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Thinking innovation? Think Detroit!

Research group puts city No. 10

By Frank Witsil
Detroit Free Press

Innovation Leader, a research group that publishes a quarterly magazine, has named Detroit one of the top 10 innovation hubs in North America.

The group's inaugural list — released Tuesday and based mostly on objective criteria — gave Detroit an edge over Chicago, Denver and Portland because it focused heavily on research and development by big companies.

"Detroit is on the list, mainly, because of all the auto industry R&D and specifically the

autonomous car activity that's happening there," said Scott Kirsner, the editor and co-founder of Innovation Leader. "You have companies like Uber putting down roots there to do a lot of autonomous car development, and we also see supplier companies doing investment in next-generation dashboard displays and voice-driven command systems and how our cars are going to connect to mobile devices."

Kirsner also singled out the metro area's research universities, specifically the University of Michigan in Ann Arbor; the growing number of tech start-ups and entrepreneurs in the city, and companies such as Quicken Loans and Shinola that have gotten considerable media buzz.



GARY MALERBA/SPECIAL TO THE DETROIT FREE PRESS
A Ford Fusion Hybrid autonomous test vehicle navigates an intersection at the Ford Product Development Center facilities in Dearborn.

One clear message from his research: Don't write off the auto industry.

Kirsner makes the case that auto companies rank among the biggest research investors in the world and that investment in research and development — as much as entrepre-

neurship, venture capital and number of start-ups — also should factor into an analysis of innovation in a metro area.

"Detroit is a city that is going to have a big impact on how we get around in the future, whether that's cars that we own, or cars that we rent — or

cars that fly or hover," Kirsner said. "There's so much money being spent and so many smart people applying themselves to the future of transportation there."

Kirsner, a business journalist for two decades, said the Cambridge, Mass.-based group, started by selecting about 40 cities where large publicly traded companies were based and narrowed that to 10, with five more it called up-and-comers.

In addition to research labs, the group also looked at major tech companies in the area, start-up density, top research universities and the number of conferences, trade shows, and networking events.

Detroit came in at No. 10. San Francisco, Boston and New

York — obvious candidates — were No. 1, 2 and 3. They were followed by Los Angeles, Seattle, Atlanta, Washington, D.C., Toronto and Minneapolis.

The up-and-comers were Chicago, Cleveland, Denver, Portland and St. Louis.

Innovation Leader intends to compile a list every year.

Next year, Kirsner said, the group expects to expand the list beyond North America.

"You can argue with any list. That's what makes it interesting," he said. "This is a list of big companies and their investment in innovation, and secondarily around that is the start-up ecosystem and the academic ecosystem and other factors."

Contact Frank Witsil: 313-222-5022 or fwitsil@freepress.com

Battle over GM stock intensifies as meeting looms

Shareholders will weigh activist's idea

By Eric D. Lawrence
Detroit Free Press

The rhetoric over an activist investor's stock-split proposal is getting more intense with one week to go until General Motors' annual shareholder meeting June 6 in Detroit.

GM is touting reports from two advisory firms that have sided with the company over the proposal from billionaire David Einhorn's Greenlight Capital. Einhorn wants to split GM stock into two classes, which he says would unlock billions of dollars in shareholder value. GM, however, has painted the proposal as risky and has defended its efforts to transform the company in a chang-



David Einhorn

ing auto environment.

But in a letter Tuesday, Greenlight urges shareholders to send a message to the GM board.

"The incumbent GM board seems to us to be bereft of inspired ideas, and we believe shareholders must make room for fresh directors who can help shareholders. Supporting the incumbents, who have failed to unlock value for seven years, is tantamount to surrendering," according to the Greenlight letter.

Einhorn owns 52 million shares of GM stock, or just over 3% of GM's common stock. His proposal would create two stock classes, one designed for big dividend returns and another designed to reward shareholders if the automaker's profits and stock price grow.

But the advisory firms — Glass, Lewis & Co. and Institutional Shareholder Services (ISS) — describe Greenlight's plan as speculative.

"We agree with the position

See GM, Page 9A

Uber fires self-driving car whiz Levandowski

By Marco della Cava and Jon Swartz
USA TODAY

SAN FRANCISCO — Anthony Levandowski, the star engineer behind Uber's ambitious self-driving project and a central figure in its contentious legal battle with Google's Waymo unit over that technology, has been fired.

Uber spokeswoman Chelsea Kohler confirmed to USA TODAY on Tuesday that the ride-hailing company had severed its ties with Levandowski effectively immediately. The New York Times first reported

the firing.

Miles Ehrlich, the attorney representing Levandowski in the case, did not immediately respond to a request for comment.

Eric Meyhofer, who took charge of Uber's self-driving car effort in April, will continue to lead the program with Levandowski's direct reports now reporting to him.

The news is not wholly unanticipated after Levandowski steadfastly refused to turn over documents in the case and, most recently, was or-

See UBER, Page 9A



In this Dec. 13 photo, Anthony Levandowski speaks about Uber's driverless car in San Francisco.

ERIC RISBERG/AP

PEACOCK ROOM OWNER TO OPEN NEW CENTER STORE



GEORGEA KOVANIS
ON STYLE

Yama to feature edgy women's clothing

The owner of the Peacock Room and Frida — popular Midtown clothing stores for women — is set to open a third store in August, this time in the Fisher Building.

The name of the new 2,000-square-foot store is Yama. It is named for Detroit architect Minoru Yamasaki, who is best known for creating the World Trade Center. And it is to feature edgy, contemporary clothing for women. Think clean lines and asymmetrical accents.

"I had no plans of any physical expansion," said Rachel Lutz, whose two existing stores are in the Park Shelton, near the Detroit Institute of Arts. But "the Fisher Building approached me. How can you say no to the Fisher Building? ... It's just magnificent architecture. I really wanted to send a statement that I believe in the future of New Center and the North End."

The Peacock Room specializes in clothing, especially dresses, with vintage appeal. Frida has a bohemian edge.

Lutz' stores are unusual in that they offer a wide array of sizes, 00 to 26, making them a favorite for women throughout metro Detroit. The Peacock Room opened in 2011. Frida — which is named for artist Frida Kahlo — opened in 2014 and expanded its size earlier this month.

Contact Georgea Kovanis: gkovanis@freepress.com or 313-222-6842



Yama's clothing will be sleek and contemporary.

YAMA



Yama will carry this necklace when it opens.

YAMA



A sample of Yama's bracelet collection.

YAMA

Amazon stock hits \$1,000 but competition is heating up

By Elizabeth Weise
USA TODAY

SAN FRANCISCO — Wall Street's exclusive "\$1,000 Stock Club" has welcomed a new member.

The stock price of online retailer Amazon.com passed the milestone number in early trading on Tuesday, touching \$1,001.20 before falling back to close at \$996.70.

Google's Alphabet is also within a few bucks of \$1,000, the latest sign that big, dominant tech companies are driving the U.S. market higher. The Internet search giant closed at \$996.17 on Tuesday. (Google first crossed the \$1,000 threshold in 2013.)

So should Main Street investors cheer when a company passes the \$1,000 milestone, or worry?

Momentum doesn't last for-

ever, an investing reality Apple shareholders faced two years ago.

The biggest threat to Amazon is the competition coming up in its rearview mirror, say analysts. In part because of CEO Jeff Bezos' willingness to continually reinvest in research and new areas, the Seattle-based company has long had a massive first mover advantage in retail and web services. That is now changing.

"Amazon is still the leader but the competitive environment is intensifying," said Ed Yruma, managing director at KeyBanc Capital Markets.

Effectively, Amazon is two companies, one a retail e-commerce company that's building out a global marketplace and the other a cloud storage and services company that accounted for the biggest share of the com-

pany's consolidated operating income in the first quarter of 2017, outflanking retail profits.

On the retail side, rival Walmart is the main potential roadblock to Amazon's continued growth. Determined to move into e-commerce and with the advantage of a massive brick and mortar store base, Walmart is increasingly dynamic, Yruma said.

Walmart has focused its efforts more on middle-income consumers. Amazon, in contrast, has made more inroads with upper- and upper-middle-income consumers, said Yruma.

"You're going to see more of the middle-income consumer moving to e-commerce — and they don't have any loyalty to Amazon," Yruma said.

With Walmart's enormous logistics and distribution network, and its acquisition of the e-com-

merce company Jet.com last year, "they could very well begin to take away some of Amazon's business," said Scott Rothbart, a professor at Stillman School of Business at Seton Hall University.

The upside for Amazon is that there's still a lot of market to move into. Edward Jones estimates that while current U.S. spending online is about 15% of the retail market, it could rise to as much as 30% in the long run.

While consumers think of Amazon as an e-commerce giant, in terms of profit its cloud computing business, AWS, is actually stronger. Amazon remains the clear leader in cloud computing, well ahead of both Microsoft and Google.

A driver of Amazon's success has been its strong focus on both the consumer and investment in new technologies.