

THE FUTURE OF INNOVATION IS NOW

2009/10 – 2011/12 BCIC Service Plan Update
September 2009

BRITISH
COLUMBIA
INNOVATION
COUNCIL





Library and Archives Canada Cataloguing in Publication Data

BC Innovation Council.

Service plan. - 2009/10 2011/12 -

Annual.

Continues: Innovation and Science Council of British Columbia Service Plan.

ISSN 1718-2654 = Service Plan (BC Innovation Council)

Also available on the Internet.

1. BC Innovation Council - Periodicals.
2. Science and state - British Columbia - Periodicals.
3. Technology and state - British Columbia - Periodicals.

I. Title.

II. Title: BC Innovation Council Service Plan.

III. Title: Innovation and Science Council of British Columbia Service Plan.

HC117.B74 354.2'745 C2006-960002-3



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MESSAGE FROM THE CHAIR



*Greg Aasen
Chair, BC Innovation Council*

Dear Minister Black,

On behalf of the Board of Directors and the employees of The British Columbia Innovation Council (BCIC), I am pleased to present the organization's Service Plan Update for fiscal years 2009/10 to 2011/12. This Update contains the same information as the January 2009 Service Plan except for the refinement of wording in our goals (page 9) and core business areas and programs (page 13). We have also updated our Board of Directors list and have included updated information from our Shareholders Letter of Expectations that was signed in January 2009.

The Council has been identified by your Government as the lead organization charged with driving the commercialization of innovation in British Columbia. Given the rapidly changing financial outlook in BC, Canada and in key international markets, it is now more important than ever to secure a strong and healthy growth rate in the knowledge economy, a task that we at BCIC take as our core mandate and key undertaking.

As the Chair of BCIC it is my privilege to lead a strong Board of Directors and a very committed staff towards delivering on the expectations and targets set forth by the Government of British Columbia.

Providing strong and deliberate support to the technology industry at a time when the economy is under severe pressure allows BCIC to stimulate the involvement of many partners and seed activities that create economic opportunities.

Growing the knowledge economy, advancing the quality and quantity of talent available, creating new jobs and supporting research leading to new innovative solutions will help secure a top position for BC in the global competition for top talent and sector excellence.

BCIC looks to expand its role as a leader, collaborator and catalyst to accelerate innovation and commercialization throughout British Columbia. The Council is well positioned to tackle important and complex challenges associated with growing British Columbia's knowledge economy at a time when the global economy may indeed contract and growth becomes even more challenging. Due in part to the current economic and fiscal downturn, funding for BCIC has been significantly reduced in the Service Plan to reflect overall government direction. We have therefore adjusted our plans and program delivery to reflect the reduced budget for the 2009/10 – 2011/12 period.

Commercialization of innovation across our most promising sectors is fundamental to the success of the knowledge economy in British Columbia. Industry has expressed concern in the areas of talent availability, some frustration at the levels

MESSAGE FROM THE CHAIR

of commercialization from our research institutions and the lack of an entrepreneurial drive in the province. Through instruments such as the Premier's Technology Council's 10th Report, BCIC has listened and taken a number of measures and initiatives that address these concerns.

Specifically, BCIC is focused on three areas: Talent, Commercialization and Innovation.

Talent: The most valuable resource anyone can have is people that bring skills and strength to an organization. Skilled and talented individuals are required to ensure that the knowledge economy can continue to grow. BCIC uses a number of different tools to grow the talent of students in our own education system, and seeks to attract the best skilled workers from abroad.

Commercialization: BCIC works closely with the Province's technology transfer offices to encourage more ideas to reach the marketplace and get translated into commercial success. BCIC looks to encourage the interaction between the applied sciences and business, at the student level, as well as the faculty and researcher level to increase the Province's return on investment (ROI) from research and science investment at BC's universities and institutes.

Innovation: BCIC works with universities and institutes, as well as the K-12 system to encourage the growth of an innovation mindset in BC. BCIC looks to support and enable entrepreneurship, and develop ideas that will result in robust business plans. In concert with the BC Regional Science and Technology Network (BCRSTN) of nine councils, BCIC is reaching out to every corner of the province.

Through mentors, business planning and proof-of-concept support, BCIC helps accelerate the growth of the knowledge economy and the small and medium sized enterprises (SMEs) that form its base. BCIC has assembled a group of highly experienced experts in sectors where BC has core competency and growing world potential. BCIC looks to accelerate those key sectors to new levels of visibility internationally and to greater capacity at home.

The 2009/10 – 2011/12 Service Plan Update continues the development of the plans laid out in last year's Service Plan and is prepared in accordance with the Budget Transparency and Accountability Act. The Board is accountable for the contents of the plan including the selection of performance measures and targets. The plan is consistent with government's priorities and overall Strategic Plan, which includes the BC Research and Innovation Strategy. All significant assumptions, policy decisions, and identified risks, as of August 15, 2009 have been considered in preparing the plan. While I recognize

the fiscal restraint that follows the current domestic and international economic climate, it is the hope of the BCIC board and employees that BCIC continue to deliver a highly efficient and strong suite of activities and programs. The current budget forecast will not impact the selection of activities and programs that BCIC delivers; it will however reduce the number of participants in specific programs and may reduce the degree to which various initiatives are supported. It is my hope that in the coming years, new funding can be considered for BCIC initiatives that further grow the knowledge economy, which is so critical to the economic future of BC.

As we all wait to see what will happen to the world economy, the North American economy and specifically British Columbia's and Canada's economy, the BCIC remains confident that the knowledge economy will remain a significant factor in the future of the composition of British Columbia's economic picture. It is likely that many companies will go through contraction and various levels of pain, however, given that British Columbia does not have a large number of head offices with multiple thousands of employees, the shocks that are felt in New York's or London's financial industries or Ontario's automotive industry, will not happen in BC. It is our hope that BC's industry will continue to develop, albeit perhaps at a slower pace for some quarters.

In closing, I would like to thank you as the current Minister of the Ministry of Small Business, Technology and Economic Development, Deputy Minister Don Fast and past Minister Ida Chong for your support of BCIC, along with all the ministries across government that BCIC works with on a daily basis.

Yours truly,



Greg Aasen,
Chair, BC Innovation Council

ORGANIZATIONAL OVERVIEW

The BC Innovation Council (“the Council”) is a provincial Crown agency operating under the 2006 British Columbia Innovation Council Act. Greg Aasen chairs the 11 member Council Board, which is responsible to the Honourable Iain Black, Minister of Small Business, Technology and Economic Development. As of August 15, 2008, the Council had a staff of 21 led by CEO Dean Rockwell.

Corporate Governance

The British Columbia Innovation Council follows, and is in compliance with, the Board Governance guidelines posted on the Board Resourcing and Development Office (BRDO) website.

The Lieutenant Governor in Council, through Order-in-Council, appoints the members of the BC Innovation Council Board, and delegates the role of the Chair. The Board Chair reports to the British Columbia Legislative Assembly through the Minister of Small Business, Technology and Economic Development. As of August 15, 2009 the Board of Directors has 11 members:

- Greg Aasen, Chair
- Jonathan Burke
- Gurval Caer
- Jock Finlayson
- Richard Glickman
- Doug Horswill
- Greg Kerfoot
- Jill Leversage
- Martha Salcudean
- Morgan Sturdy
- Alan Winter

There are currently up to four vacancies.

The Board

- Sets the strategic direction and approves appropriate plans from management;
- Recruits, empowers and monitors the executive management;
- Shepherds and safeguards Council resources, approving major financial decisions, ensuring internal controls are in place and addressing areas of risk;
- Measures corporate performance, reporting regularly to the stakeholders to ensure compliance with applicable laws and ethical standards.

Board Committees

- The Audit and Finance Committee helps the Board fulfill

its obligations and oversight responsibilities relating to the audit process, financial reporting, corporate control systems and risk management. When required, it makes recommendations to the full Board for approval.

- The Programs Committee helps the Board formulate programs and initiatives by providing valuable insight from NGO and private sector perspective and experience.
- The Governance and Board Nomination Committee reviews board policies and practices, ensuring the Council fulfills its legislated mandate, and implements effective due diligence over the Council's governance.
- The Human Resources and Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the Council's staff policies and practices.

At the time of writing, the following board members are members of the following committees:

Audit and Finance Committee:

Jock Finlayson, Jill Leversage

Governance and Board Nomination Committee:

Richard Glickman, Greg Kerfoot, Morgan Sturdy

Human Resources and Compensation Committee:

Richard Glickman, Alan Winter

Governance Principles

The Council's Board has adopted the guiding principles outlined in the Province of British Columbia's Governance Framework for Crown Corporations in establishing a framework from which to operate.

These principles include:

- Stewardship, leadership and effective functioning of the Board.
- Performance and value, innovation and continuous improvement.

Governance Disclosure

The Council's governance documents and related disclosure practices are available at <http://www.bcic.ca/about-us/governance>, as well as from BCIC's Chief Financial Officer, who keeps a full log and library of all documents related to the Council and its activities.

Senior Management Team

Dean Rockwell – Chief Executive Officer

Phil Reeves – Chief Financial Officer

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Ross Waddell – Director, Programs

Lin Kishore – Director, Marketing & Communications

Strategic Context

The Premier of British Columbia has appointed BCIC as the Government's lead organization responsible for driving the commercialization of innovation in the province.

The 10th Premier's Technology Council report has identified BCIC as a key agency in the drive towards a strong knowledge economy.

The Global Connect Report – “Integrating and Enhancing the BC Knowledge Transfer System” – identified BCIC as the best placed organization to “act as an honest, neutral broker to facilitate the active engagement of entrepreneurs, researchers, technology companies, capital providers, service providers and government agencies to build a community that assists in the mobilization of knowledge and the formation and growth of technology-based business opportunities in BC”.

BCIC is active in the development of the knowledge economy in British Columbia. Given the reality of what has happened to the economy domestically and internationally over the past five months, it is very difficult to assess what the coming three years will look like. Changes occur almost daily and BCIC continues to ensure that its services continue to meet industry and government expectations. Through an active board made up of industry experts and continued consultations with ministries across government and a number of other organizations, BCIC keeps ensuring that it maximizes the return on investment on the funds it can commit to growing and securing BC's knowledge economy.

Mandate

BCIC receives its mandate and direction from the Shareholder's Letter of Expectations.

BCIC's mandate is outlined as follows:

- a Encourage development and application of advanced or innovative technology and the talent that drives it to meet the needs of industry in British Columbia including the implementation, administration and funding of programs and the organization and management of projects and initiatives that serve to further the objectives set out in this section;
- b Consider all matters brought to its attention by the Minister and if required by the Minister report its findings to the Minister;

- c Formulate recommendations to the government respecting the acquisition, development and dissemination of scientific, technological and scholarly knowledge to promote the industrial, economic and social development of British Columbia;
- d Advise the Government on implementation of science policy;
- e Gather and organize information on scientific research;
- f Facilitate discussions on science policy with Canada or a province or with an interested person;
- g Recommend to the Government the establishment and awarding of fellowships, scholarships, exhibitions, bursaries, grants and prizes to encourage development of improved technology and retention of skilled research personnel in British Columbia; and,
- h Evaluate research and development proposals and make recommendations to the Government respecting funding of these proposals.

In addition, the Council has been directed to take the following actions in this fiscal year:

- i Continue to financially support, and ensure accountability for, the University Industry Liaison Offices and the British Columbia Regional Science and Technology Network and its member councils;
- ii Provide administrative support to the British Columbia Foundation for Research, Science and Technology (BCFRST) - the decision making body which coordinates the programs being launched under the \$50 million Natural Resources and Applied Sciences Research Endowment;
- iii Continue to develop and initiate programs that support the creation, growth and retention of promising, small technology companies, industry relevant research and the attraction, development and retention of HQP in British Columbia;
- iv Encourage, assist and facilitate government, industry and academia in the evaluation, development and transfer of ideas, technologies, commercialization opportunities and innovations supporting Government's Climate Action and Clean Energy goals/initiatives;
- v Provide advice to the Minister, as requested, in support of the advancement of research and innovation and the entrepreneurial science and technology culture in British Columbia;

ORGANIZATIONAL OVERVIEW

- vi Establish research and innovation agreements and initiatives with international governments, businesses and institutions;
- vii Continue to implement applicable recommendations arising out of Global CONNECT's Report on Integrating and Enhancing Innovation in British Columbia and the Premier's Technology Council's 10th Report on Innovation and Commercialization, as well as the 11th Report focused on integration of Industrial Design in the innovation and commercialization process;
- viii Implement Climate Action and Clean Energy goals/ initiatives in order to assist the Province in achieving its greenhouse gas emission reduction target of 33 percent by 2020;
- ix Identify and bring to the Minister's attention those opportunities, gaps or initiatives currently beyond realization due to the Council's budget, or other resource constraints, that could significantly impact the state of innovation within British Columbia.

Accountable

For its activities, ensuring efficient, transparent and fair processes are followed.

Vision

Facilitate and expedite top-tier innovation and commercialization for British Columbia in partnership with government, industry and institutions.

Mission

Provide catalytic leadership to enhance collaboration across the public sector, private sector and research institutions to drive the flow of talent, innovation and commercial success for British Columbia at home and around the world.

BCIC Values

BCIC's values are:

Entrepreneurial

Identifying the needs of its primary market — the research and innovation sector in the province — and ensuring that it carries out market driven activities.

Innovative

Pursuing opportunities that ensure its resources are effectively utilized and sustainable activities are developed.

Partner-driven

In its collaboration with other organizations, leverages and adds value to programs and activity planning and execution.

BCIC GOALS

Goal 1: Talent Development

Increasing human resource talent to meet the needs of BC's expanding technology sector

To address the need of BC's technology businesses for highly qualified personnel, BCIC is building a culture of innovation and entrepreneurship in the province. Through its talent development programs, the Council is providing a continuum of training, financial support and mentorship for students from elementary through post-secondary levels. These programs support students in each phase of their education to prepare them for careers in industry.

Objectives

- To increase the number of students pursuing careers in science and technology.
- To improve the skills of students and entrepreneurs in the BC science and technology community.

Strategies

- Increasing elementary and secondary student participation in science (such as science fairs), technology and business courses.
- Increasing student enrollment in undergraduate programs in science, technology and business at BC post-secondary institutions.
- Increasing research in technology through programs for graduate students.
- Creating partnerships between science and technology students and business students.
- Providing business planning resources for student-developed technologies.

Measure 1A			
Secondary – The number of students that are recipients of BCIC scholarships to enter undergraduate studies.			
2008/09	Future performance targets		
Actual	2009/10	2010/11	2011/12
0	400	500	300

Programs

- Science Achievement Awards
- BCIC Young Innovator Scholarship [undergraduate]
- TRIUMF (Tri-University Meson Facility) Fellowship

Partners

- BC Science Teachers' Association
- TRIUMF (Tri-University Meson Facility)
- Northern Development Initiative Trust
- Southern Interior Development Initiative Trust

Importance of measure

The future of BC's knowledge economy depends on student education and their enthusiasm for science and technology. To realize this, BCIC developed the undergraduate entrance scholarship program which offers the most innovative and entrepreneurial students in BC schools the opportunity to enter science, technology and business programs in the province's post-secondary institutions.

Measure 1B			
Post secondary – The number of undergraduate, graduate students and post-graduates or post-doctorates that have been recipients of programs delivered by BCIC directly or jointly with other partners.			
2008/09	Future performance targets		
Actual	2009/10	2010/11	2011/12
70	500	600	700

Programs

- BCIC Innovation Scholars | BCIC Commercialization Scholars [graduate]
- TRIUMF (Tri-University Meson Facility) Fellowship [undergraduate]
- Paul and Helen Trussell Science and Technology Scholarship [undergraduate – graduate]

Partners

- Precarn Inc.
- Northern Development Initiative Trust
- Southern Interior Development Initiative Trust

Importance of measure

BCIC's graduate scholarship programs increase the number of graduate students who are educated at a high level in technology innovation and entrepreneurship and who will enter careers in BC's technology industries. The programs also provide a point of access to additional resources such as proof of concept development, angel investment and venture capital that lead student innovations to commercialization.

Goal 2: Innovation

Nurturing innovation that will ultimately lead to commercial success stories

To increase the number of innovative ideas that are ready for commercialization, BCIC provides programs and initiatives that invest in the people who will develop new technologies. This promotes a culture of "new ideas" that comes from BC's

BCIC GOALS

education system and industry.

Objectives

- To build programs that encourage development of innovative ideas at all levels of the province's education system.
- To strengthen innovation through the research process and by its application in industry.
- To increase the quantity and quality of innovation in BC research institutions and industry.

Strategies

- Teaming science and technology graduate students to conduct research in technology.
- Developing high-level research teams at BC post-secondary institutions.
- Increasing partnerships between post-secondary institutions and industry.

Measure 2				
The number of business plans, prototypes, businesses and individuals that have been supported by BCIC programs.				
2008/09	Future performance targets			
Actual	2009/10	2010/11	2011/12	
175	80	80	80	

Programs

- BCIC Innovation Scholars | BCIC Commercialization Scholars [graduate]
- New Ventures BC Competition

Importance of measure

It is critical that the province's innovation culture be strengthened and that it motivates students and businesses to develop their ideas towards commercialization. BCIC remains a unique entity providing this vital development.

Goal 3: Commercialization

Strengthening BC's economy by expediting innovative ideas to commercial success

To address the need for commercial success, BCIC's programs and initiatives increase the industrial application of research. BCIC closes the innovation to commercialization gap by establishing a range of business development resources, including access to experts, capital and international markets.

Objectives

- To increase the industrial application of research

innovation, technology transfer and commercialization activities in key sectors of the economy.

- To increase the number of new businesses in the technology sector.

Strategies

- Increasing technology transfer to industry by partnering with research institution industry liaison offices.
- Increasing the engagement of the regional science and technology councils to act as commercialization resources.
- Increasing the number of new ventures by providing business planning and proof of concept development for innovations.
- Strengthening industry sectors by partnering with industry organizations and key industry leaders.

Measure 3A				
Measure: The number of companies that have been created and grown where BCIC programs and BCIC-partnered initiatives have had an impact.				
2008/09	Future performance targets			
Actual	2009/10	2010/11	2011/12	
12	13	12	12	

Programs

- The industry collaboration component of BCIC Innovation Scholars | BCIC Commercialization Scholars [graduate]

Importance of measures

It is imperative that BC is able to expedite the development of innovation to commercialization. Doing so increases the province's economic strength as well as its competitive advantage. BCIC supports technology projects during the research phase and the critical early stages of commercialization. Its programs and initiatives are directed primarily towards proof of concept development and business planning.

Measure 3B				
Measure: The number of domestic and international actions that BCIC develops and participates in and their impact on the BC knowledge economy.				
2008/09	Future performance targets			
Actual	2009/10	2010/11	2011/12	
12	10	8	8	

BCIC GOALS

Partners

- BC Technology Industries Association
- LifeSciences BC
- Wavefront
- New Ventures BC Competition
- ACETECH
- Vancouver Enterprise Forum
- Enterprize Canada Competition
- Northern Development Initiative Trust
- Southern Interior Development Initiative Trust
- Precarn Inc.
- Medicon Valley Alliance
- People's Republic of China, Ministry of Science and Technology

Importance of Measure

BCIC is uniquely positioned to build partnerships on behalf of the Province of British Columbia with industry, academia and other government across Canada and internationally. Through partnerships, BCIC has been able to secure multi-year contributions, continuing programs and initiatives in industry sectors, domestic regions and international markets of strategic need and importance to the province.

Measure 3C			
Measure: The amount of leveraging of core funding that BCIC achieves with partners across all levels of government, institutions and industry.			
2008/09	Future performance targets		
Actual	2009/10	2010/11	2011/12
100:7:1	100:65:20	100:80:20	100:100:20

Ratio=Ministry funding: Other government and other ministry funding: Private sector companies, organizations and individuals
The Ministry funding is expressed as 100 and the following two as a percentage of Ministry funding

Partners

- Precarn Inc. (2007-10)
- Northern Development Initiative Trust (2009-12)
- Southern Interior Development Initiative Trust (2009-12)
- People's Republic of China, Ministry of Science and Technology (2008-10)
- Medicon Valley Alliance Ambassador Programme (2009-12)

Importance of measures

This measure represents BCIC's valuable ability to lever funding through partnerships to secure programs. As a result

of leveraged funds, BCIC is able to offer more value through its funding.

Additional Measure: Awareness

Increased public awareness of science and technology

BCIC, in addition to increasing awareness of its activities, also increases awareness of BC's science and technology achievements provincially as well as internationally. It further increases international market opportunities for BC as a province rich with talent and innovative ideas – a location ideal to do business with. This is an integral part of the Council's activities because it builds a supportive culture for the technology industry.

Objectives

- Increase awareness of BC's science and innovation achievements locally and internationally.
- Increase awareness of the Council's activities and achievements.

Strategies

- Increasing on-line awareness of the Council's activities.
- Increasing media awareness and engagement.
- Increasing the Council's presence at international technology conferences.
- Sponsoring initiatives led by external organizations in the Council's core business areas.
- Increasing the awareness of science and technology excellence through the annual BCIC Awards Dinner.

Measure: The number of activities and exposure generated by BCIC activities, including attraction of key conventions and conferences to BC and working with our partners to grow awareness of BC's knowledge economy.

2008/09	Future performance targets		
Actual	2009/10	2010/11	2011/12
12,534,227	12,000,000*	12,000,000*	12,000,000*
Revised Forecast:	10,000,000	8,000,000	8,000,000

*Revised to reflect the effect of a decrease in budget

Importance of measure

Creating an environment that supports science and technology requires increasing the awareness of multiple audiences. An informed and supportive community nurtures innovation which ultimately leads to more commercial successes resulting in economic benefit for the province.

BCIC GOALS

Additional Measure: Climate Action

Meeting the Provincial Government's Climate Change Initiatives

The Council is committed to reducing greenhouse gas emissions both internally and throughout the province. For example, BCIC requires research institution industry liaison offices and regional science technology councils to plan and report on Climate Action initiatives as a condition of their annual core funding. These initiatives are shared as best practices within their respective networks.

In addition, BCIC supports the development of clean technologies by administering the evaluation process for the ICE II Fund on behalf of government. Technologies developed through this Fund will have regional and eventually global impact.

Objectives

- To reduce greenhouse gas emissions.
- To increase the awareness of staff and public's awareness of the importance of climate initiatives.
- To change the behaviour of British Columbians in order to decrease greenhouse gas emissions.

Strategies

- Brainstorming activities and initiatives to reduce greenhouse gas emissions.
- Implementing activities and initiatives in-house to reduce greenhouse gas emissions.
- Rewarding Council staff whose ideas support the climate action initiative.
- Encouraging all British Columbians to reduce greenhouse gas emissions by setting a good example and providing and/or participating in appropriate programs.

Measure: Number of internal climate change initiatives participated in or developed by BCIC and its staff.

2008/09	Future performance targets		
Actual	2009/10	2010/11	2011/12
10	13	15	15

Measure: Number of external climate change projects adopted or initiated by BCIC that may be suitable for other agencies or business at large.

2008/09	Future performance targets		
Actual	2009/10	2010/11	2011/12
5	6	7	7

Importance of measures

The Government of British Columbia has fully committed to mitigating the effects of greenhouse gas emissions and other pollutants that contribute to climate change and global warming. BCIC recognizes that its contributions as a Crown agency as well those of its clients in the non-governmental sector will be important to attaining the Province's Climate Action targets.

CORE BUSINESS AREAS AND MAJOR INITIATIVES

Activities are accomplished through three functional areas:

- Industry Sector Development
- Programs
- Marketing and Communications

INDUSTRY SECTOR DEVELOPMENT

BCIC's three industry sector directors identify opportunities to encourage recruitment of talent and to enhance innovation and commercialization across the province. To meet these challenges, the sector directors work closely with partners in the development of ideas that will lead to greater wealth creation in the province's technology economy. (For detailed information on the Council's activities please visit: www.bcic.ca).

Life Sciences Sector

BCIC's Life Sciences sector is focused on growing the province's bio-economy. Such work is pivotal because it encourages the use of advanced science and technology across a broad spectrum of provincial expertise. This includes such areas as agriculture, food, biorefining, bioproducts, and health.

For example, the BCIC Commercialization of Agricultural Technology (CAT) Competition bridges the gap between research and industry to increase commercialization potential in the agriculture, food and bioproducts industries. The sector also supported LifeSciences BC in leading a ligno-cellulose based ethanol and chemicals project to assist small and medium enterprises to improve their innovative and competitive positions in the market place.

Ocean Sciences And Energy Sector

BCIC's Ocean Sciences and Energy sector is focused on maritime and port security technologies and ocean energy. To prioritize policy, research and industrial development issues facing this sector, the Council joined forces with the Ocean Renewable Energy Group to develop and produce two international symposia. One symposium was the Pacific Northwest Economic Region (PNWER) Conference. Over 30 alternative energy technology providers from BC were presented to international audiences.

The Council also collaborated with the Canadian Navy in the development of a symposium as part of an international Security Challenge in the Asia Pacific Conference held in Victoria.

Creative Industries Sector

BCIC's Creative Industries sector is focused on industrial design, new media, and wireless technologies. One example is its support of Wavefront, a non-profit commercialization centre accelerating the growth of BC's cluster of more than 1,000 wireless and new media development companies.

BCIC also sponsored conferences organized by ACM SIGGRAPH (Association for Computing Machinery Special Interest Group for Graphics and Interactive Techniques) and the annual Game Developers Conference in California. Both sponsorships increased international awareness of talent available in BC to encourage international companies to do business in the province.

BCIC PROGRAMS

BCIC has launched a range of programs supporting talent development, innovation and commercialization. These programs build on collaborative partnerships within the province's science, technology and business communities and where possible, levered industry and other provincial and federal funds. Program examples include:

Talent Development

BCIC's talent development programs support education and training of students from the primary through to post-secondary levels. Educational assistance encompasses science, technology and entrepreneurship outreach, strategic alliances in The Science Fair Program and the launch of a new undergraduate entrance scholarship program in partnership with two regional development trusts.

The graduate scholarship program supports teams of students with advanced technology innovations, and students studying business to produce business plans for presentation to industry executives and potential investors. In 2008/09 scholarship recipients produced 15 business plans.

BCIC also focuses on talent development for industry professionals. For example, the BCIC Chair in Sales and Sales Management at The University of British Columbia is an example of the Council's focus on the development of much needed senior sales leadership in the technology industry.

Innovation

BCIC's innovation programs support high-level research and innovation in research institutions and industry. The innovations have the potential for industrial application and commercialization for the economic benefit of the province.

CORE BUSINESS AREAS AND MAJOR INITIATIVES

For example, BCIC supports research innovation through the Natural Resources and Applied Sciences (NRAS) Endowment Fund. The fund supports the development of high-level, multi-disciplinary research teams with research programs that will provide economic, environmental and social benefits to BC.

In addition, BCIC encourages student innovations through undergraduate entrance and graduate scholarship programs.

Commercialization

BCIC's commercialization programs encourage entrepreneurship, management and leadership skills. For example, through New Ventures BC, the Council provides training and mentorship for entrepreneurs developing business plans for technology commercialization. In 2008, BCIC awarded three competition finalists a total of \$200,000 for proof of concept development.

BCIC has further plans to increase the number of proofs of concepts developed for the economic benefit of the province.

Regional

BCIC supports the BC Regional Science and Technology Network and each of its nine member councils. In 2008/09, its Shareholder's Letter of Expectations to each of the councils outlined strategic priorities and high-level performance expectations. The Council is committed to three strategic initiatives, specifically increasing: regional participation in Council programs and initiatives; regional participation in the New Ventures BC Competition; and regional participation in science fairs.

International

The Council with partners, organizations and foreign jurisdictions develops strategic alliances and international partnerships. Partner organizations include PNWER and others in the Pacific Northwest.

Through BCIC's partnership with the People's Republic of China, Ministry of Science and Technology (MOST), funding was awarded to 13 BC researchers. These researchers work in teams with their Chinese counterparts funded by MOST. The successful applicants were announced by the Premier in Beijing in May of 2008.

MARKETING AND COMMUNICATIONS

BCIC's Marketing and Communications meets the Council's mandate of encouraging science and technology in the province through two tracks. First, it increases the awareness of achievements of science and technology students,

companies and organizations. It does this with a province-wide perspective, while always seeking and ensuring that regional focus is maintained. Second, the Council markets strategic BC opportunities internationally to promote BC as a lucrative place to do business.

Through its work promoting programs and sector initiatives, the Council provides government and news media with provincial and regional facts, statistics and success stories so they can communicate this information to their own audiences. In addition many of its clients regard the Council sponsored annual Awards Dinner as a highlight of the province's recognition of the importance of the science and technology sector.

The department also maintains the Council's substantial Internet presence.

PRINCIPAL PARTNERS, CLIENTS, STAKEHOLDERS AND MARKETS

The BC Innovation Council develops and implements many of its initiatives in-house. If specialized expertise is required, it may contract out specific tasks. BCIC frequently enters into partnerships with federal and provincial government agencies, research institutions, industry and regional groups to carry out its activities. Partnerships are core to the success of BCIC.

With regards to managing programs and general activities, BCIC strives to approach innovation sector issues using the Innovators' Network, maintaining relationships with industry, academic institutions, government and not-for-profit science and technology organizations.

BCIC could not deliver on its mandate and many programs without the support of a great number of volunteers. While mostly anonymous, they deserve special recognition and our deepest gratitude. They include:

- Scientists and other experts who review proposals, participate in workshops and discussions, and provide expert advice on issues relating to research and scientific merit.
- Representatives from the public service and private research institutions and laboratories who offer their expertise in research, technology transfer and commercialization.
- Prominent BC technology entrepreneurs, who serve on the Board, work on committees and provide advice to new companies.

BCIC is located at:

Leading Edge Technology Centre
1188 West Georgia Street
Vancouver, British Columbia

BCIC is co-located with key industry associations to achieve maximum efficiency in delivery of programs and initiatives (see notes p. 21).

PLANNING CONTEXT AND KEY STRATEGIC ISSUES

BCIC will continue to adjust and finalize programs and their delivery based on the level of funding from government, and based on core government goals and objectives, as outlined in the annual *Shareholder's Letter of Expectations*.

Significant Risks and Opportunities

Given the current economic climate, the knowledge economy will not be unaffected by a general slow-down. However, innovation is widely acknowledged as a major driving force for economic prosperity and the growth of the knowledge economy.

There is a natural continuum from early enrolment in mathematics and science in the education system through various post-secondary institutions to the creation of innovative ideas that ultimately lead to the growth of the economy and commercial success. Each stage of this process of developing economic prosperity for British Columbians is supported by BCIC.

BCIC is at the center of the development of the knowledge economy. Strong partnerships with industry, government and research institutions lead to initiatives that create new opportunities and grow the knowledge economy.

While innovation is often primarily associated with the high-tech sector, it occurs throughout the economy. Growing the knowledge economy does not necessarily depend on a particular concept or idea, but rather on the creation of an environment that encourages and enables innovation and allows it to be translated into commercial success.

BCIC is the government's central agency connecting people, ideas and commercial success. As a Crown agency, BCIC has vital ties to government policy, yet can be nimble and very specific in the targeted delivery of critical initiatives. The Council functions in a relatively stable operating environment, allowing its clients to consider BCIC a solid, resourceful and long-term partner.

POTENTIAL IMPACT OF RISKS AND MITIGATION STRATEGIES

BCIC operates on support from its primary funder, the Ministry of Small Business, Technology and Economic Development. In addition, BCIC is targeting a growing contribution from the private sector, in the form of both financial support and volunteer participation. Further, BCIC leverages funding from its federal government partners, industry associations and other jurisdictions to continually increase its participation in the growth of the knowledge economy.

With the endorsement of the Premier, the 10th Premier's Technology Council Report, the Global Connect Report and the BC Research and Innovation Strategy, BCIC's plans are ambitious, yet achievable. It is important to recognize that building the knowledge economy is a long-term challenge and opportunity. Partners at all levels of government, institutions and the private sector will have to remain committed to growing the knowledge economy. The current economic climate may lead to temporary setbacks and some diversion of attention from the knowledge economy, as a number of sectors in the overall economy face a tough business climate. However, it is important to remember that jobs in science- and technology-based industries contribute to the overall economy at a higher rate than the average job created in BC, and as such, investment in this sector creates a proportionately greater tax-base and accelerates economic growth.

Despite the current economic slowdown that may stretch for several years, BC remains strategically located on the Pacific Ocean, can benefit from the rise in awareness associated with the 2010 Olympic and Paralympic Winter Games and will continue to be a great place to live, work, play and invest.

Internal Operating Issues

The Council's Service Plan presents a financial forecast consistent with previous years to comply with the Crown Corporation Service Plan Guidelines. As BCIC most often operates with partners, collaborators and other organizations, changes within any of these organizations may impact BCIC's initiatives. To reduce such risks, BCIC follows established rules of conduct when entering into agreements with external organizations.

This Service Plan calls for a modest expansion of human resources at BCIC to manage new initiatives and activities. This includes recruitment and retention strategies to keep existing experienced staff and attract strong external candidates as opportunities are identified.

BCIC will continue to work closely with the Ministry of Small Business, Technology and Economic Development and other funding partners to maintain a clear understanding of future projections, aligning capacity and programs in accordance with funding levels.

Key Strategic Issues

BCIC continues to work with industry, government and the province's institutions to identify new opportunities and gaps and will work with its partners to create initiatives and programs that help fill these needs.

To help expand the R&D investment level in the province, as well as BC's research, development and production capabilities, BCIC will review and develop options that maintain a market-based approach. This will include leveraging as a condition of funding. New initiatives will help balance various community needs and policy considerations.

PERFORMANCE MANAGEMENT SYSTEM

BCIC's performance management system is designed to provide efficient and practical measurements of progress in attaining the stated objectives.

As the success of many deliverables are a direct result of collaboration with a great number of parties, it would not be appropriate for BCIC to claim success for itself. Our partners in government, industry and the province's institutions, as well as our international partners, all work together to deliver a strong knowledge economy.

Performance measures will be collected and maintained in-house and reviewed quarterly, or as new data becomes available throughout the year. In cases where the Council supports initiatives implemented by other organizations, the Council will request that appropriate records be maintained and reported back as a condition of support.

The measurements chosen are quantifiable and will measure at the implementation level, rather than the strategic level. This ensures that when targets are met, the objectives and strategies will have been achieved.

SUMMARY FINANCIAL OUTLOOK

The Council's core operations and activities are funded by the Province through the Ministry of Small Business, Technology and Economic Development. BCIC leverages these funds, to secure from other sources, additional funds for projects, programs and initiatives. The other sources may include organizations within the federal and provincial government as well as private, public and not-for-profit science and technology organizations that require the Council's expertise through contract services

Key Forecast Assumption

Actual 08/09 results and forecast revenues are presented under current government financial requirements guidelines. BCIC's three year budget has been reduced from the previous Service Plan, which is reflected in the statement below.

Continued Ministry funding at projected budget levels will result in a significant curtailment to existing programs, as these were previously supported by BCIC's "Surplus & Deferred Revenue" (funds accumulated from past years that were not spent and have been directed to future programs). BCIC will not spend any 'Surplus and Deferred Revenues' in the current plan, beyond fiscal 2009/10.

BCIC does not engage in capital projects and as such does not prepare a Capital Budget or Capital Plan.

The Natural Resources and Applied Sciences Endowment Fund, which is held in trust by BCIC, is external to the Council's normal operations. Programs are delivered by the Council under a Memorandum of Understanding with the British Columbia Foundation for Research, Science and Technology (BCFRST). It is presented as a separate operating segment and its revenues and program expenditures appear in a separate summary chart.

BCIC supports the efforts of the BCFRST Foundation in the design and evaluation of programs. -The first two programs under the NRAS fund were launched this past fall:

- NRAS Research Team Program for accomplished university and institute researchers working on projects with high potential for significant benefit to the province.
- NRAS Private Sector Collaborative Program for researchers in regional and special purpose universities, institutes and colleges working on projects with private sector collaborators.

At this time of writing, BCIC still nominally manages the Advanced Science Institute (ASI), which was one of the two original organizations that were merged to form BCIC. ASI will be dissolved by Order in Council in the coming months and is

dormant at this time of writing.

Forecast Risks and Sensitivities

BCIC is dependent on the Ministry of Small Business, Technology and Economic Development as its principal revenue source. Revenues from all program funders depend on those funders' activities and plans. Any Net Deficit of Revenue over Expense is fully covered by unrestricted net assets and excess deferred revenues that the Council currently carries, and presents no risk with regard to the solvency of the organization.

BCIC is working towards increased levels of funding through leverage with other ministries, levels of government and the private sector. However, should this fail to materialize, BCIC has identified the necessary steps needed to stay within the existing funding envelope, while maintaining to the greatest degree possible a solid return on investment.

SUMMARY FINANCIAL OUTLOOK

Rounded '000	Actual 2007/2008	Actual 2008/2009	Budget 2009/2010	Forecast 2010/2011	Forecast 2011/2012
Operating Revenues					
Ministry of STED (1)					
Annual Funding	4,765,000	5,293,000	4,500,000	4,500,000	4,500,000
Additional Funding	1,140,000	4,000,000	4,000,000	4,000,000	4,000,000
	5,905,000	9,293,000	8,500,000	8,500,000	8,500,000
External Program Funding	942,000	345,000	250,000	300,000	350,000
Internal Program Funding (1)	2,657,000	948,000	2,195,000	-	
Interest & other	1,173,000	217,000	168,000	93,000	93,000
Total Operating Revenues	10,677,000	10,803,000	11,113,000	8,893,000	8,943,000
Operating Expenses					
Programs and Initiatives	5,389,000	11,017,000	5,873,000	3,653,000	4,728,000
Operating/General & Admin	1,677,000	3,086,000	2,800,000	2,800,000	2,300,000
Salaries and Benefits	1,902,000	1,890,000	2,100,000	2,100,000	1,600,000
Rent	184,000	252,000	340,000	340,000	315,000
Total Operating Expenses	9,152,000	16,245,000	11,113,000	8,893,000	8,943,000
Net (Deficit) Revenue over Expense (1)	1,525,000	(5,442,000)	-	-	-
Retained Earnings	-	-	-	-	-
Capital Expenditures	105,000	124,000	226,000	50,000	50,000

Notes:

Note 1: Internal Program Funding and use of revenue over expense is drawn from deferred revenue and contributed surplus balances (balance at Mar 31, 2009: \$13,866,000)

	Actual 2007/2008	Actual 2008/2009	Budget 2009/2010	Forecast 2010/2011	Forecast 2011/2012
NRAS Endowment Fund	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Interest Accumulated, beginning	2,059,000	4,273,000	2,950,000	2,525,000	2,000,000
Annual investment income	2,214,000	1,677,000	1,575,000	1,475,000	1,250,000
Program expenditures	-	(3,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Forecast Interest Balance	4,273,000	2,950,000	2,525,000	2,000,000	1,250,000

BCRSTN – BC Regional Science and Technology Network

The BC Regional Science & Technology Network (BCRSTN) is a not-for-profit society, funded by BCIC, whose members work within their regions to enhance the application of science and technology to aid the growth and development of innovative businesses in regional BC. The members of the BCRSTN have a long standing record of success in building the technology sector outside the Lower Mainland and work with over 30 percent of the technology companies residing in BC. Nine regional science councils serve broad geographic regions from offices located in:

Nanaimo	Mid-Island Science, Technology & Innovation Centre
Kamloops	Interior Science & Innovation Centre
Kelowna	Okanagan Science & Technology Centre
Rossland	Kootenay Association for Science & Technology
Cranbrook	Kootenay Region Innovation Centre
Terrace	Northwest Science & Innovation Society
Prince George	Innovation Resource Centre
Victoria	Vancouver Island Advanced Technology Centre
Fort St. John	Sci-Tech North

Location

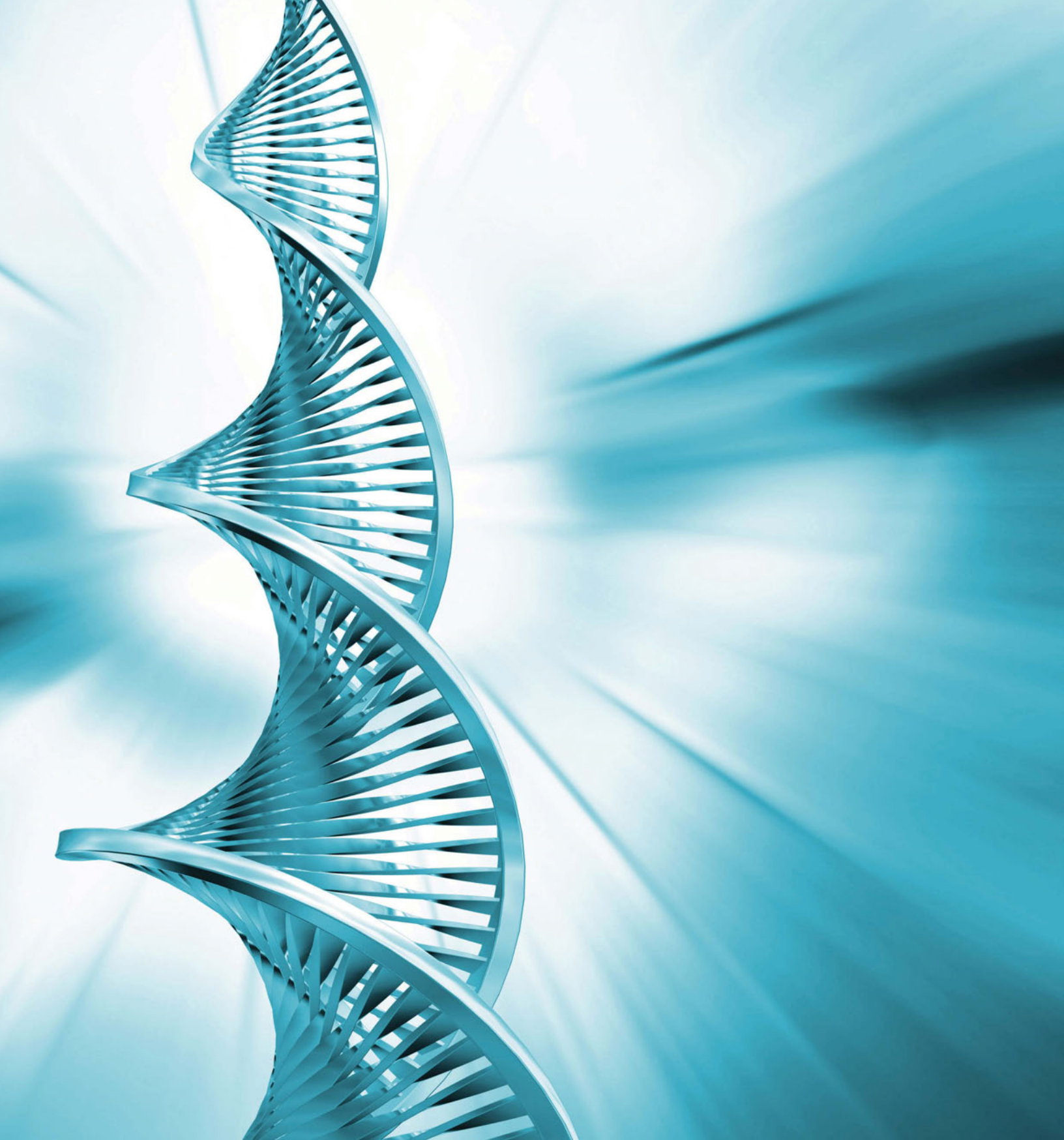
The Council's offices are located at the Leading Edge Technology Centre in downtown Vancouver, where technology industry associations and other complementary organizations are also located. They include:

- Academy for Technology CEOs (AceTech)
- BC Renaissance Capital Fund
- BC Technology Industries Association (BCTIA)
- Leading Edge Endowment Fund
- LifeSciences BC
- National Research Council Canada – Conseil national de recherche Canada (NRC-CNRC)
- National Research Council Canada – Industrial Research Assistance Program (NRC-IRAP)
- Science Fair Foundation BC
- Wireless Innovation Network of BC (WINBC)

Contact Information:

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