

## 2015-2018 Business Plan & Budget Summary

**1. Organization Name:** CALGARY TECHNOLOGIES INC. (CTI)

**2. Current Vision and Mission:**

CTI operates as Innovate Calgary, governed by the terms of a Joint Operating Agreement (JOA) with University Technologies International (UTI). The JOA enables synergies between CTI and UTI to be realized, while maintaining separation of corporate responsibilities, finances, and risk management. This document will describe Innovate Calgary as a whole, except where CTI is directly relevant and noted.

Vision – Calgary will be the leading innovation ecosystem in Canada, and Innovate Calgary will be the leading organizational model driving the innovation ecosystem success.

Mission – Accelerate, facilitate and support innovation in the technology sector.

### 2015-2018 BUSINESS CASE

\*\*\*\*\*

**3. Synopsis of your organizational priorities and actions for 2015-2018:**

In addition to continuation and enhancement of Innovate Calgary's current program and service offerings (as described in sections 11 & 12), Innovate Calgary has identified the following new strategic initiatives:

1. Create an Energy Technology Accelerator (branded Kinetica Ventures), focused on establishing Calgary as a leading world centre for building and growing energy technology companies. Incremental City (and other) funding will be required to achieve this goal (see section 10).
2. Launch Emergex Capital Partners in conjunction with AIMCo as an energy tech investment fund
3. Leverage our expertise at building new technology companies to support Social Innovation initiatives throughout the community and at the UofC.
4. Enhance our Entrepreneur Development programs by introducing a new extended team of volunteer entrepreneur mentors who are qualified through a new certification process (MIT Venture Mentoring), and by enhancing collaboration with other incubators in the province.
5. Expand our subsidized office space program for client entrepreneurs.
6. Fully implement the Startup Visa program. Innovate Calgary is 1 of 5 incubators in Canada working with Citizenship and Immigration Canada (CIC) whereby an international entrepreneur accepted into our incubator can receive accelerated permanent resident status from CIC.
7. Expand our angel investor network, implement a new investment web portal, leverage relationships with other angel groups to achieve deal syndication.
8. Corporate: Complete the Master Services Agreement (MSA) with the UofC and City of Calgary, re-brand CTI as Innovate Calgary, implement enhanced client outcome metrics, and establish a more formal enterprise risk management program.

#### 4. Outline how your organizational priorities & actions align with Council Priorities for 2015-2018.

- Council has established a priority for Calgary to be a **Prosperous City**. **Calgary continues to grow as a magnet for talent, a place where there is opportunity for all, and the best place in Canada to start and grow a business.** All Innovate Calgary programs & services directly align with this Council priority.

- Council has identified actions to:

- **strengthen Calgary's position as a global energy centre and location of choice for international talent, investment and innovation through enhance business development, marketing and place-making initiatives.** Innovate Calgary's proposed Energy Technology Accelerator is a key element of this action, by establishing Calgary as an internationally recognized centre to build new energy technology businesses. Also, the Startup Visa program will attract new entrepreneurs to the city, and Emergex enhances investment opportunities in energy technology.
- **advance purposeful economic diversification and growth.** Innovate Calgary supports creation of new high growth businesses across the full spectrum of technologies ranging from energy and clean tech to ICT to bio, pharma, and medical devices. Innovate Calgary supports diversification of the economy by enabling high growth businesses.

- Council has also established a priority for Calgary to be a **Well Run City**. Innovate Calgary supports this priority through being very well run itself, through developing new efficiency improvement and overhead reduction initiatives year over year and through 11 to 1 leveraging of City grants to CTI. |

#### 5. Provide specific examples on how your organization will work towards restraining expenses and seeking efficiencies over the 2015-2018 timeframe outlining the net impact to service delivery or organizational sustainability.

City funding of CTI has remained flat for the past four years, in spite of inflation and a growing population (and hence client) base. CTI has accommodated this, while enhancing client service, through a combination of efficiency improvement and overhead reduction, and through accessing additional federal and provincial program grants. The organization is operating at full capacity. Efficiency improvement and overhead reduction has resulted from implementation of new IT systems (Finance, HR and CRM/client management) and by operating CTI and UTI jointly as Innovate Calgary. CTI and UTI have now reduced overall overhead costs through elimination of duplication and are sharing the remaining costs.

Further savings will be realized in 2015-18 through greater collaboration with other service providers, incubators and accelerators, and through creation of an extended team of volunteer entrepreneurs. This will enable capacity growth without incremental base funding. |

#### 6. Which of your key services are funded by the operating grant provided by The City?

The City grant funds the base operations of CTI (Finance, IT and Admin), as well as a portion of the Entrepreneur Development business unit programming. The base operations of UTI are fully funded by the UofC, as is the Intellectual Property Management business unit. CTI owns and operates the Alastair Ross Technology Centre, with net positive revenue funding a major portion of the Entrepreneur Development & Investment Development business units. With this CTI/UTI base funding in place, Innovate Calgary accesses a broad range of provincial and federal program grants, each of which directly funds specific program content but cannot be used to fund overhead. As detailed in section 13, the City achieves 11:1 leveraging of its grant to CTI as a result of this structure. |

**7. Identify performance indicators and targets you will use to evaluate your organization's performance in the 2015-2018 timeframe.**

Innovate Calgary currently has a very comprehensive set of annual target metrics for all aspects of the business (see section 12). In all, over 120 specific metrics have objectives established in the annual business plan. The status of each of these is reported on to the Board on a quarterly basis. Each year, the metrics are further refined, with new metric established for each new strategic initiative. In 2015 and beyond, metrics will be added in association with the new strategic thrusts identified in section 3.

As well, Innovate Calgary conducts an annual client outcome survey to gauge how well client entrepreneurs are doing at growing their businesses. While Innovate Calgary cannot take credit for our client successes, this is the ultimate measure of the value that Innovate Calgary provides to the community. In 2015 and beyond, we will be making significant enhancements to our client outcomes metrics process, collecting more information and in greater detail.

Innovate Calgary's performance is also measured in anecdotal terms – how we are perceived by individual clients, the public at large, by other service providers, academic institutions, and by the 3 levels of government. Although there are no metrics associated with anecdotal perceptions, we consider these as very significant indicators of our success. Our reputation in the community is key to us achieving our goals. |

**8. Identify how you will leverage resources in 2015-2018 and provide specific examples.**

|The City grant is currently leveraged 11 to 1 as a result of Innovate Calgary pursuing a wide variety of alternative funding options. In 2015-18, Innovate Calgary will continue to pursue new funding and leverage options including new federal and provincial programs (as they arise), exploring industry funding opportunities, sponsorships, and donations.

Innovate Calgary will also seek to reduce cost of service delivery (i.e. increasing capacity) through greater collaboration with partner organizations, and greater utilization of volunteer entrepreneur mentors.

In 2013, Innovate Calgary established MOU's with 3 partner organizations – Startup Calgary, Wavefront and PTAC. Going forward, we will continue to champion collaboration in the community to leverage the resources of all organizations. In 2014, Innovate Calgary has become an associate member of COSIA, and has established a partnership with TecEdmonton, which we believe will enable greater efficiencies for both organizations.

Innovate Calgary will leverage resources throughout the innovation ecosystem to assist client entrepreneurs, inventors, and investors achieve their goals. |

**BUDGET AND FINANCIAL INFORMATION**

\*\*\*\*\*

**9. Provide your budget projections covering the 2015-2018 timeframe** (complete table below).

<b>Operations (000's)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
City of Calgary draft operating grants	742	771	800	830
Other operating grants	4,255	4,382	4,505	4,624
Earned revenue from operations	4,191	4,342	4,750	4,695
Donations & fundraising revenue	4	0	0	0
Operating expenses	9,188	9,491	10,052	10,147
<b>Net of revenue and expenses</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>2</b>
Opening operating reserves	779	783	787	790
<b>Ending operating reserves</b>	<b>783</b>	<b>787</b>	<b>790</b>	<b>792</b>
<b>Capital (000's)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Opening capital reserves	1,376	1,758	2,015	32
Requested City of Calgary lifecycle grants	0	0	0	0
Other City of Calgary capital grants	0	0	0	0
Other capital revenues	650	650	750	1,263
Capital expenditures	(268)	(393)	(2,733)	(1,295)
<b>Ending capital reserves</b>	<b>1,758</b>	<b>2,015</b>	<b>32</b>	<b>0</b>

**10. Financial risks or challenges related to budget projections. Provide specific examples and year in which challenges are anticipated.**

The above budget projection does not include a proposed budget overlay for the Energy Technology Accelerator described below.

CTI has established and implemented very prudent budgeting and expenditure control processes which are overseen quarterly by the Audit Committee of the Board. Provided that government grants continue as currently defined, our biggest financial risk occurs in 2017 when one of our largest building tenants may possibly leave. When this occurs, CTI will have a temporary loss of revenue and incur capital costs for re-purposing the vacated space. Although this is a financial hit to CTI, we view this as an opportunity to provide additional space to early stage start up companies.

CTI is proposing to create a new Energy Technology Accelerator (ETA), which will establish Calgary as a leading world centre for building and growing energy technology companies. The annual operating cost of the ETA is approximately \$2.5M/yr, which we are proposing to fund 50% by industry, 25% by the federal government, and 12.5% by each of the City of Calgary and the province. **CTI is thus requesting an incremental \$320k/yr from the City of Calgary above the base grant in the above budget.** The federal portion has been secured through the Canadian Accelerator and Incubator Program (CAIP) as announced by the Prime Minister at the end of June, contingent on matching through non-federal sources. Innovate Calgary and TecEdmonton partnered on a joint submission to CAIP whereby we create the ETA and they create a Health Accelerator, each with a provincial focus. TecEdmonton has secured an incremental \$500k/yr from Edmonton (taking their grant from \$1M/yr to \$1.5M/yr).

**2013 ANNUAL REPORTING**

\*\*\*\*\*

**11. Outline your key services and activities undertaken in 2013 and how they advanced priorities identified in Council's 2012- 2014 Fiscal Plan for Calgary.**

Council's overarching priority for 2012-2014 was to make Calgary 'a great place to make a living and a great place to make a life'. One of the pillars of this priority was to 'make Calgary the best place in Canada for business to start and flourish'. Innovate Calgary's vision and mission is fully aligned with these priorities of Council. All of our activities directly support this goal. Innovate Calgary strives to assist entrepreneurs and SME's, researchers and inventors, and investors build and grow new technology based enterprises in Calgary.

Innovate Calgary offers programs and services as follows:

**Entrepreneurs and SME's:**

- Coaching and mentoring from in-house and volunteer 'Entrepreneurs in Residence', who are experienced serial entrepreneurs who have 'been there, done that'.
- Hands on training programs and workshops (Innovator's Toolkit, Go To Market) which entrepreneurs go through as they are building their company.
- Pitch coaching skill development and bootcamps to prepare entrepreneurs to present to investors.
- Virtual tenancy at the Alastair Ross Technology Centre, allowing basement companies to have a professional presence with access to meeting rooms, mailboxes, etc. as the business develops.
- Subsidized office space as entrepreneurs access Innovate Calgary programs and services (The Inc.)
- Flexible tenancy at the Alastair Ross Technology Centre where companies can grow, shrink, and grow again without the constraints of long term leases and restrictive covenants.
- Access to the Alberta Deal Generator network of angel capital investors.
- Turn key company creation services including: interim CEO, business plans, building a board of directors, attracting investment.

**Researchers and Inventors (UofC and Community based):**

- Access to experienced team of intellectual property experts capable of technology and market assessments, technology marketing and licensing, patenting, trademark and copyright protection.
- Access to 4 partner law firms capable of filing patent applications with favourable rates.

**Investors:**

- Access to pre-screened quality deal flow.
- Networking opportunities with other like-minded investors.
- Access to investor development programming, teaching people how to become better investors.

Innovate Calgary is also very active in promoting the technology sector and developing a sense of community within the sector. This is accomplished through various traditional and social media channels, and through hosting numerous events throughout the year, including major events such as Tech Showcase and TechRev, each of which draw 300-500 attendees as well as media attention. |

## 12. Identify how you measured the success of your services and activities in 2013. Please provide examples of these results.

As part of the annual Board approved and monitored business plan, Innovate Calgary establishes annual objectives and tracks both activity based metrics for all programs and services (over 120 specific measures), & overall client outcome metrics. Progress relative to plan is reported quarterly to the Board. Activity metrics are used as leading indicators for client outcome oriented metrics, which represent the ultimate goal of the organization.

Examples of activity based metrics include: # of entrepreneurs mentored, # of attendees for training and workshop events, attendee satisfaction surveys, # of new companies created, # of investment forums held, # of invention disclosures, # of promotional events held for clients, media coverage, etc.

Activity based metrics are supplemented with an annual client outcomes survey which focuses on statistics such as: company revenue & revenue growth, employment and employment growth, # of new products launched, \$\$ invested into the company by investors, etc.

In 2013, Innovate Calgary surveyed 165 companies (88 clients, 77 non-clients) as part of its TechRev initiative. Results of the survey were released publicly in Feb 2014 in our 'Report to the Community' event (with Dave Hancock, Minister of Innovation and Advanced Education), and as an insert in the Calgary Herald. Revenue and employment growth for client companies was substantially higher than for non-client companies. This result is consistent with data from other jurisdictions (e.g. TecEdmonton). Entrepreneurs who seek out mentorship have better outcomes than those who don't.

A (space constrained) sample of numerical results includes: mentored 128 new entrepreneurs, attracted 42 new SME clients, trained over 600 people in the Innovator's Toolkit program with an aggregate client satisfaction of 93%, hosted the YYCTECH Spotlight on Innovation event with over 300 attendees and over 600 nominees for recognition awards.

## 13. Identify how you leveraged resources in 2013. Please provide examples.

City funding represented 8% of our total funding which translates to 92% being raised elsewhere; or stated differently, for every \$1 of City funding, over \$11 is obtained elsewhere. The City benefits from the economic development activity of all funds invested in our organization, thus achieving tremendous leverage. In certain cases (e.g. provincial and federal program grants), our ability to raise the \$11 elsewhere is dependent on the City's base funding grant supporting our core operations – i.e. program grants only support direct program costs, not any overhead.

Non-City sources of funding include Federal and Provincial grants and program funding, tenant revenue from the CTI owned Alastair Ross Technology Centre building, funds from the University of Calgary for service delivery, Program and Service client revenue, service agreements with other organizations, and some private fundraising.

Moving forward, City funding will continue to be leveraged in a similar manner. As noted in a previous section, incremental City funding will be key to unlocking federal funding awarded to Innovate Calgary through the Canadian Accelerator and Incubator Program (CAIP) for implementing the Energy Technology Accelerator (ETA).