



MEMORANDUM

Date: July 20, 2010

To: Michigan Economic Growth Authority

From: Joshua Hundt, Project Specialist
Packaging Team

Subject: Briefing Memo – Delphinus Medical Technologies, Inc.
High Technology MEGA Credit

COMPANY NAME

Delphinus Medical Technologies, Inc.
46701 Commerce Center Drive
Plymouth Township, MI 48170

HISTORY OF COMPANY

Delphinus Medical Technologies, Inc. (Delphinus) is a spin-off of the Barbara Ann Karmanos Cancer Institute. The company has succeeded in building a three-dimensional full-breast ultrasound imaging device that effectively differentiates benign from malignant masses in breast cancer cases. The system, named SoftVue, has been patented by the company.

In May of 2010 Delphinus successfully closed a Series A round of financing through a venture capital syndicate led by Arboretum Ventures.

The company currently has 2 employees in Michigan.

PROJECT DESCRIPTION

Delphinus plans to expand to a new location in Plymouth Township, Wayne County to design, manufacture, market, and sell its SoftVue Technology. The company plans to sell its system to hospitals and imaging clinics domestically and internationally.

The company plans to invest approximately \$5.9 million and create up to 109 jobs over the next five years, with 19 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$1,867. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 645 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$6 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Delphinus also considered the Boston and Chicago metropolitan areas for this project. The company cited the significant cluster of biotechnology and medical electronic assembly companies in both of the alternative locations. The alternative locations also have a highly qualified biotechnology workforce.

OTHER STATE AND LOCAL ASSISTANCE

Plymouth Township is supportive of this project and plans to consider property tax abatement through P.A. 198 of 1974 for up to 12 years. Staff estimates the value of this abatement to be up to \$136,000.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Medical Device Technology, as defined in the Act.

The company is not qualifying with the 10 percent research and development requirement.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent high-technology employment tax credit for 5 years for up to 109 net new employees in excess of the company's established base of 2.