

THE CITY OF CALGARY

Action Plan

2015 – 2018

Calgary Technologies Inc *Action Plan 2015-2018*

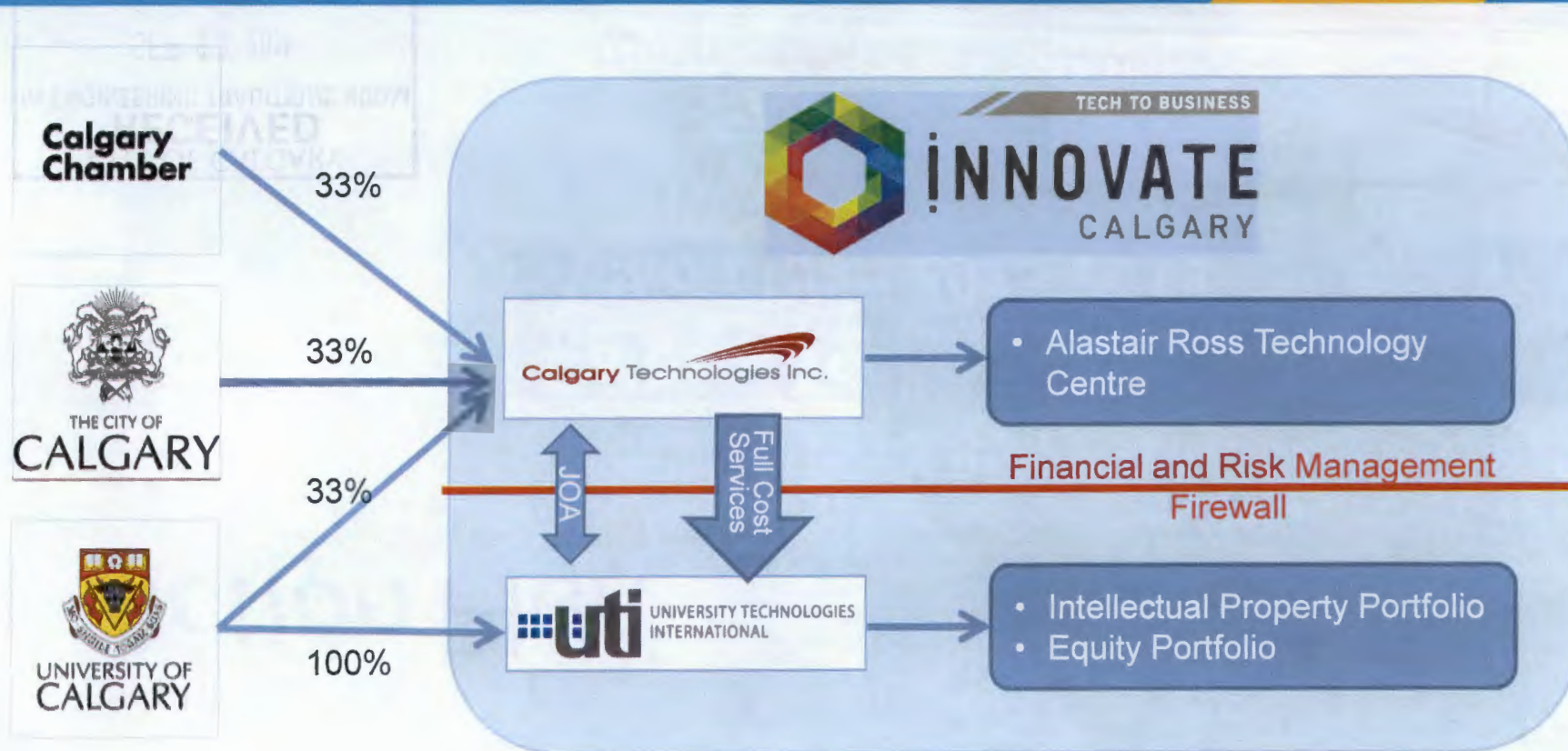
CITY OF CALGARY
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SEP 03 2014
ITEM: CPS2014-0504
Attach II.
CITY CLERK'S OFFICE


Calgary Technologies Inc.

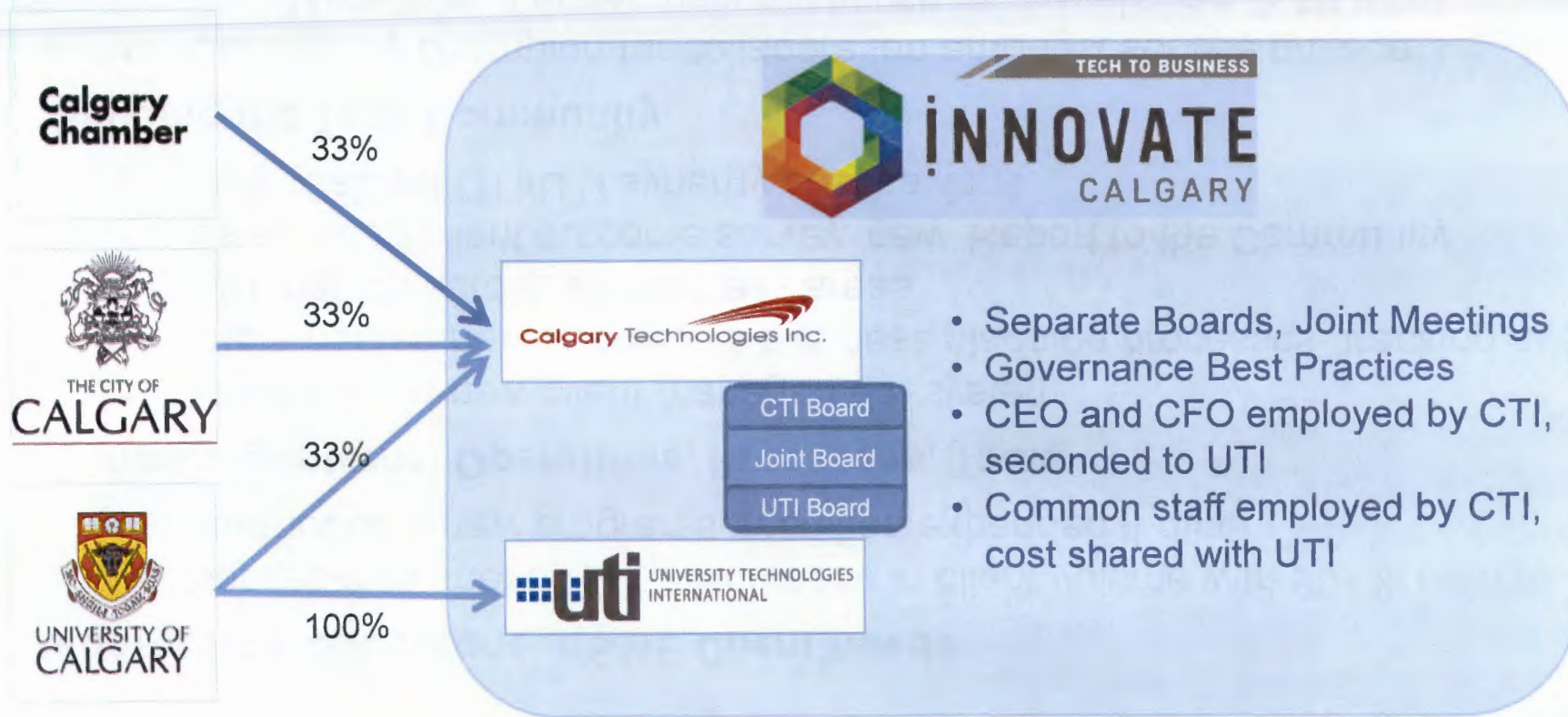
calgary.ca | contact 311



CTI Ownership and Operating Model



Governance Model



Major Innovate Calgary 2013 Achievements

Addressing Entrepreneur/SME Client Needs:

- Successfully met 60% YoY increase in client volume with 90+% ratings
- Introduced 3 new programs, modified/expanded 4 others

Enhancing Internal Operations, Processes, Tools

- Implemented new client management system
- Implemented new strategic & business planning processes, tracking over 120 metrics across all business areas
- Established client outcome survey, new 'Report to the Community'
- Fully realized CTI/UTI synergy cost savings

Building the Tech Community

- Community champion for collaboration amongst service providers
 - More than a dozen new relationships established (3 MOU's)
- Promotion of the Tech Sector through events, social and traditional media
 - 19 major IC events, 48 media articles, new website

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Client Outcome Metrics 2013

Stage of Development



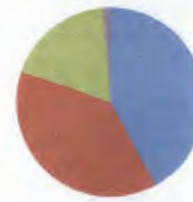
■ Development 17% ■ Startup 31%
■ Growth 45% ■ Mature 7%

Revenue



■ 0, 18% ■ < \$1M, 50% ■ \$1-5M, 27%
■ \$ 5-10M, 4% ■ > \$ 10M, 1%

Employment



■ 0 to 4, 42% ■ 5 to 19, 38%
■ 20-49, 19% ■ 50+, 1%

Financing



■ Dilutive 58%
■ Government 21%
■ Friends / Family 21%

Sector Focus



■ ICT 33% ■ Health 9%
■ Energy 18% ■ Mfg 6%
■ Professional 13% ■ Other

Source of Revenue



■ Alberta 45% ■ Canada 20%
■ International 35%

R&D Investment



■ 1-20K ■ 21 - 100K
■ 101-250K ■ 251 - 500K
■ 500 - 1M ■ 1-2M
■ >2M

Product Launches



■ 0 15% ■ 1 60%
■ 2-4 21% ■ Beta 4%

Source: Innovate Calgary
Report to the Community
February 3, 2014

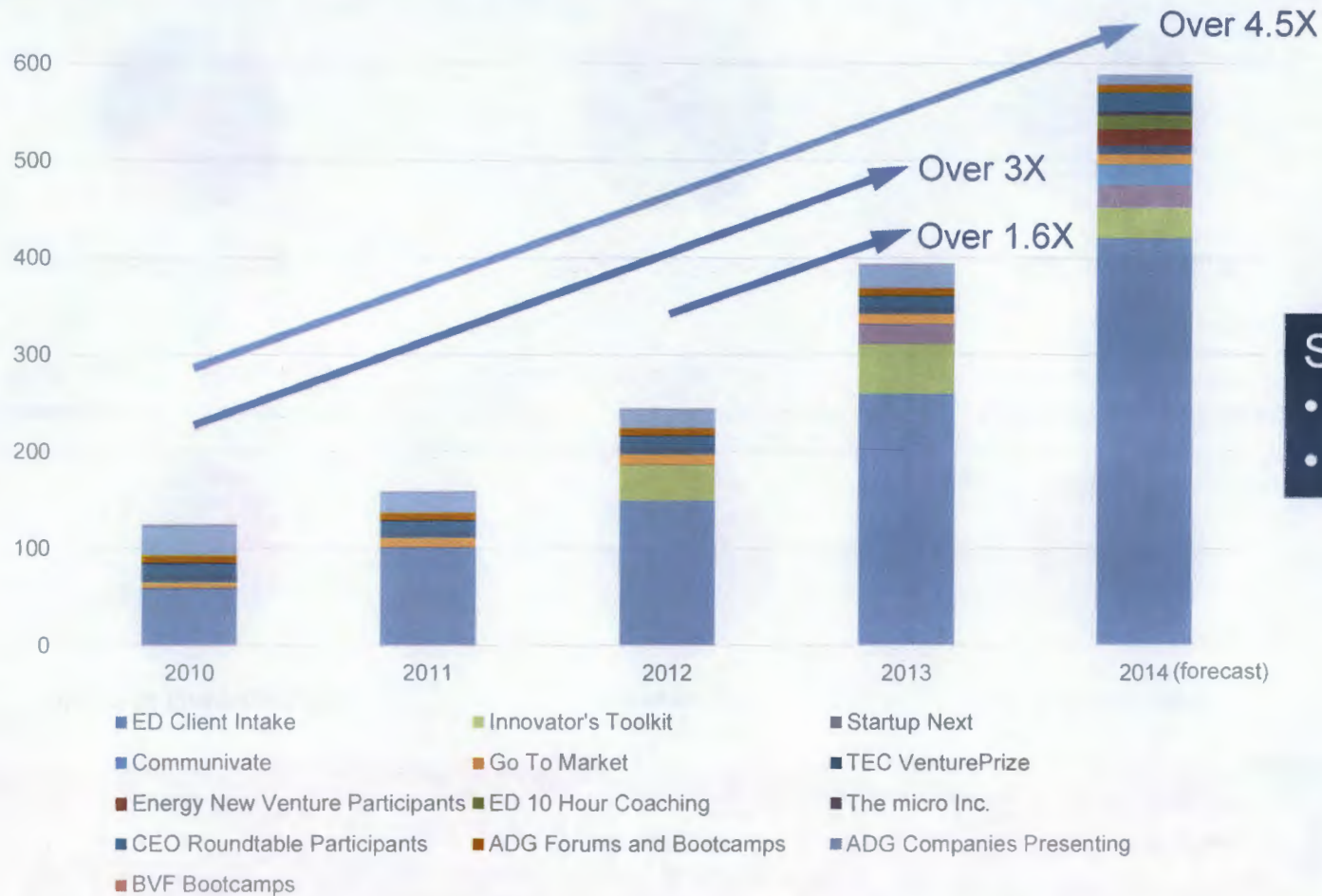


Full TechRev data published in Calgary
Herald 'YYCTech 2014' insert, Feb 2014

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Entrepreneur/SME Client Trends: 2010-13



Significant Growth:

- Clients served
- Programs offered

**Source: Innovate Calgary internal files as of August 14, 2014

Dealing with Growth in Service Demands

2010-13 Trends



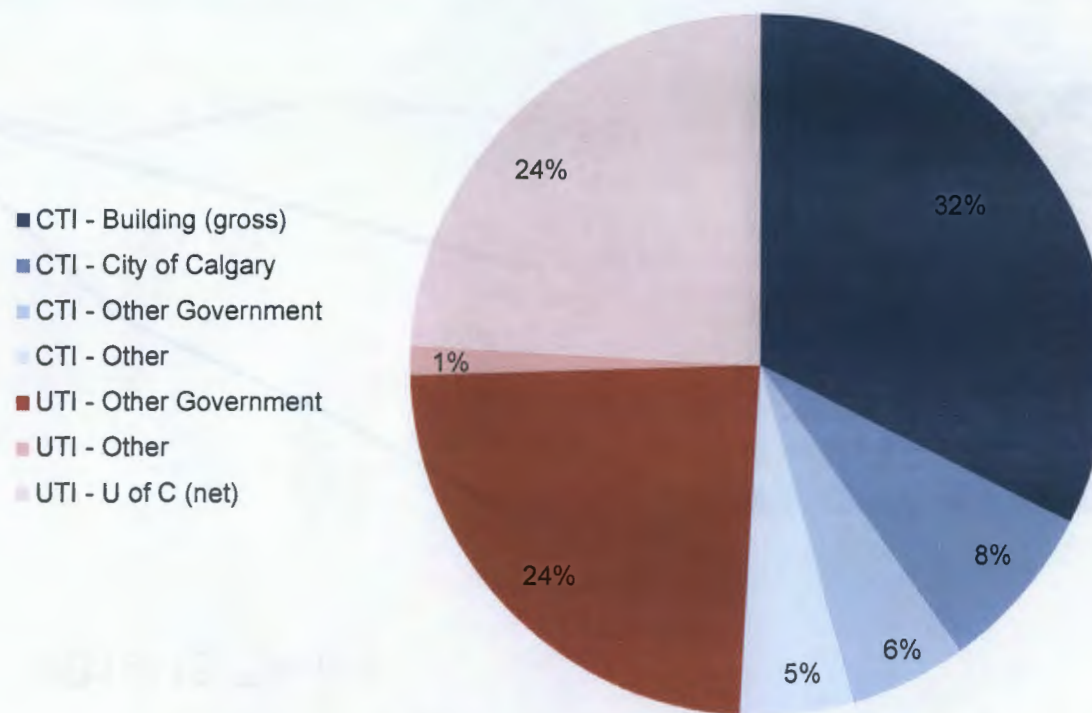
Client demand growth met via:

- Enhanced Team
- Enhanced Tools and Processes
- Fully exploiting CTI/UTI synergies
- Leveraging City funding

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Innovate Calgary Funding Model



- Total Funding: \$9M
- City leveraged 11:1
- UofC 2013: Royalties (variable)
2014: Fixed Fee (MSA)

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Action Plan 2015-2018 – Business Plan

- Serve clients**
- Support anticipated growth in client volume
 - Continue to enhance program and service offerings

Strategic Thrusts

- Energy:
 - Create Energy Tech Accelerator (Kinetica Ventures)
 - Launch Emergex Capital Partners with AIMCo
- Entrepreneur and Investment Development
 - 'Extended Team' (volunteers), MIT Venture Mentoring process
 - Subsidized office space for client entrepreneurs (The Inc.)
 - Startup Visa program implementation
 - Expand angel investment network, deal syndication, re-brand
 - Enhance collaboration with other incubators/service providers
- Social Entrepreneurship
 - Leverage our expertise building newco's

Corporate

- Implement Master Services Agreement with UofC
- Re-brand CTI as Innovate Calgary

Action Plan 2015-2018 – Business Plan

Energy Technology Accelerator



Vision: *'Establish Calgary as the preferred global location to build and grow an energy technology company'*

- Why?
- Improve the energy industry's competitiveness through innovation
 - Build export-oriented energy technology companies in Calgary
- How?
- Accelerator: Takes startups through the "Valley of Death" to commercialization.
 - A proven model that helps start-ups access funding, mentorship, field trials and strategic relationships.
- When?
- Soft launch June 2014 / hard launch TBD 2014-15.

Funding Model: \$2.5M/yr

- | | |
|----------------------------|--------------------|
| • Industry charter members | 50% |
| • Federal (NRC-IRAP) | 25% (secured!) |
| • Provincial | 12.5% |
| • City | 12.5% = \$320 k/yr |

Incremental City
funding request
of \$320 k/yr

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Action Plan 2015-2018 – Business Plan Federal Funding for Kinetica Ventures

- Canadian Accelerator and Incubator Program (CAIP), administered by NRC-IRAP
- Innovate Calgary and TecEdmonton partnered together on a joint submission
 - Innovate Calgary to create an energy technology accelerator, and TecEdmonton to create a health accelerator, each with a province wide focus.
 - Only successful submission from Alberta
 - Funding conditional on 50% matching funding from non-federal sources
 - Discussions underway with industry and the province

Landmark Innovate Calgary / TecEdmonton collaboration!

Performance Measures

Activity

- All aspects of our business have target metrics
 - Over 120 measures integrated into business plan
 - Quarterly status reporting to the Board
 - Metrics added/deleted with program changes to Business Plan

Outcomes

- Annual client survey will continue to be used to assess how well client entrepreneurs are doing at building and growing their businesses

Perception

- Innovate Calgary performance is also measure 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. Our reputation in the community is key to us achieving our goals

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2015-2018 Operating & Capital Budgets

Operations (000's)	2015	2016	2017	2018
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
Net of revenue and expenses	4	4	3	2
Opening operating reserves	779	783	787	790
Ending operating reserves	783	787	790	792
Capital (000's)	2015	2016	2017	2018
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)
Ending capital reserves	1,758	2,015	32	0

Excludes incremental funding for Energy Technology Accelerator

Risks and challenges

Internal Controls

- CTI has established and implemented very prudent budgeting and expenditure control processes which are overseen quarterly by the Audit Committee of the Board

Revenue

- Provided that government grants continue as currently defined, our biggest financial risk occurs in 2017 when one of our largest building tenants may leave. 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

Alignment with Council Priorities

Priority/Action

- **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.
- **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 Alignment

- All Innovate Calgary programs & services directly align with this Council priority.
- The Energy Technology Accelerator is a key element of this action, by establishing Calgary as an internationally recognized centre to build new energy technology businesses.
- The Startup Visa program will attract new entrepreneurs to the city
- Emergex enhances investment opportunities in energy technology.

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Alignment with Council Priorities

Priority/Action

- **Advance purposeful economic diversification and growth.**
- **A Well Run City**

Innovate Calgary Alignment

- 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.
- 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.



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