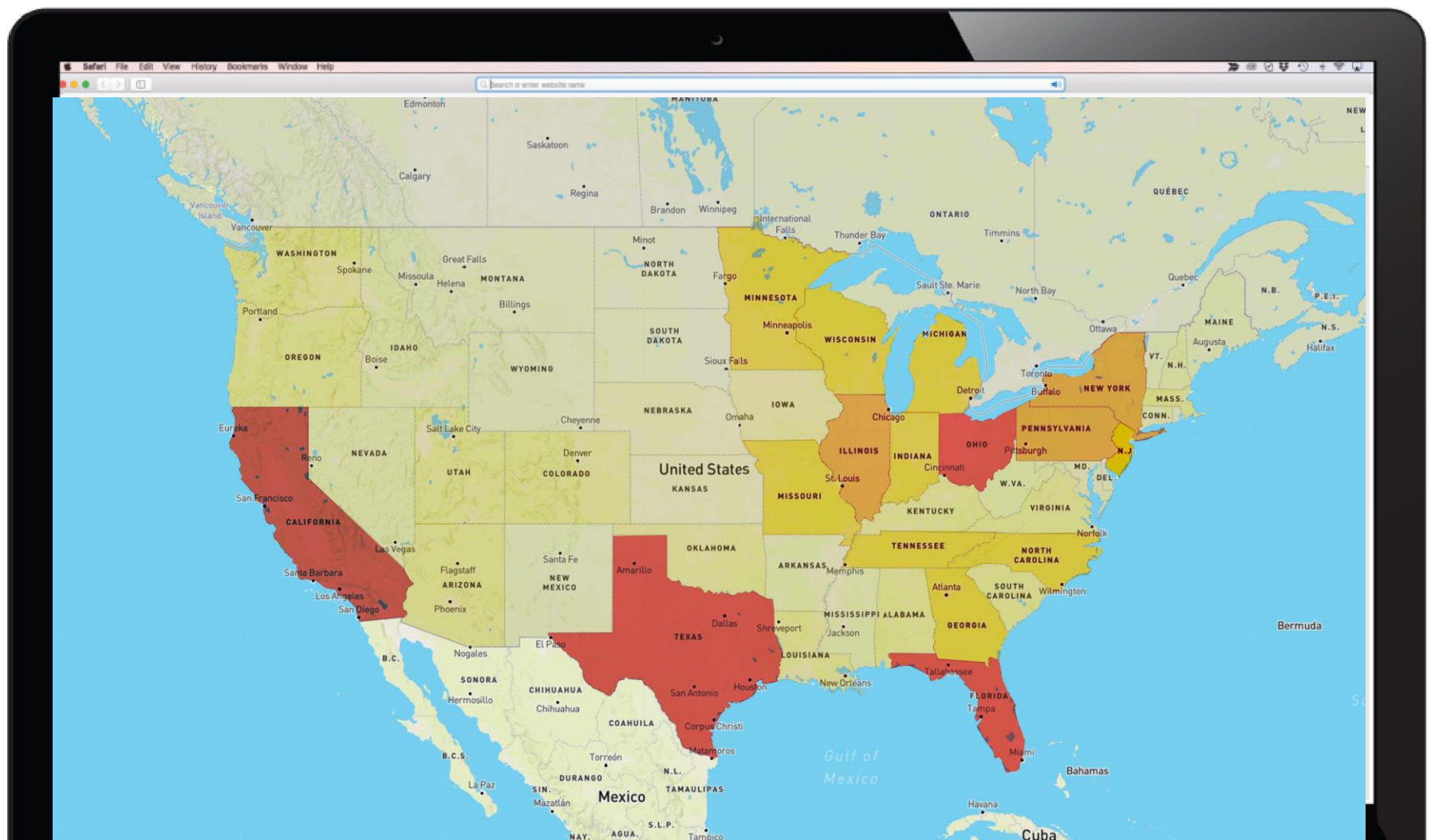
Example 2: What is “Advanced” in Advanced Materials

“ADVANCED MATERIALS”

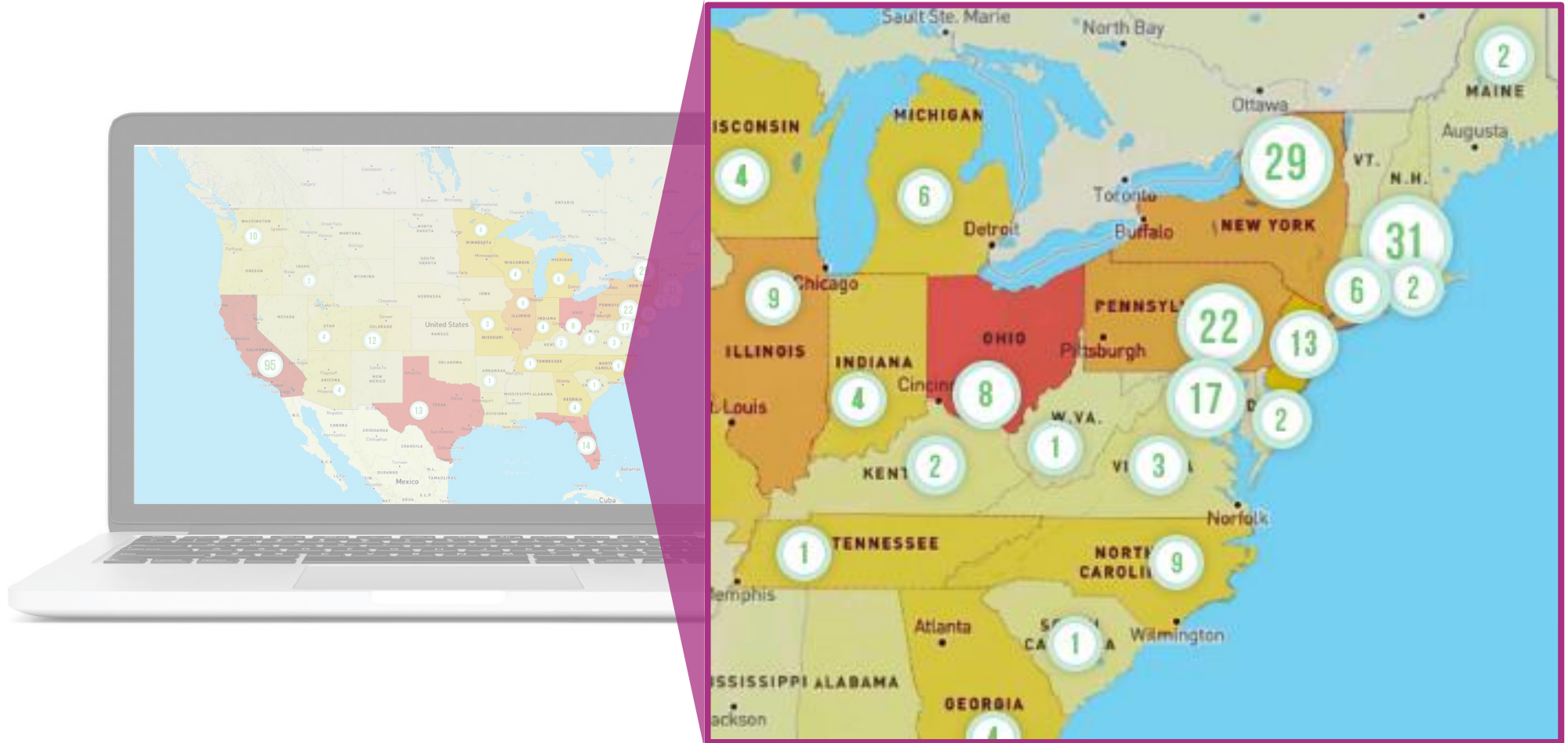
- What share is really “advanced” products
- Should it include 1st or 2nd tier products, i.e. medical devices?



Example 2: Advanced Materials by NAICS Search (# of Establishments)



Example 2: Advanced Materials Including VC Funding



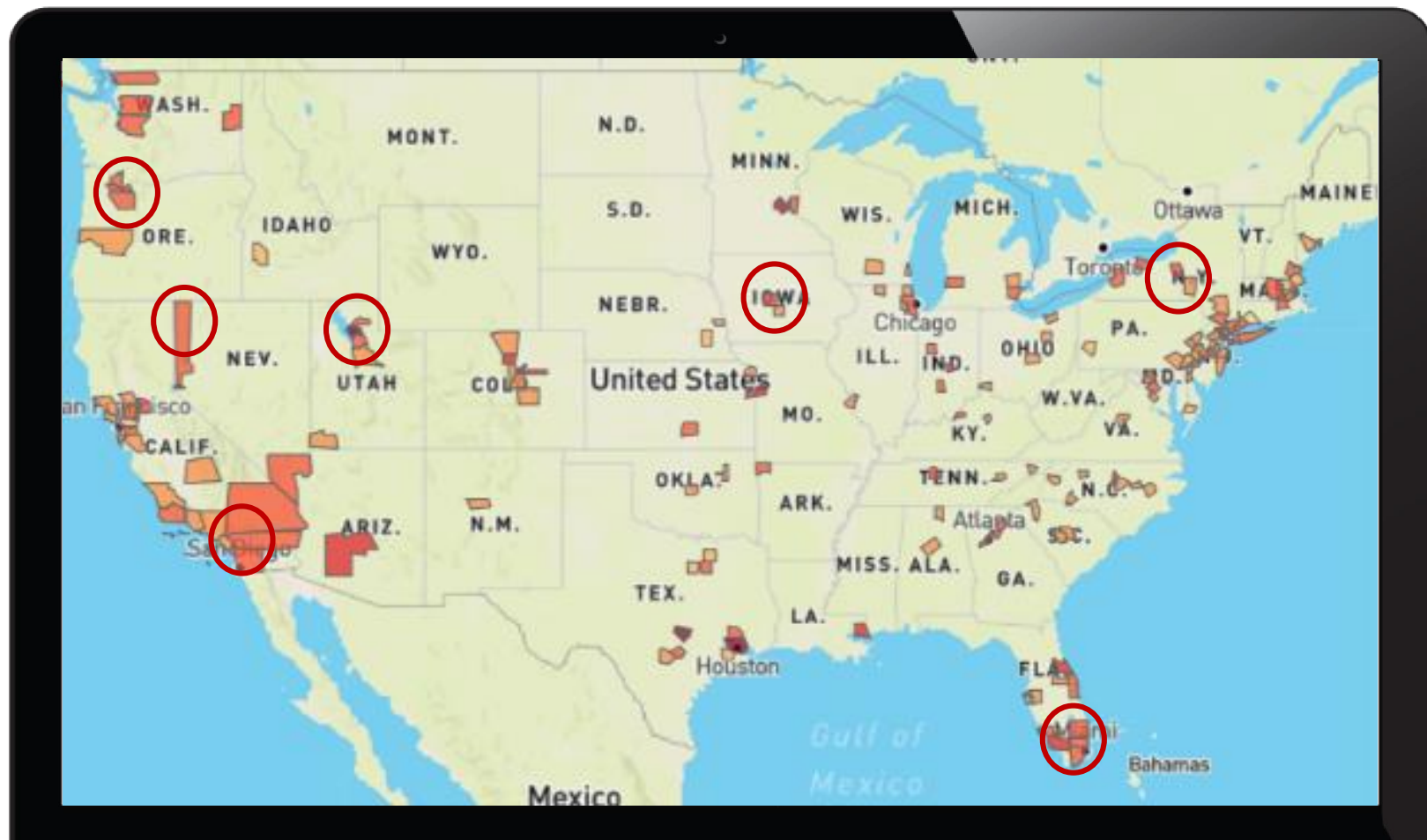
Example 3: Pharma and Medicine Manufacturing

COMBINE REVENUE AND JOB GROWTH



Example 3: Pharma and Medicine Manufacturing

Salary Growth: A Key Ingredient



Company Growth Signals

The History of Lead Gen

1.



**YELLOW
PAGES**

2.



**COMPANY
LISTINGS**

3.



**BUILD TARGET
COMPANY PROSPECT
LIST**

5.



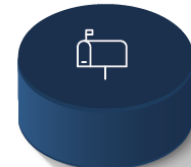
TRADE SHOWS

4.



**MEETINGS/
SITE VISITS**

6.

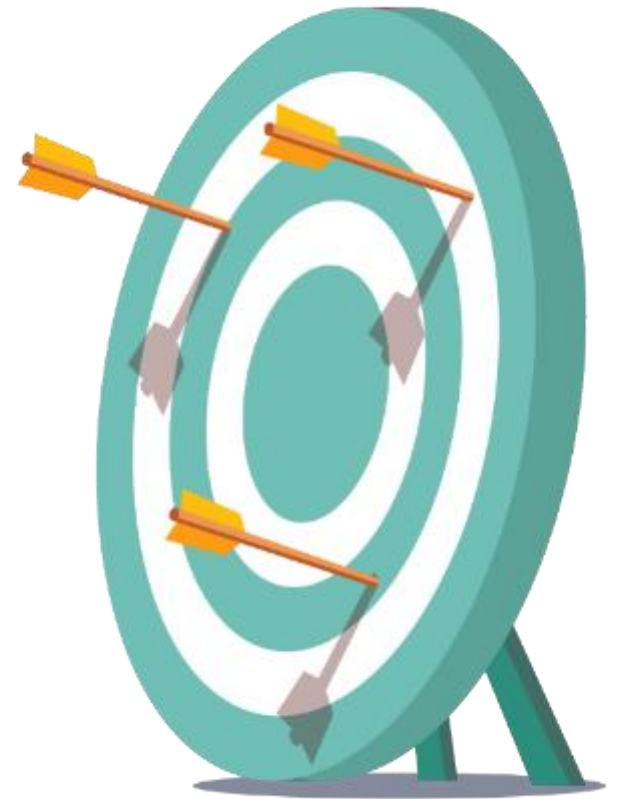


MAILERS

Data Driven Targeting

Finding your ideal companies to target requires access to data and the “right” tools

Effective use of data and market research will guide you to the **hot-spots** and the **companies** that represent the best opportunities for your region



SIGNALS

- Change in C-level staffing
- Recruitment of senior resources in non-traditional markets
- Strong employee benefits
- Expansion over the past 5-years
- Spike in job posting intensity
- Web site translated
- Spike in social web activity
- Increased energy loads
- Patent Applications
- New or changed addresses
- Acquisition
- Divestiture
- JV
- SEC Filings



What does AI tell us about expansion drivers?

Drivers particular to manufacturing

- Patent activity
- Magnitude of export activity
- Degree of concentration
- Return on Equity
- Sales relative to assets
- Assets relative to liabilities and inventory
- Availability of credit

What does AI tell us about expansion drivers?

Drivers particular to services

- Employment levels and level of benefits
- Magnitude of export activity
- Number of establishments in an industry
- Royalties received/accounts receivable
- Magnitude of executive compensation

Biopharmaceutical Cluster

Salary Growth: Average Salary Growth 2015-2017



Biopharmaceutical Cluster

Add: Average Gross Profit Growth



DATA COMPANY GROWTH SIGNALS

- Use a mix of large and fast growth companies for your targeting needs
- Look beyond “large companies” to fast growth companies
- Consider a blend of growth/expansion signals
- Consider non-traditional markets for lead generation. Data shows that growth companies can come from anywhere



Site Selection

Site Selection Now

The Site Selector's Perspective

- 77.5% of site selectors/companies do not reach out to EDOs when developing a long list of options
- 65% of site selectors/companies visit an EDO's website before making contact
- Are you presenting data firms need to consider your location?

Use Benchmark Data

SITE SELECTION 1990s



SITE SELECTION NOW



Site Selection Keys



Speed



Risk



Money

Beyond Lead Generation



WORKFORCE
NEEDS

SUPPLY CHAIN
SUPPORT

ACTIVE CLUSTER
POLICIES

THANK YOU!



Steve Jast

President

sjast@researchoninvestment.com

www.researchoninvestment.com

www.gazelle.ai

514. 825. 1737