

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
June 13, 2019

Report of the Commissioner of Corporate Services and Chief Planner

ventureLAB 2018 Results and 2019 Agreement

1. Recommendations

1. The Region enter into a funding agreement with ventureLAB for core services at an annual cost of \$150,000 with up to four renewals in consecutive years thereafter, for a total cost of up to \$750,000.
2. The Region enter into a further agreement for a one year term with ventureLAB for innovation network development under the new Entrepreneur and Innovation Fund at an annual cost of \$100,000 with up to four renewals for a total cost of up to \$500,000.
3. The Commissioner of Corporate Services be authorized to execute the above mentioned ventureLAB agreements including any annual renewals.
4. ventureLAB report annually to Regional Council on results and impacts of its programs and the Entrepreneur and Innovation Fund.
5. This report be circulated by the Regional Clerk to the Ministry of Economic Development, Job Creation and Trade, ventureLAB and the local municipalities.

2. Summary

This report updates Council on activities and results of ventureLAB in 2018. It also seeks approval to enter into two agreements with ventureLAB for core services and to provide entrepreneurial and innovation network support for five years. Funding for the agreements is in accordance with the approved 2019 Regional Budget.

Key Points:

- York Region's provincially recognized Regional Innovation Centre, ventureLAB has generated business growth, jobs and investments in York Region since its inception in 2011
- Increasing demand from entrepreneurs for commercialization support services has driven the need to grow the organization
- ventureLAB's funding partners, including the Region, have increased support to facilitate this growth and expand services to entrepreneurs

- To develop the innovation network across the Region, a new Entrepreneurship and Innovation Fund has been created with \$100,000 approved in the 2019 Regional budget and will be administered by ventureLAB

3. Background

ventureLAB is York Region's provincially recognized Regional Innovation Centre

ventureLAB is a not-for-profit organization that is part of a collaborative provincial innovation and entrepreneurship network called the Ontario Network of Entrepreneurs. The network includes 17 Regional Innovation Centres and 57 Small Business Enterprise Centres, four of which are located in York Region. A list of the 17 Regional Innovation Centres is attached to this report (Attachment 1).

This network of organizations across Ontario has been designed to help entrepreneurs, businesses and researchers commercialize their ideas. Regional Innovation Centres like ventureLAB provide a suite of programs and services spanning the full commercialization continuum from idea to market.

ventureLAB's mandate extends across all nine municipalities in York Region, as well as Simcoe County and Muskoka District. This report addresses ventureLAB's activities as they pertain to York Region.

The Region has provided funding to ventureLAB to deliver business innovation and commercialization programming since 2011

York Region is a founding member of ventureLAB and holds a seat on the Board of Directors. York Region has provided annual funding of \$100,000 to ventureLAB since 2011 when it was founded. Other funders include the provincial and federal governments, the City of Markham, York University, Seneca College, SE Health and several private firms including IBM.

ventureLAB is mandated as part of the provincial network to advise and develop talented entrepreneurs to build world-class growth companies in Ontario. ventureLAB develops and delivers support programs and services that target technology based entrepreneurs starting and growing global enterprises.

York Region's Economic Strategy supports innovation through the Innovation Network Development Fund

As part of the Economic Development Action Plan, supporting business commercialization services and new business formation are identified as important action items to support innovation in the Region.

Between 2011 and 2015 there were a number of requests for funding to support initiatives that would deliver services for business commercialization and start-up advisory across the

Region. To address this, Economic Strategy allocated \$35,000 annually from within the Division budget to be used to fund innovation initiatives. Support was provided to organizations within the Region that demonstrated regional impact on the economy and that helped develop the innovation network.

Combining ventureLAB funding with these other initiatives over the last four years, a total of \$637,000 was used to fund a range of innovation initiatives. Some of the initiatives include NewMakelt, CreateITNow at Southlake Hospital, Clearwater Farm, and the Vaughan International Commercialization Centre. Funds provided were also used to leverage additional funding from other sources and levels of Government.

Each organization reported additional funding leveraged, the economic impact of the projects based on businesses supported and the number of jobs created. Organizations which received funding from the Region reported over \$53 million in economic impact.

4. Analysis

ventureLAB continues to demonstrate value to the Region's economy through its program results in 2018

ventureLAB operates the IBM Innovation Space-Markham Convergence Centre, a 50,000 square foot innovation hub that is home to over 45 tech companies and innovation partners and 300 jobs. ventureLAB has helped 2,000 businesses create over 3,500 jobs and helped over 100 companies raise \$103 Million in private and public investments since 2011. In 2018, ventureLAB engaged 158 York Region based companies through one-on-one advisory services.

Highlights include:

- **Innovation Supercluster Initiative:** In February, the Federal Minister of Innovation Science and Economic Development announced five successful Superclusters. ventureLAB collaborated with MaRS and Communitech for an Advanced Manufacturing Supercluster called Next Generation Manufacturing Canada (NGEN Canada). The CEO of ventureLAB has a seat on the Board of Directors of NGEN Canada. NGEN Canada has signed a five year contribution agreement with the Federal Government ending in March 2023 for \$230 Million in funding. This funding is to support major project applications involving York Region companies and will be distributed through ventureLAB and other NGEN partners.
- **Made in York Region - The Future of Tech:** On October 11, ventureLAB hosted an inaugural event at the IBM Innovation Space-Markham Convergence Centre, showcasing 30 companies based in York Region, attracting 250 attendees.
- **Capital Investment Program:** In 2018, 18 York Region based companies supported by ventureLAB raised \$5.8 Million in public and private investments. This funding enabled companies to launch products and expand to global markets.

- **Client Success Story: InField**, is a Markham based company and IBM-MCC tenant, that launched two new products, expanded to the US and Asia markets and grew its team by 2 people in 2018. After being accepted into ventureLABs six-month Accelerate Growth Program, InField experienced an increase in sales revenue.

ventureLAB expanded in its first year to meet increasing demand from entrepreneurs for commercialization services

In late 2017, a number of strategic objectives were underway to assist ventureLAB in meeting the demands of innovation network development and the increasing demand for client services. ventureLAB moved into the IBM Innovation Space–Markham Convergence Centre and expanded by 25,000 square feet in its first year to accommodate demand to support growing tech ventures and innovation partners looking to co-locate in one central location.

2018 was a year of transition and growth for ventureLAB and included key enhancements for a larger role in major initiatives such as the Advanced Manufacturing Supercluster NGEN Canada. A number of results were achieved through a focus on growing industry partnerships.

There was also strategic board direction to expand and refocus to meet client demands and support companies looking to scale their businesses. To support this direction current funders, including the City of Markham and York University, increased their funding contributions, and new funding partners Seneca College and SE Health were secured.

To support ventureLAB’s growth needs and facilitate their success, Council approved \$250,000 in funding in the 2019 budget

On February 28, 2019, Regional Council approved the 2019 budget which included \$250,000 in annual funding to ventureLAB. The budget increased ventureLAB core funding from \$100,000 to \$150,000 per year. It also introduced a new Entrepreneurship and Innovation Fund of \$100,000 per year, to be administered by ventureLAB for distribution to promising start-ups, incubators and accelerators across the Region. This fund is separate from the Innovation Investment Fund also approved in the 2019 budget. The Innovation Investment Fund will be available for large innovation infrastructure projects with transformational potential.

The new \$100,000 Entrepreneurship and Innovation Fund will continue to support Innovation network development in York Region

The Entrepreneurship and Innovation fund will be administered by ventureLAB in collaboration with the Region’s Economic Strategy Division. This fund aligns with regional strategic priorities and will be open to all industries and sectors. The purpose of the fund is to drive innovation and entrepreneurship throughout York Region by supporting promising early stage start-ups, accelerators, incubators, and community partners.

Parties interested in submitting projects to receive funding need to fit one of three funding streams:

1. **Community Partners:** Applicants must be located in York Region, be a not-for-profit organization and contribute to the development of entrepreneurship and innovation in the Region.
2. **Small Businesses and Entrepreneurs:** Applicants must be incorporated in Canada, have operations in York Region and be a Small-Medium Enterprise with 99 employees or less.
3. **Pitch Competition:** To be held at the annual Made in York Region event. Applicants must be incorporated in Canada, be a Small-Medium Enterprise with 99 employees or less and be a tech or tech-enabled company.

Funds will be awarded through a criteria based application process

To ensure that funds are disbursed between promising start-ups, accelerators and incubators, ventureLAB will hold an annual call for proposals. The evaluation process is outlined in Attachment 2.

Submitted proposals will be evaluated based on a set of criteria that will include:

- Economic Benefits: funds leveraged, partnerships created, business growth stimulated and job creation
- Innovation and Entrepreneurship Benefits: improve processes, bring new products and services to market, increase efficiency and improve profitability
- Alignment with both Regional and ventureLAB goals and priorities
- Alignment with key industries and emerging sectors in York Region

A full set of guidelines is being developed and a draft is provided in Attachment 3.

Innovation initiatives support the strategic goals of Vision 2051 and the Economic Development Action Plan

Vision 2051

An innovation economy is a goal in York Region's Vision 2051, which envisions York Region's economy as resilient and focusing on creativity and innovation with sufficient infrastructure and resources to support a knowledge-based economy. York Region's diverse labour force is supported with opportunities for collaboration and continuous learning and development.

Economic Development Action Plan

One key area of the action plan is Innovation and Entrepreneur Development which identifies the Region making strategic investments through the Innovation Network Development Fund. There are a number of activities in the Economic Development Action Plan associated with strengthening network development

5. Financial

Regional funding for ventureLAB and the Entrepreneurship and Innovation Fund is included in the approved 2019 budget. A total of \$250,000 per year for five years will be used to fund ventureLAB and develop the innovation network. The Region will be providing a total of up to \$1,250,000 in funding over five years as shown in the table below.

Table 1
Regional Investment for ventureLAB – 2019 - 2023

Year	Core Funding	Entrepreneurship & Innovation Fund
2019	\$150,000	\$100,000
2020	\$150,000	\$100,000
2021	\$150,000	\$100,000
2022	\$150,000	\$100,000
2023	\$150,000	\$100,000
Total	\$750,000	\$500,000

Regional funding accounts for 10% of ventureLAB's total revenue, which includes both core funding and program grants. Regional funds help to leverage investments from the provincial and federal governments as well as other organizations, agencies and the private sector. This includes the City of Markham, Seneca College, York University, SE Health and IBM.

The Province is ventureLAB's largest funder, providing just over 32 % of total revenue. ventureLAB's current funding agreement with the Province extends to March 31, 2020 which includes both core and program funding. No change in Provincial funding is expected for the duration of their agreement.

6. Local Impact

ventureLAB serves as an innovation and commercialization hub for companies in York Region across all nine local municipalities. ventureLAB delivers services with municipalities and their activities directly promote economic success and growth of enterprises looking to commercialize products and services. These services compliment overall network development which includes the four Small Business Enterprise Centres as well as innovation hubs and business accelerators across the Region. Local communities looking for provincial support for innovation services and initiatives work through ventureLAB to access programs. The City of Markham also provides funding to ventureLAB as a founding member of the organization with a seat on the Board of Directors.

7. Conclusion

Innovation is critical to the future economic prosperity of York Region. Regional Innovation Centres across the province, including ventureLAB, continue to support development and delivery of many support programs and services that target technology based entrepreneurs seeking to start or grow a business. ventureLAB is a key delivery partner with the Region and plays a critical role with innovation initiatives to help drive economic growth and job creation.

ventureLAB continues to demonstrate value to the Region's economy through key initiatives and program results in 2018. ventureLAB has helped 2000 businesses create over 3,500 jobs and raise \$103 Million in private and public investment since inception in 2011. Increased funding to ventureLAB will support overall growth and success of the organization, and allow ventureLAB to take on the role of administering the Entrepreneur and Innovation Fund to help build the overall innovation network across the Region.

The progress of ventureLAB's results, impact of programs through the Entrepreneur and Innovation fund will be reported as part of the annual update to Council.

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

Recommended by: **Paul Freeman, MCIP, RPP**
Chief Planner

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Commissioner of Corporate Services

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

May 31, 2019
Attachments (3)
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