

MAComb-OU **INC**ubator

Incubate. Innovate. Accelerate.

CLIENT COMPANY SPOTLIGHT

AUTOMATION OF THINGS UNVEILS THE FOURZERO SOFTWARE PLATFORM

Automation of Things (AoT) has reached many milestones during their time as an on-site Mac-OU INC client company since their inception in January of 2014, including the development of the FourZero Software Platform.

FourZero Platform is a complete application design, runtime and intelligence environment with many innovative features that enable faster design and deployment, easier support and management, and an ecosystem that brings all the developers, manufacturers and designers together to continuously evolve systems.

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AUTOMATION OF THINGS
Join us in a new era of process control



OCTOBER 2015

UPCOMING EVENTS

Capital Raise Meetup
Mike Brennan, Mac-OU INC's
Capital Strategist
November 3, 9:30 - 11 a.m.

**General Service
Administration (GSA) 101**
Macomb Regional PTAC
November 5, 9 - 12 p.m.

EVENTS OF INTEREST

Black Tie Gala
Women in Defense - Michigan
Chapter
November 6, 6 - 11:30 p.m.

**Government Contracting
101**
Macomb Regional PTAC
November 19, 9 - 12 p.m.

**Government Contracting
101**
Macomb Regional PTAC
December 10, 9 - 12 p.m.

State Contracting 101
Macomb Regional PTAC
December 17, 9 - 12 p.m.

**Cybersecurity: Defense
Sector Summit**
National Defense Industrial
Association - Michigan Chapter
March 1 - 2

MAC-OU INC HAPPENINGS

FLIPSI AWARDED FIRST PLACE AT SECOND-ANNUAL MACOMB PITCH COMPETITION

The Macomb-OU INCubator (Mac-OU INC) awarded over \$20,000 in cash and in-kind prizes at "Macomb Pitch: A Competition for Small Businesses" on October 8. First prize went to Flipsi, makers of a bottle that flips inside-out, eliminating any hard-to-reach surfaces, with a patent-pending, food-grade and BPA-free silicone and plastic design.

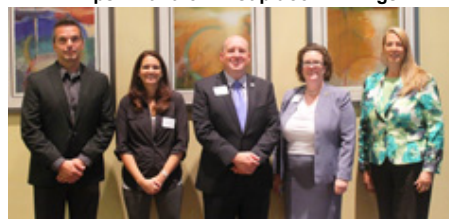
Foodjunky, the competition's second-place winner, connects businesses with restaurants online to automate the food-ordering process in the workplace. Third place was awarded to VizBe, a digital, goal-setting platform and resource center that helps people achieve personal and professional success with the proven power of visualization.

Flipsi was awarded \$7,000 in cash, 7.5 hours of legal time with Butzel Long, and a one-year affiliate membership to Mac-OU INC.

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Flipsi with their first place winnings



Judges (L to R): Derrin Leppek, Patti Glaza, Mark Sandri, Wendy Richardson, Amy Butler

MAC-OU INC BRINGS CLIENT TECHNOLOGIES TO TEDxOU

Oakland University (OU) hosted their second-annual TEDx event on October 23, featuring more than a dozen of the best and brightest minds sharing their passion, wisdom and innovations. TEDx events are truly one-of-a-kind ways to share ideas, inspire wonder, and bring the community together to celebrate innovation and provoke the imagination.

Mac-OU INC participated with an interactive lab featuring the latest technologies from client companies Coliant Corporation, Microcide and RAYOMAR. OU brought innovation and



CLIENT NEWS



CHEER ON OUR CLIENT COMPANIES AT THE BEST OF MICHBUSINESS AWARDS

The Best of MichBusiness awards program is dedicated to one thing – recognizing those companies and individuals that make Michigan a top-notch place to do business. Join Mac-OU INC on November 17 at Detroit's International Banquet Center as we cheer on our client-company winners: 401K GPS, Automation of Things, Coupon Wallet, Frame This, and KTISIS.

MichBusiness, powered by the Michigan Business & Professional Association, is a social media community whose mission is to celebrate and promote both success and opportunity within Michigan businesses. By using #michbusiness, you help us give a "High Five" to the outstanding things going on in Michigan.

Visit MichBusiness.com for more information and to register to attend the awards show.

EXECUTIVE-IN-RESIDENCE NEWS

BUTZEL LONG TO HOST SEMINAR ON THE FALSE CLAIMS ACT ON NOV 19

Butzel Long is an Executive-in-Residence at the Macomb-OU INCubator, providing legal services to Mac-OU INC client companies and valuable information sessions to the small-business community of Southeast Michigan. On Oct. 22, Ira Hoffman of Butzel's Washington, D.C. office gave two informative presentations on capturing international business and avoiding pitfalls as well as legal and business strategies for mitigating cyber risk.



Join us on November 19 for the lunch hour as Bill Eshelman, Butzel Long Shareholder also based in D.C., instructs our audience on the finer details of the False Claims Act. For more information or to register, contact Joan Carleton atmacINC@oakland.edu (586) 884-9324.

BUTZEL LONG: "IRS ANNOUNCES EMPLOYEE BENEFITS LIMITS FOR 2016"

The Internal Revenue Service has recently announced whether there will be cost-of-living adjustments applicable to dollar limitations for retirement plans (and other items) for 2016. Many of the limitations will not change for 2016 because the increase in the cost-of-living index did not meet the statutory thresholds that trigger their adjustment.

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JIM RUMA: DEFENSE ARTICLE OF INTEREST

Industry CEO: Defense Market Should Embrace Startups

by Sandra I. Erwin

via National Defense: National Defense Industrial Association's Business & Technology Magazine

In a recent article from National Defense magazine, some insight was provided in the discussion that the U.S. Department of Defense needs to "draw cutting-edge startups and creative talent to the military market." It was also encouraging to see that recommendation was provided that said "startups should be working with the government and the defense industry to 'expand the intellectual bandwidth.'" Please read this more exhaustive article via the link below. Direct application to your entrepreneurial startup business may be made if appropriate.

[Read More](#)

PARTNER HAPPENINGS

CALL FOR NOMINATIONS FOR THE MACOMB COUNTY BUSINESS AWARDS



There are nearly 18,000 businesses that call Macomb County home. They are important not only for the direct jobs they create but also for the many ways that they contribute to our communities in general. Therefore, County Executive Mark A. Hackel, along with the Macomb County Department of Planning & Economic Development, will honor businesses at the Macomb County Business Awards on February 9, 2016. Nominations will be accepted through November 12, 2015.

The categories are as follows: Champion of Workforce Development, Corporate Citizen, Diversification Leader, Efficiency Expert, Model of OneMacomb, and Startup Business to Watch. Nominations can be submitted online at macombbusiness.com. Nominations consist of the company's background information and a 300-word summary about how it fits the category.

[Read More](#)

ACCELERATE MICHIGAN INNOVATION COMPETITION

We're gearing up for another great competition and conference! Join us Nov. 3-5 as 59 technology, products and service companies compete for more than \$1 million in cash and in-kind prizes. 70 venture capital firms participate as judges and there are over 1,000 attendees every year. It is one of the largest pitch competitions in the world!

AMIC was founded by the Business Accelerator Network for Southeast MI, comprised of Mac-OU INC, Automation Alley, Ann Arbor SPARK and TechTown.

Visit acceleratemichigan.org for more information and to register to attend.

SBA INNOVATEHER 2016: INNOVATING FOR WOMEN BUSINESS CHALLENGE

The Small Business Administration (SBA) invites all entrepreneurs and inventors to submit ideas for innovative products/services that impact and empower women and families. National finalists will have the opportunity to present a live pitch to a panel of expert judges and compete for up to \$70,000 in cash prizes. The Brownstown Downtown Development Authority will host a local pitch competition to determine a finalist to send to the national competition. Application packets, due on Nov. 13, 2015, by 4 p.m., are available by contacting Sue Trussell at strussell@brownstown-mi.org or (734) 675-5911. More information on the competition can be found at SBA.gov/InnovateHER.



Macomb-OU iNcubator at Velocity Collaboration Center
6633 18 Mile Road, Sterling Heights, MI 48314
Phone: (586) 884-9320 | macINC@oakland.edu

Wednesday, October 28, 2015 - October 2015 Newsletter: Client Company Spotlight: "Automation of Things Unveils the FourZero Software Platform"

Automation of Things (AoT) has reached many milestones during their time as an on-site Mac-OU INC client company since their inception in January of 2014, including the development of the FourZero Software Platform.

As the name suggests, automation is the use of automatic equipment, such as within manufacturing, robotics or energy generation. It involves the use of various control systems working together to reduce the dependency of human intervention and to increase human productivity. The automation industry spans a wide range, covering not only manufacturing but also processes such as facility operations, utilities and transportation.

In their time at the incubator, AoT has developed the FourZero Platform, a software-development platform for devices, machines and automation systems for the Internet of Things and the Industrial Internet of Things. The first release of the software platform was completed in September. This release is meant for the expert user and allows for engaging early adopters to the new technology.

FourZero Platform is a complete application design, runtime and intelligence environment with many innovative features that enable faster design and deployment, easier support and management, and an ecosystem that brings all the developers, manufacturers and designers together to continuously evolve systems.

To demonstrate FourZero's value, AoT completed a project utilizing Release 1.0. A student intern programmed a Keurig 2.0 coffee machine by removing the machine's computer board and used commercially available Raspberry PI and UniPI IO board for the machine control and Android device for user interface. The Keurig machine sensors and switches were rewired to the new hardware. With FourZero, the intern completed this project in a mere eight weeks when, typically, this type of project takes 20 weeks for an expert developer.

AoT has recently hired a marketing consultant and a business development manager to continue this forward momentum. They also recently won "Stellar Startup" in the 2015 Best of MichBusiness Awards. AoT is currently seeking paid student interns to complete market analysis reports and to work on developing example projects with their FourZero platform.

Automation of Things is a software development company devoted to the automation and embedded industry. AoT products streamline the efforts of automation and industrial-systems engineers by maximizing reuse and simplifying the processes. The current application platform available from AoT is based on the IEC 61499 standard. The disruptive change this platform provides creates a more efficient and sustainable system, catalyzing operational innovation.

For more information, visit automationofthings.com or contact Sam Taylor at staylor@automationofthings.com.

Tuesday, October 27, 2015 - October 2015 Newsletter: Mac-OU INC Happenings: "Flipsi Awarded First Place at Second-Annual Macomb Pitch Competition"

The Macomb-OU INCubator (Mac-OU INC) awarded over \$20,000 in cash and in-kind prizes at "Macomb Pitch: A Competition for Small Businesses" on October 8. First prize went to Flipsi, makers of a bottle that flips inside-out, eliminating any hard-to-reach surfaces, with a patent-pending, food-grade and BPA-free silicone and plastic design.

Foodjunky, the competition's second-place winner, connects businesses with restaurants online to automate the food-ordering process in the workplace. Third place was awarded to VizBe, a digital, goal-setting platform and resource center that helps people achieve personal and professional success with the proven power of visualization.

Flipsi was awarded \$7,000 in cash, 7.5 hours of legal time with Butzel Long, and a one-year affiliate membership to Mac-OU INC, which includes access to the Business Advisory Services Program; the Executives-in-Residence, currently including Butzel Long, and Jim Ruma, local defense expert; Pitch Prep; assistance with access to capital; and one-on-one business development with Mac-OU INC staff.

foodjunky, left with \$2,000 in cash and a one-year lease on a Mac-OU INC cubicle while VizBe was awarded \$1,000 in cash and a six-month Mac-OU INC cubicle lease. Each also received five hours of consultation with Butzel Long. Other sponsors of the competition included Fifth Third Bank and Macomb County Department of Planning and Economic Development.

High-growth, Michigan-based technology entrepreneurs were welcome to apply, with the caveat of less than or equal to \$2.5M in revenue and less than or equal to three years in business. Nearly 40 applications were received and then narrowed to the top eight finalists by a group of judges. Each finalist was required to participate in a Pitch Prep session, in which an hour of time was donated from Mac-OU INC and top business professionals to provide critical and constructive guidance to a fully-developed and thorough pitch.

This year's finalists also included:

- DetectIR Technologies: Creators of the world's first portable three-dimensional infrared video camera.
- GolfCliks: A micro social-networking site for the golf industry with a commitment to growing the game by bringing players, golf courses and related service providers closer together.
- KTISIS: Developers of Universal Natural Gas Technology, a system that is optimized to store and deliver Compressed Natural Gas and Liquefied Natural Gas in a single, lightweight, compact and economical system.
- SteriDev: The maker of CleanCase, a device-specific sterile case for mobile devices, for direct use by surgeons.
- Transition Coordination Services: The new paradigm in patient transition coordination services, providing real-time data, analytics and interventions through care coordination during an acute episode across the health-care system.

Judges for the evening included Amy Butler, Executive Director of OU INCubator and the Clean Energy Research Center, Patti Glaza, Vice President of Invest Detroit and Managing Director of Detroit Innovate and First Step Fund, Derrin Leppek, Director of the Macomb Community College Center for Innovation & Entrepreneurship, Wendy Richardson, Business Consultant for the Michigan Small Business Development Center, and Mark Sandri, Business Banking Relationship Manager for Fifth Third Bank.

Wednesday, October 28, 2015 - October 2015 Newsletter: Executive-in-Residence News: Butzel Long: "IRS Announces Employee Benefits Limits for 2016"

The Internal Revenue Service has recently announced whether there will be cost-of-living adjustments applicable to dollar limitations for retirement plans (and other items) for 2016. Many of the limitations will not change for 2016 because the increase in the cost-of-living index did not meet the statutory thresholds that trigger their adjustment.

I. Retirement Plans

Some of the annual limits for 2016 (and the current limits for 2015) are as follows:

	2016	2015
Elective Deferral Limit (for Internal Revenue Code ("Code") Section 401(k), 403(b), 457(b)(2), 457(c), and SARSEP plans) – excluding catch-up contributions	\$18,000	\$18,000
Elective Deferral Limit for SIMPLE plans	\$12,500	\$12,500
Catch-up Contribution Limit for Code Section 401(k), 403(b), 457(b) and SARSEP plans	\$6,000	\$6,000
Catch-up Contribution Limit for SIMPLE plans	\$3,000	\$3,000
Annual limitation for defined contribution plans under Code Section 415	\$53,000	\$53,000
Annual limitation for defined benefit plans under Code Section 415	\$210,000	\$210,000
Maximum compensation limit	\$265,000	\$265,000
Minimum dollar threshold to be considered highly compensated employee ("HCE") based on compensation	\$120,000	\$120,000
Minimum dollar threshold for an officer of the employer to be considered a key employee for top heavy plans	\$170,000	\$170,000
Maximum Social Security taxable earnings (OASDI only)	\$118,500	\$118,500
Maximum Medicare taxable earnings (HI only)	No Limit¹	No Limit¹
Minimum compensation amount to be eligible for coverage under SEP	\$600	\$600

¹The Medicare tax rate is 1.45% on wages (for employees) and 2.90% on self-employment income (for self-employed individuals). However, the Patient Protection and Affordable Care Act imposes an additional .9% Medicare tax on wages and self-employment income for tax years beginning after December 31, 2012. The additional tax applies to individuals with compensation in excess of certain threshold amounts (\$200,000 for single taxpayers, \$250,000 for married taxpayers filing a joint return, and \$125,000 for married couples filing separate returns). The new Medicare tax rate on wages and self-employment income in excess of the threshold amounts is 2.35% for employees and 3.8% for self-employed individuals.

II. Health Savings Accounts (HSAs)

The new annual HSA (and High Deductible Health Plan (HDHP)) limits for 2016 (and the current limits for 2015) are as follows:

	2016	2015
HSA Contribution Limits		
Self-only	\$3,350	\$3,350
Family	\$6,750	\$6,650
Catch-up (for individuals age 55 or older)	\$1,000	\$1,000

HDHP Minimum Deductible:

Self-only	\$1,300	\$1,300
Family	\$2,600	\$2,600
HDHP Out-Of-Pocket Expense Limit (Deductibles, co-payments and other amounts, but not premiums) ²		
Self-only	\$6,550	\$6,450
Family	\$13,100	\$12,900

²The HDHP out of pocket maximums for HSA/HDHP plans are lower than the Patient Protection and Affordable Care Act ("ACA") out of pocket maximums. For 2016, the ACA's out of pocket maximum is \$6,850 for self-only coverage and \$13,700 for family coverage. Employers offering HSA/HDHP plans will need to ensure they satisfy the lower Internal Revenue Service HDHP out of pocket maximums.

III. Health Flexible Spending Accounts

The annual limit for 2016 for employee contributions to a health flexible spending account will remain the same as the 2015 annual limit - \$2,550.

If you have questions regarding the Internal Revenue Service limits or other employee benefits matters, please contact your regular Butzel Long attorney, a member of the Butzel Long Employee Benefits Practice Group, or the author of this e-mail news alert.

Thomas L. Shaevsky
 248.258.7858
shaevsky@butzel.com

Wednesday, October 28, 2015 - October 2015 Newsletter: Executive-in-Residence News: Jim Ruma: Defense Article of Interest: "Industry CEO: Defense Market Should Embrace Startups"

Industry CEO: Defense Market Should Embrace Startups

by Sandra I. Erwin

via National Defense: National Defense Industrial Association's Business & Technology Magazine

As Defense Secretary Ashton Carter continues his outreach to the high-tech industry in Silicon Valley, the Pentagon has to figure out how to channel entrepreneurial talent into the national security arena, Raanan Horowitz, president and chief executive officer of Elbit Systems of America, said Oct. 20.

His company is the U.S. subsidiary of Israel-based Elbit Systems, a billion-dollar military contractor and aerospace supplier that increasingly is investing in startups and changing the traditional approaches to developing defense technologies.

Israel has one of the world's highest concentrations of tech startups, many of which develop products for the military and homeland defense markets. Defense contractors like Elbit, said Horowitz, are now becoming incubators and investors in an effort to prop up small businesses and accelerate the introduction of new products.

The United States does not face the levels of heightened security that Israel does, but the Pentagon still should convey some sense of urgency to the private sector, and show that it is willing to invest in technology and share both the risks and rewards, he said in a presentation at the Atlantic Council in Washington, D.C.

Horowitz warned that the Pentagon is not going to regain its innovation mojo by "shopping" in Silicon Valley. To draw cutting-edge startups and creative talent to the military market, the Defense Department will have to make an earnest effort to break out of its comfort zone and take seriously the advice of outsiders, he added.

Carter's signature initiative to lure tech firms to do business with the Pentagon is having difficulties getting off the ground in part because it is being viewed by incumbent Pentagon contractors as a competitive threat to their business. This undue anxiety is creating barriers, he said. "In Israel, Silicon Wadi ["valley" in Arabic] did not replace the defense industry."

Startups should be working with the government and the defense industry to "expand the intellectual bandwidth," he said. To be sure, he noted, this is much easier to do in Israel because it is a small country and almost everyone serves in the military. The engineers who develop technology also are the users and operators of those products, Horowitz said. "They understand the mission and challenges intimately." In the United States, he said, it would be "hard to duplicate that sense of national urgency."

Contrary to conventional wisdom, there are people in Silicon Valley who care about national security, he said. "The key is to expose them to the challenges. They will not respond well if we prescribe. We need to find a way to involve them."

In general, it is difficult for the Pentagon to break down the barriers between the defense and civilian worlds, and bridge the wide cultural gulf between the defense market and the commercial industry. The opening of a military outpost in Silicon Valley office, known as the Defense Innovation Unit Experimental, is a "good start," said Horowitz. "But is it enough? I don't know."

The Pentagon also has to understand that innovation comes at a cost, and it has to show it is willing to invest and take chances that some technologies will fail. "Silicon Valley can't replace the investment DoD needs to make in its budget," he said. "Leveraging Silicon Valley is a component of the solution, but it's not the Promised Land."

Defense leaders also need to better communicate to Silicon Valley the security threats the nation faces that technology could help solve. The key is to bring "more perspective to the challenge," he said. The government is used to prescribing solutions that usually become technologically obsolete by the time they are deployed. Instead, the Pentagon should describe its problems, and "unleash creative minds to discover solutions."

Horowitz also suggested that the Pentagon ought to pay more attention to small and medium-sized firms in the United States, where much of the innovative talent resides. DoD primarily talks to its large prime contractors, he said. "Industrial policy needs to focus on investments in lower tiers."

Elbit started a program called "Incubit" that invests in startups that develop commercial technologies that also have military applications. The company is currently vetting 350 startups. So far it has funded five firms that have promising technologies in the areas of cyber security, nanotechnology, medical devices and rocket engines.

Another initiative called "InnoShare" applies a crowdsourcing model to decide what initiatives the company will fund. "The ideas are selected by crowd wisdom" which tends to be superior to that of senior management, Horowitz said. Elbit invests about 9 percent of its sales in research and development, a rate about three times higher than top U.S. defense contractors.

Another impediment to innovation in the U.S. defense market, Horowitz said, is a cultural and political aversion to outsider ideas. "That's one of the core issues, the 'not invented here syndrome.'" When a smart idea is found in the private sector, the Pentagon should make an effort to partner with innovative firms and "build trust" so companies do not have to fear that the government will seize their intellectual property.

"From the beginning, you have to put together the right commercial agreements. It's a challenge, but it would reduce the anxiety" that startups tend to have about doing business with the government.

Contact writer Sandra Erwin at 703-247-2543 or serwin@ndia.org.

Monday, October 26, 2015 - October 2015 Newsletter: Partner Happenings: "Call for Nominations for the Macomb County Business Awards"

There are nearly 18,000 businesses that call Macomb County home. They are important not only for the direct jobs they create but also for the many ways that they contribute to our communities in general. Therefore, County Executive Mark A. Hackel, along with the Macomb County Department of Planning & Economic Development, will honor businesses at the Macomb County Business Awards on February 9, 2016. Nominations will be accepted through November 12, 2015.

The categories are as follows:

- Champion of Workforce Development – utilizing innovative practices for hiring, training and retaining employees.
- Corporate Citizen – offering meaningful community engagement through service and financial support.
- Diversification Leader – generating new business by expanding products/services provided or tapping new markets.
- Efficiency Expert – increasing cash flow through process and/or energy efficiencies.
- Model of OneMacomb - cultivating an environment where diversity and inclusion are valued.
- Startup Business to Watch - operating for less than four years with two or more full-time employees.

Nominations can be submitted online at macombbusiness.com. Nominations consist of the company's background information and a 300-word summary about how it fits the category.

Every nominated company will be listed on the Macomb County website and in the event program book. In addition, each company will receive two complimentary tickets to the awards breakfast, which will feature special speakers and excellent networking with hundreds of business leaders. A single recipient in each category will take home an impressive crystal award, to be presented by County Executive Mark A. Hackel.