

1. Organization Name: Calgary Technologies Inc. (CTI), operating as Innovate Calgary

2. Fiscal Year: 2014/15 – April 1- Mar 31

3. Latest Annual Report available and web address: 2014

<http://www.innovatecalgary.com/micro-site/annual-report-2014/#/micro-site/annual-report-2014/>

GOVERNANCE

4. Current Vision, Mission & Mandate (include any proposed changes)

Innovate Calgary stimulates, facilitates, and accelerates the introduction of innovations in the market thereby diversifying the economy, providing viable solutions to industry, stimulating economic growth and wealth creation, and providing overall benefit to our community and society.

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.

5. Identify Board and senior management positions, incumbents and vacancies:

BOARD: one opening (currently 11 members vs a target of 12), maximum allowed in bylaws of 25

- City Appointees: Michael Whitt (Board Chair), Gord Follett, Henry Jung
- University Appointees: Ed McCauley, John Reynolds, Linda Dalgetty (Audit Committee Chair)
- Chamber Appointees: Simon Vincent (Board Vice-Chair, Governance & Compensation Committee Chair), Evan Hu, Brad Zumwalt
- Independent: Pierre Doyon, one opening
- Innovate Calgary: Peter Garrett (ex officio)

SENIOR MANAGEMENT: no openings currently

- Peter Garrett, President & CEO
- Henry Kutarna, VP Investment Development & Market Development
- Stace Wills, VP Energy Commercialization
- Ken Porter, VP Intellectual Property Management
- Susan Delesalle, Chief Financial Officer

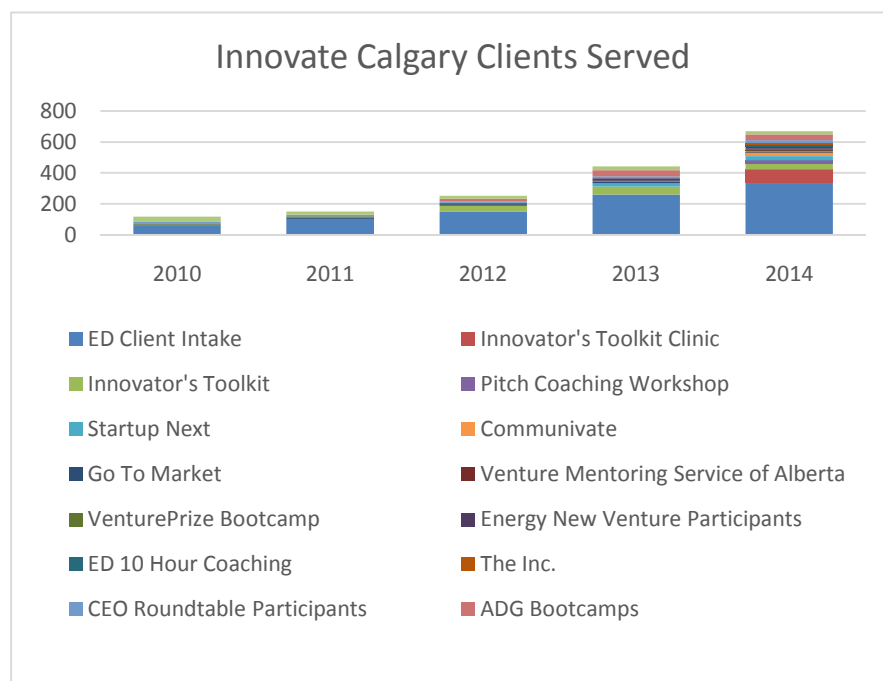
6. Discuss succession planning for Board and senior management.

The Governance & Compensation Committee of the Board manages all processes related to Board composition and CEO selection and performance evaluation, making recommendations to the Board when changes are needed. Board members are limited to serving 6 years through term limits. In 2014, 5 new members joined the Board. Selection and evaluation of senior management other than the CEO is the responsibility of the CEO, & is overseen by the G&C Committee.

2014 YEAR IN REVIEW

7. Summarize 2014 accomplishments (based on established goals or objectives).

In 2014, Innovate Calgary served 50% more clients than in 2013 with a wide variety of programs and services. Additionally, a number of new initiatives were introduced: Venture Mentoring Service of Alberta (VMSA) – a volunteer mentoring program, a focus on social innovation, an energy technology company accelerator branded as ‘Kinetica’, and a new co-working space for entrepreneurs accessing our services branded ‘The Inc.’. Development of these initiatives will carry on throughout 2015.



8. Provide performance measures (targets and actual) used in 2014. Include any challenges in meeting targets.

Innovate Calgary utilizes a broad range of annual activity and outcome metrics (over 100). Target metrics are established at the start of the year as part of the Board-approved Business Plan, and are reported quarterly to the Board, and reviewed in detail by the Board at year end. Highlights are made public in both our Report to the Community and in our Annual Report. Metrics specific to a grant agreement or services agreement are also reported to the funder in a year-end report. Specific to the City of Calgary’s grant, Innovate Calgary supports the development of entrepreneurs and their enterprises with a broad suite of programs and services such as coaching and mentoring, training and workshops, and physical space. The chart above highlights the growth of entrepreneur clients being served and the type of service they are accessing. Client volume has grown by over 50% in 2014 over 2013, and by more than 470% over the past 5 years. We are increasing reliance on volunteers and partners to meet this tremendous growth in demand for our services, in a flat funding environment.

9. Describe how your organization's 2014 activities contributed to the economy and culture of Calgary, Calgary's environment and the well-being of Calgarians.

(<http://www.calgary.ca/CA/cmo/Documents/TBL%20Framework.pdf>)

Innovate Calgary stimulates, facilitates, and accelerates the creation of new innovation oriented businesses. By nurturing these emerging businesses and entrepreneurs with a variety of programs and services, economic growth and diversification are enhanced, and a broader range of career opportunities become available for creative, entrepreneurial people. Both of these factors result in the City becoming more attractive for attracting and retaining bright minds eager to live, work and invest in Calgary.

Entrepreneurship has always been a hallmark of Calgary, initially in agriculture and later in Oil and Gas. Today, we are experiencing an explosion of young people interested in building enterprises and careers in technology and social innovation, in both traditional and new economic sectors. This explosion is strengthening the economic base of the City through growth and diversification – both within the energy sector and away from the energy sector. Innovate Calgary is at the heart of this revolution, working closely with other service providers to support entrepreneurs.

Innovation-oriented entrepreneurs want to move fast – to advance their ideas quickly, and build their enterprises to meet market demands before anyone else can. They want and need help, and they don't particularly care who gives them that help. Recognizing this need, Innovate Calgary is shifting emphasis from exclusively focusing on providing services to entrepreneurs ourselves, to simply ensuring that entrepreneurs get the timely support they need – whether that help comes from us or from other service providers. To this end, we are building the network of service providers and volunteers who can be part of the support system for entrepreneurs. At Innovate Calgary, we see ourselves both as a service provider and as a hub of a much larger ecosystem of people and organizations there to support entrepreneurs.

10. Indicate what resources were leveraged to support operational activities, providing examples.

Financial: Innovate Calgary leveraged the City of Calgary's \$750k grant to CTI by a factor of over 11 to 1 in 2014/15, and plans leverage of over 14 to 1 in 2015/16 (\$10.6M budget). Other sources of funding include grants from the federal and provincial government, service agreements with the University of Calgary and CCEMC, fee-for-service contract revenue with SME's, fees associated with our programs and services, net revenue from tenants in our building, and sponsorships and private fund raising.

Resources: Innovate Calgary also utilizes a highly collaborative model that leverages volunteers and resources of other service providers. Examples include the usage of volunteer entrepreneur mentors in our newly created Venture Mentoring Service of Alberta (VMSA), and partnerships with organizations like PTAC, Calgary Economic Development, and TecEdmonton. In 2015, Innovate Calgary is extending this concept by bringing together over 70 service providers in Southern Alberta for our annual TechRev event. Facilitated by Innovate Calgary, entrepreneurs will be able to 'shop for services' from these 70 service providers, picking the organizations that can best serve their needs.

LOOKING FORWARD**11. Based on your business plans for 2015-2018, what are your priorities and deliverables for 2015-2016?**

In addition to serving entrepreneur clients through existing programs and services, in 2014 Innovate Calgary launched a number of initiatives which will be fully implemented in 2015, and enhanced in future years.

1. Energy Technology Accelerator (branded Kinetica Ventures), focused on establishing Calgary as a leading world centre for building and growing energy technology companies.
2. Leverage our expertise at building new technology companies to support Social Innovation initiatives throughout the community and at the UofC.
3. Enhance our Entrepreneur Development programs with a new extended team of volunteer entrepreneur mentors (Venture Mentor Service of Alberta), who are qualified through a new certification process (MIT Venture Mentoring), and by enhancing collaboration with other incubators in the province.
4. Expand our subsidized office space program for client entrepreneurs, thru The Inc.
5. 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.
6. Expand our angel investor network and leverage relationships with other angel groups to achieve deal syndication.
7. Corporate: Complete the Master Services Agreement (MSA) with the UofC, re-brand CTI as Innovate Calgary, implement enhanced client outcome metrics, and establish a more formal enterprise risk management program.

12. Identify any changes to plans and/or budget projections for 2015-2018.

Innovate Calgary is not currently anticipating any changes to budgets or plans from that which was previously presented to the City last Sept, 2014. We are implementing a formal Enterprise Risk Management program which, among other things, monitor any risks to our budget and/or business plan. Current risks identified include potential loss of revenue associated with:

- Tenancy in our building declining as vacancy rates rise in the City due to the drop in the price of oil. We have budgeted occupancy of our building at between 90 and 95%.
- Changes in provincial government funding associated with either a change of government, or changes to provincial priorities which may impact us.

13. What would be the operational impact should there be a reduction in your grant(s) from The City?

Over the past two years, Innovate Calgary has experienced flat to lower funding from both the City of Calgary and the province of Alberta, while simultaneously absorbing cost inflation and supporting substantial growth in entrepreneur client volume. We have managed to accommodate this growth through increased reliance on volunteers and partnerships, which is good, but has limits. Further capacity to off-load to either volunteers or other service providers is very limited. Thus, any further cuts to funding would likely result in a reduction in programs and services for entrepreneurs. The impact of this would be that Calgary is a less desirable location for building and growing a new enterprise.

Competition amongst western Canadian cities for these innovation-oriented entrepreneurs is already intense. Vancouver has established itself as a popular location for technology businesses, and Edmonton is investing heavily through TecEdmonton. The City of Calgary, in partnership with the UofC, SAIT and MRU needs to maintain and grow a focus in this area.

Depending on the magnitude of a potential funding cut, Innovate Calgary would have to reduce staff directly supporting entrepreneurs, reduce ecosystem development work, or step back from leading 5 of the 31 actions in the recently approved City of Calgary Economic Strategy, or some combination of these.

14. Identify any specific opportunities/projects that would directly stimulate the Calgary economy if supported by a strategic investment by The City.

In the fall of 2014, Innovate Calgary proposed to the City of Calgary that it provide \$350k/yr matching funding to federal and provincial funding for Kinetica, an Innovate Calgary energy technology company accelerator. We believe that Calgary can and should be *the* world leader in building and growing innovative new energy technology companies. There are many rationales for this belief, and both the provincial and federal governments share this vision. City of Calgary funding of this program would result in expansion of our capacity to serve SME's in this area. Only 6 months after launching Kinetica, we are already running at the maximum capacity of supporting 15 SME's.

Innovate Calgary is attempting to champion greater collaboration amongst a wide variety of service providers and educational institutions in Calgary. Collaboration is always a challenge, as each organization is running at full capacity already, and there is limited time/funding for working with others. Innovate Calgary could work with key partners to develop a more specific proposal for The City of Calgary if there was interest in exploring this opportunity.