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## Report of the Commissioner of Corporate Services and Chief Planner ventureLAB 2023 Results and 2024-2027 Funding Agreement

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### 1. Recommendations

1. Council approve a new funding agreement with ventureLAB for core services at an annual cost of \$150,000 with up to three renewals in consecutive years thereafter, for a total cost of up to \$600,000.
2. Region enter into a new funding agreement with ventureLAB for innovation network development under the Entrepreneurship and Innovation Fund at an annual cost of \$100,000 with up to three renewals, for a total cost of up to \$400,000.
3. Commissioner of Corporate Services be authorized to execute funding agreements and renewals or amendments that may be required.
4. ventureLAB report annually to Council on results and impacts of its programs and the Entrepreneurship and Innovation Fund.
5. Regional Clerk circulate this report to the Ministry of Economic Development, Job Creation and Trade, Invest Ontario, Toronto Global, ventureLAB and local municipalities.

### 2. Purpose

This report provides Council with an update on ventureLAB's 2023 activities and results, a summary of results since 2019, and an overview of proposed 2024-2027 funding agreement.

#### Key Points:

- In 2023, ventureLAB, York Region's Provincially mandated Regional Innovation Centre, continued to support economic development and job growth through its services to the entrepreneurial technology community

- ventureLAB secured an additional \$4.5 million to expand the [Hardware Catalyst Initiative](#) (HCI) from the Government of Canada, through the Federal Economic Development Agency for Southern Ontario (FedDev Ontario)
- [Canada Catalyst](#), ventureLAB's program for international companies in the hardware and enterprise technology sectors, has accepted five foreign-based companies, with three companies having established a presence in Canada
- York Region is a founding member of ventureLAB providing annual funding
- 2019-2023 funding agreement has expired, and a new four-year funding agreement requires Council approval

### 3. Background

#### **ventureLAB is York Region's Provincially mandated Regional Innovation Centre**

Founded in 2011, [ventureLAB](#) is a not-for-profit organization that is part of a collaborative Provincial innovation and entrepreneurship network. The network comprises 17 Regional Innovation Centres and 47 Small Business Enterprise Centres with four in Markham, Richmond Hill, Newmarket and Vaughan. The Newmarket location is managed by York Region Economic Strategy staff and serves the Region's northern six municipalities.

#### **ventureLAB provides access to workspaces, an in-house prototyping and testing hardware lab, and direct connections with seasoned industry experts and investors**

The service area covered by ventureLAB includes all nine municipalities in York Region, Simcoe County and the District Municipality of Muskoka. ventureLAB provides a suite of programs, services and resources supporting technology-based entrepreneurs and small businesses in launching and scaling these businesses. This is achieved by providing clients access to workspaces, an in-house prototyping and testing hardware lab, and direct connections with seasoned industry experts and investors. These supports enable founders to raise capital, attract and retain talent, commercialize technology and intellectual property, and acquire customers. York Region is a founding member of ventureLAB and provides annual funding for program delivery.

ventureLAB led the founding of Canada's Semiconductor Council (CSC) in May 2021 to lead the development of a national semiconductor strategy and action plan. In February 2023, CSC hosted a roundtable at ventureLAB where semiconductor industry leaders shared insights on Canada's role on a global level. The Honourable François-Philippe Champagne, Minister of Innovation, Science, and Industry, and The Honourable Mary Ng, Minister of International Trade, Export Promotion, Small Business, and Economic Development attended.

## 4. Analysis

### **ventureLAB-supported companies continue to have a significant impact on York Region’s economy**

Since the beginning of 2019, ventureLAB-supported companies generated over 2,500 new jobs in Canada, with over 800 new jobs in York Region. These businesses have raised over \$225 million in private capital and over \$25 million in public funding.

In 2023, ventureLAB clients generated \$111 million in revenue, with just over 70% (\$79 million) generated by York Region-based companies. From 2019-2023, 1,060 new clients received support from ventureLAB with the highest number of registrations in 2023. Table 1 shows the progression of total new registered clients during this funding period.

**Table 1**  
**Total New Registered Clients: 2019 to 2023**

Year	2019	2020	2021	2022	2023
<b>Total</b>	194	138	216	247	265

In 2023, ventureLAB created a Regional Advisor role enabling increased engagement with small and medium-sized enterprises and startups; with a particular focus on York Region’s northern six (N6) municipalities. The number of York Region-based company engagements has been increasing. The total number of company engagements increased from 41 in 2022 to 72 in 2023.

### **Since 2019, the Entrepreneurship and Innovation Fund supported fifty-two organizations**

[Entrepreneurship and Innovation Fund](#), first launched in the fall of 2019, is administered by ventureLAB on behalf of York Region. With an annual commitment of \$100,000 from the Economic Strategy budget, the fund encourages innovation by supporting early-stage start-ups, accelerators, incubators, and community partners. Funds are distributed each year through three mechanisms: community partners, small businesses and entrepreneurs, and a pitch competition. Since its launch, \$500,000 has been awarded, with 541 applications reviewed, 11 community partners served, and 41 companies supported. At the end of 2023, supported companies reported 297 new jobs created.

In 2023, 106 applications were received and 11 funded. ventureLAB also secured an additional \$40,000 from Advanced Micro Devices (AMD), Business Development Bank of Canada (BDC), City of Markham, City of Vaughan, Marvell, Siemens and TekStart plus a Siemen’s Xcelerator for Startups Solutions Bundle (valued at \$33,000). These contributions increased funding awarded to pitch competition winners. A full list of funding recipients for 2023 is in Appendix A.

## **2023 HardTech Summit was the largest to date with over 900 attendees and featured first-ever HardTech Pitch Competition Gala**

ventureLAB's [HardTech Summit](#) brings together global industry leaders, Canadian founders, investors, and innovators to explore requirements to build a strong, connected hardware and semiconductor ecosystem in Canada. This annual event, delivered in partnership with York Region and other partners, explores how hardware technology is helping push the boundaries of what's possible, why inclusivity is crucial to innovation in this sector, and what must be done to elevate Canada's semiconductor leadership on a global scale.

The 2023 HardTech was the largest to date, with over 900 participating in-person and virtually over two days. This event reaches a global audience, with speakers discussing ideas, opportunities and challenges surrounding hardware and semiconductors industry. The inaugural HardTech Pitch Competition Gala event attracted 300 attendees and finalists vied for a chance to win a portion of \$50,000.

## **ventureLAB's Hardware Catalyst Initiative is backed by \$20 million in investments from senior levels of government and York Region**

Launched in 2020, the [Hardware Catalyst Initiative \(HCI\)](#) is Canada's first and only hardware and semiconductor-focused lab and incubator. It continues to generate results and investments from the three levels of government. Now with nearly \$20 million in funding, HCI features a cutting-edge prototyping and testing lab with a growing network of 52 global partners.

HCI highlights for 2023 include:

- Signing a FedDev Ontario agreement to receive additional investment of \$4.5 million for the next phase of the initiative; supporting 30 technology companies and creating and maintaining over 170 jobs in southern Ontario
- Launching a MedTech-specific HCI program stream and opening a new MedTech lab in Vaughan, [in partnership with Sterling Industries](#), focusing on unique hardware and semiconductor needs of healthcare companies
- Launching the [HardTech Investor Network](#) at the Collision Conference and onboarding 40 Hardware-specific Venture Capitalists and Angel Investors

HCI has had a significant economic impact, enabling impressive results, including:

- 471 jobs created since 2020, with 260 jobs created in 2023; exceeding HCI's 5-year FedDev Ontario targets for new job creation
- 132 products commercialized since 2020, with 48 new products in 2023
- 84 patents (applied and granted) since 2020, with 31 combined patent grants and applications filed during 2023
- With \$29.3 million in revenue generated since 2020, including over \$9 million in 2023, HCI companies have exceeded FedDev Ontario's program revenue target of \$24.9 million

At the end of 2023, HCI companies had met or exceeded all initial FedDev program targets.

### **Five international companies signed agreements with ventureLAB's Canada Catalyst program to enable business expansion in Canada**

In the fall of 2022, ventureLAB launched a signature Canada Catalyst program. As part of the Region's approximately \$1.5 million investment in January 2022, this program enables internationally-based hardware, semiconductor or enterprise software companies to expand in York Region through access to specialized programs and services.

In August 2023, ventureLAB was approved by the National Angel Capital Organization to be a designated organization for Canada's [Start-up Visa Program](#). The Start-up Visa track integrated into the Canada Catalyst program and is designed to assist international companies with building hardware or enterprise software solutions. The program assists companies in establishing a robust presence, expanding operations, and strategically recruiting top-tier talent.

In 2023, ventureLAB signed agreements with five international companies to support business expansion to Canada meeting combined program targets for Year 1 (2022) and Year 2 (2023). Three companies have established a Canadian presence in York Region through ventureLAB: Golden Layout, Caliber Interconnects, and LINDA LifeTech. The other two, Bariflo Labs and qScire, started the program virtually in late Q4 and are scheduled to physically land in Canada in the spring of 2024.

### **New funding agreements are required to continue York Region's partnership with ventureLAB**

York Region's most recent funding agreements with ventureLAB expired on December 31, 2023 and two new four-year (2024 - 2027) funding agreements are recommended to maintain support for ventureLAB core programming and delivery of Entrepreneurship and Innovation Fund. These agreements will align with timing of the York Region Economic Development Action Plan.

During York Region's 2019 – 2023 funding agreement, ventureLAB met or exceeded targets on key performance indicators in areas of local municipal engagements, service delivery, industry engagement and the delivery of its signature technology event – the HardTech Summit. Continued funding will support existing programs and services and enable further expansion in areas of community engagement, innovation event representation, marketing and communications.

## **5. Financial Considerations**

### **Two new funding agreements, supporting core services and continuation of the Entrepreneurship and Innovation Fund program, will provide \$1 million over four years**

2023 was the final year of York Region's most recent core and Entrepreneurship and Innovation Fund (EIF) funding agreements with ventureLAB. Throughout the 2019 – 2023 funding agreement,

York Region provided ventureLAB \$250,000 annually, including \$150,000 to deliver core services and \$100,000 for the EIF, totaling \$1 million.

Separately, in 2022, ventureLAB received the first and second tranches of funding from the York Region Innovation Investment Fund to [expand the HCI](#), totaling \$717,938. In 2024, the third installment of \$301,469, will be provided as per the York Region Hardware Catalyst Innovation Support Agreement. Two further installments of \$226,469 and \$226,469 will be made in 2025 and 2026 respectively.

The new four-year (2024-2027) funding agreements will again support core services and continuation of the EIF program at current levels. Allocation for this funding was included in the 2024 budget, as well as the outlook amounts for 2025 - 2026. The 2027 amount will be considered as part of the next multi-year budget. In total, the Region will provide up to \$1,754,407 in funding over four years as shown in Table 2.

**Table 2**  
**Regional Investment for ventureLAB – 2024-2027**

Year	Core & Entrepreneur Innovation Fund	Hardware Catalyst Initiative Expansion (committed)	Total
2024	\$250,000	\$301,469	\$551,469
2025	\$250,000	\$226,469	\$476,469
2026	\$250,000	\$226,469	\$476,469
2027	\$250,000		<u>\$250,000</u>
			<b>\$1,754,407</b>

Regional funding accounts for approximately 9% of ventureLAB’s total revenue, which includes both core funding and program grants. ventureLAB is also funded by Federal, Provincial, Municipal governments, and academic and industry partners.

**6. Local Impact**

ventureLAB continues to expand its footprint and engagement with companies and economic development organizations in the Region. As an innovation and commercialization hub for technology companies, ventureLAB promotes economic success and growth of enterprises throughout all nine local municipalities. These services support overall network development which includes the four Small Business Enterprise Centres, innovation hubs and business accelerators across York Region. The Cities of Markham and Vaughan both provide annual funding to ventureLAB.

## 7. Conclusion and Next Steps

Over the last five years, ventureLAB and York Region have built a strong partnership focusing on driving regional innovation capacity, while delivering economic benefits in the form of job creation, foreign direct investment, and technology talent attraction and retention. ventureLAB continues to support development and delivery of programs and services targeting technology-based entrepreneurs seeking to start or grow a business. York Region's sustained support of ventureLAB will help ensure York Region's innovation capacity will continue to grow, which is key for future economic growth within all our municipalities.

Upon Council approval, staff will enter into a new funding agreement with ventureLAB for the 2024 to 2027 period.

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For more information on this report, please contact Jonathan Wheatle, Director, Economic Strategy at 1-877-464-9675 ext. 71503. Accessible formats or communication supports are available upon request.

Recommended by:



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Appendix A – 2023 Entrepreneurship and Innovation Fund Recipients

## 2023 Entrepreneurship & Innovation Funding Recipients

### Stream 1: Community Partners

Business Name	Project Description	Funding Received	Business Location
<a href="#">Aurora Chamber of Commerce</a>	EmpowerHER Business Skills Program is a training initiative aimed at empowering women in business to enhance skills and connect with industry experts. The five-month program focuses on a distinct area of expertise each month	\$10,000	Aurora
<a href="#">Impact Zero Corp</a>	Impact Zero Circular Innovation Accelerator helps founders validate, test, and achieve proof-of-concept. Impact Zero connects businesses with organizations such as Innovation Guelph or programs through the Centre for Social Innovation	\$10,000	Toronto**



## Stream 2: Small Businesses and Entrepreneurs

Business Name	Project Description	Funding Received	Business Location
<a href="#">Cattle Scan</a>	System that tracks vital livestock data in the field of commercial cattle monitoring. The project's goal is to further develop the Cattle Scan sensor and software platform to allow for better water consumption monitoring and decision-making	\$10,000	Toronto**
<a href="#">VCycene Inc.</a>	LILA Composter is an autonomous electronic kitchen device that turns all types of kitchen food waste into high-quality fertilizer within seven days	\$10,000	Markham
<a href="#">SCOOTY</a>	E-scooter rental company developing the SCOOTY Micromobility API to integrate into public/private transit systems	\$10,000	Brampton*
<a href="#">Reenergy Technologies</a>	AI and IoT-driven enterprise asset management platform that allows enterprises plan, manage and optimize physical assets	\$10,000	Toronto**
<a href="#">Connected Sensors</a>	Products and solutions specifically designed to save landlords money by monitoring water consumption and leaks using smart water technology systems	\$10,000	Vaughan
<a href="#">KROP</a>	KROP develops indoor, automated, aeroponic plant farms aiming to bring local, sustainable, and affordable produce to the public	\$10,000	Richmond Hill
<a href="#">WeavAir</a>	Data-driven solution composed of multi-sensor IoT devices measuring 20 metrics and predictive software to prevent food spoilage and waste in food, water and energy	\$10,000	Toronto**

### Stream 3: Pitch Competition

Business Name	Project Description	Support Received	Business Location
<a href="#">Hygienic Echo Inc.</a>	Hygienic Echo's Buddy Badge System are wearable badges with intelligent sensors used to discreetly prompt healthcare and hospitality workers to perform hand hygiene	\$30,000***	Markham
<a href="#">Able Innovations</a>	ALTA Platform uses Intelligent and automated robotic patient transfer technology to conduct safe, effortless and dignified patient handling requiring a single operator	\$20,000*** (plus Siemens Software Award valued at \$33,000)	Toronto**

\* Must be committed to co-locate to York Region or ventureLAB's innovation hub for at least six months upon prize acceptance

\*\*Outside of York Region but within ventureLAB catchment area

\*\*\*Additional funds leveraged from Advanced Micro Devices, Business Development Bank of Canada, City of Markham, City of Vaughan, Marvell, Siemens and TekStart