



BRITISH COLUMBIA INNOVATION COUNCIL

2010/11 – 2012/13 Service Plan



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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 BC Innovation Council (BCIC), I am pleased to present the organization's Service Plan for the fiscal years 2010/11 to 2012/13.

BCIC is the Province's lead organization with a mandate to promote the development of entrepreneurial talent and the commercialization of technology. In that role, one of the Council's goals is to competitively position British Columbia in today's global knowledge economy which, over the past 18 months, has endured incredible challenges. Volatility in capital and commercial markets have been very difficult for many jurisdictions including British Columbia. In such an environment, it has become more important than ever for an organization such as BCIC to help strengthen and promote economic development in the province. To that end, the Council is focused on growing our science and technology communities. This will result in increased and significant employment opportunities and a high standard of living for British Columbians.

BCIC is in a unique position in its relationships with government, industry and academia to increase the commercialization of technology. The objective is to create jobs and generate revenue for the province where the return on investment is substantial for all regions of British Columbia.

To accomplish this, the Council has refined its mission and strategic framework as a basis for setting all priorities. BCIC will focus its efforts in the following areas:

1. **Entrepreneurial talent development and retention.** BCIC will help to foster an environment that encourages people to become technology entrepreneurs while building the entrepreneurial infrastructure and high quality jobs that will allow them to stay in BC.
2. **Commercialization of Technology.** BCIC is building a network of **incubators** inside educational institutions to train students to be entrepreneurs and launch start-up companies. These students will become the future business leaders of the province who will help drive the provincial economy. Similarly, the Council is building a network of business **accelerators** to rapidly grow early stage technology companies as BC shifts from a resource to a knowledge-based economy. BCIC will also facilitate **partnerships between academia and industry** to solve real world problems through direct and applied research.

BCIC continues to increase the awareness of the province's science and technology sectors and actively helps to position British Columbia as a world-class investment destination. Fundamental to all the activities undertaken by BCIC, is ensuring that the citizens of British Columbia understand how the commercialization of technology helps to significantly advance economic development and job creation in the province.

The 2010/11-2012/13 Service Plan is prepared in accordance with the Budget Transparency and Accountability Act. The Board is accountable for its contents including the selection of performance measures and targets. This Service Plan is consistent with the 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 January 22, 2010 have been considered in preparing this Service Plan.

BCIC is determined to continue to deliver the most productive and efficient programs possible. We appreciate the strong support from government that has enabled us to deliver on our vision. We believe that every dollar expended to foster entrepreneurial activity in the province's technology sector will pay dividends far in excess of the seed monies used to encourage such activity. As a result of the refinement of our mission and strategic objectives, we have modified all of our performance measures this year to clearly reflect the benefits our programs bring to British Columbians. Through this refined focus and with the introduction of new programs, BCIC will be able to significantly promote both entrepreneurial talent and the commercialization of technology in British Columbia.

I would like to thank you for your assistance and advice, as well as that of Deputy Minister Don Fast and Ministry personnel throughout the year. I look forward to our ongoing collaboration as we seek ways to provide the best economic opportunities for British Columbians. I also look forward to continuing to advance BCIC's role in supporting the growth of our knowledge economy to provide a high standard of living for British Columbians.

Yours truly,

A handwritten signature in dark ink, appearing to read 'G. Aasen', written in a cursive style.

Greg Aasen,
Chair, BC Innovation Council

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ORGANIZATIONAL OVERVIEW

The BC Innovation Council is a provincial Crown agency operating under the British Columbia Innovation Council Act (Amended in Bill 15 - 2006).

BENEFITS FOR BRITISH COLUMBIANS

A fundamental function of the Council is to promote economic development. In the context of the Council's mandate, this is best accomplished by training science and technology entrepreneurs to develop successful companies that will create jobs and tax revenues for the province. The Council's programs help train entrepreneurs and monetize research in to commercial ventures. In the process we are also increasing awareness of BC as a viable location for the international business community to invest in.

MANDATE

The Provincial Government has provided the following direction to the Council in order to ensure it fulfils its objectives as stated in Section 3, Objectives of Council, of the British Columbia Innovation Council Act:

- 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. This includes 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 Minister 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 Minister, 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 Minister respecting funding of these proposals.

The Council's actions and decisions shall be broadly guided by the principle of maximizing value for money. This philosophy shall be articulated in both actions and reporting. The activities of the Council shall be compliant with Government's investment principles for the advancement of research and innovation in British Columbia, as articulated in the British Columbia Research and Innovation Strategy.

VISION

A strong and rapidly growing knowledge economy resulting in a better life for all British Columbians.

MISSION

To promote the development of entrepreneurs and the commercialization of technology through start-up companies and partnerships between industry and academia.

VALUES

BCIC's core values guide its operations. They include:

- **Integrity:** The Council is firmly committed to meeting the highest standard of integrity expected by citizens and government alike. As a result BCIC is openly accountable in all its activities by ensuring that efficient, transparent and fair processes are followed.
- **Entrepreneurial Spirit:** Just as BCIC promotes an entrepreneurial spirit amongst those starting ventures in the province, it is committed to fulfilling its own mandate and running its operations with the same entrepreneurial spirit in mind. Being a relatively small agency allows the Council to put creativity and originality at the forefront of its programs.

ORGANIZATIONAL OVERVIEW

- **Results-oriented:** BCIC is very results oriented, gauging its success by the positive outcomes of its activities. The Council is continually monitoring its programs and services with its partners and clients to ensure outcomes clearly fulfil its mandate.

SHAREHOLDER'S LETTER OF EXPECTATIONS

The Shareholder's Letter of Expectations between the Ministry of Small Business, Technology and Economic Development (Shareholder) and BCIC is an agreement on the respective roles, responsibilities and on corporate mandate including high level strategic priorities, public policy issue and performance expectations. For the 2010/11 fiscal year, the Shareholder has directed BCIC to take the following specific actions:

- i. Continue to financially support the University Industry Liaison Offices and the British Columbia Regional Science and Technology Network and its member councils, and ensure their full accountability to the Council and the Shareholder by taking the following actions by October 1, 2010: a) completion of an overall partnership agreement indicating quarterly goals and measures as approved by the Council; b) completed communications letter of expectations, inclusive of the use of a partnership tagline; and, c) completed partnership performance outcomes report;
- ii. Work with the BCFRST Foundation to administer the current suite of programs announced in November 2008 under the \$50 million Natural Resources and Applied Sciences Research (NRAS) Endowment;
- iii. Consult with the Ministry of Small Business, Technology and Economic Development (STED) before any further NRAS programming is considered;
- iv. Develop and implement business incubator and accelerator programs by October 1, 2010 that help to train students to be entrepreneurs and launch promising, small and medium-sized technology companies;
- v. Continue to drive partnerships between academia and industry through directed and applied research projects;
- vi. Engage stakeholders and complete a technology business start-up needs analysis by July 31, 2010 that will help to make efficient use of existing program resources, and improve collaboration among key technology start-up stakeholders including universities, non-profit organizations, industry and individuals;
- vii. Develop and implement a performance measurement tracking system by May 1, 2010 for all of the Council's programs to support the new performance measures that will be introduced in the Council's 2010/11 Service Plan;
- viii. Complete a five-year strategic action plan with performance measures by September 30, 2010;
- ix. Provide advice to the Minister, as requested, in support of the advancement of technology commercialization and the entrepreneurial science and technology culture in British Columbia; and
- x. Work cooperatively with the Premier's Technology Council and the BC Progress Board to advance innovative technology in British Columbia.

CORPORATE GOVERNANCE

The BC 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, 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. 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 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; and,
- 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.

- Committee members: Jock Finlayson, Jill Leversage, Jonathan Burke

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.

- Committee members: Richard Glickman, Greg Kerfoot, Morgan Sturdy

The Programs Committee reviews and approves all major programs BCIC management brings forward for due consideration. The Committee may, from time to time, be the source of new Program ideas and the design thereof.

- Committee members: Greg Aasen, Greg Kerfoot, Alan Winter

The Human Resources and Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the Council's staff policies and practices.

- Committee members: Richard Glickman, Alan Winter, Doug Horswill

CORPORATE GOVERNANCE

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.bcac.ca/about-us/governance>, as well as from BCIC's Chief Financial Officer, Vice President Business Development who keeps a full log and library of all documents related to Council and its activities.

SENIOR MANAGEMENT TEAM

Dean Rockwell – Chief Executive Officer

Lisa Payne – Chief Financial Officer, Vice President Business Development

Lin Kishore – Director, Marketing & Communications

LOCATION

BCIC's office is located at the Leading Edge Technology Centre in downtown Vancouver, where technology industry associations and other complementary organizations are also located. These include:

- Academy for Technology CEOs (ACETECH)
- BC Technology Industries Association (BCTIA)
- Leading Edge Endowment Fund
- LifeSciencesBC
- National Research Council Canada – Industrial Research Assistance Program (NRC-IRAP)
- Science Fair Foundation BC
- Digital Media and Wireless Association of BC (DigiBC)

OVERVIEW OF CORE BUSINESS

BCIC is the Province's lead organization with a mandate to promote the development of entrepreneurial talent and the commercialization of technology to competitively position British Columbia in today's global knowledge economy.

BCIC has created programs supporting talent development and retention and the commercialization of technology. These programs are often partnerships with organizations and academic institutions enabling the Council to cater to the specific needs of technology entrepreneurs.

BCIC's programs focus on sectors where BC has competitive advantages. They include information communications technology, wireless, digital media, web 2.0, video games, digital animation, special effects, clean technology and life sciences.

BCIC PROGRAMS

BCIC has three program areas with programs and initiatives under each to meet its mandate. The program areas are as follows:

1. Entrepreneurial Talent Development and Retention
2. Commercialization of Technology
3. Technology Awareness

1. PROGRAM AREA: ENTREPRENEURIAL TALENT DEVELOPMENT AND RETENTION

BCIC helps to foster an environment that encourages people to become entrepreneurs. BCIC is also helping to create the entrepreneurial infrastructure and high quality jobs that will allow entrepreneurs to stay and succeed in BC. For example:

- **ACETECH's Regional Outreach Program:** BCIC has partnered with ACETECH to deliver their Growth Strategy Program to develop technology CEOs throughout BC. ACETECH delivers programs with best practices, experience based learning and ongoing mentoring exclusively for CEOs of technology companies.

All of the Council's programs related to business incubation and acceleration are heavily oriented toward the development of entrepreneurial talent.

2. PROGRAM AREA: COMMERCIALIZATION OF TECHNOLOGY

BCIC's commercialization of technology program area focuses on building incubators, accelerators and facilitating partnerships between academia and industry to solve real world problems through direct and applied research.

a. Building a network of incubators

BCIC is building a network of incubators inside educational institutions to train students to become entrepreneurs and launch start-up companies. For example:

- **Entrepreneurship@UBC:** BCIC has developed this program at UBC to provide students with mentorship from the business community and an opportunity to start their companies with pre-seed capital from the program's venture fund.

b. Building a network of accelerators

BCIC is also building a network of business accelerators to rapidly grow early stage technology companies through a variety of programs. For example:

- The **New Ventures BC (NVBC) Competition:** BCIC has partnered with NVBC to provide entrepreneurs with the tools and resources needed to successfully take their ideas to the marketplace.

c. Increasing partnerships between academia and industry

BCIC will also be instrumental in increasing partnerships between academia and industry to solve real world problems through direct and applied research. BCIC is currently developing initiatives for launch in fiscal 2010/11.

- BCIC's annual Connect event is currently the flagship for introducing industry people to research teams from academia.

OVERVIEW OF CORE BUSINESS

3. PROGRAM AREA: TECHNOLOGY AWARENESS

Underlying all its programs and initiatives is the Council's intention to increase awareness of BC's science and technology sectors domestically and internationally. BCIC does this by:

a. **Linking BC companies to international growth opportunities**

BCIC links BC technology companies to opportunities that provide international exposure and offer the potential for valuable connections leading to partnerships, collaborations and growth. For example:

- This year, BCIC supported **Metabridge**, an initiative that provides BC technology companies with direct connection and access to key international technology partners for customer, investment, strategic partnerships, mentorship and advisory opportunities.

b. **Increasing awareness of BC achievements**

BCIC increases awareness of the incredible achievements of BC's technology community through prominent recognition events. For example:

- **BCTIA's Technology Impact Awards:** BCIC helps promote and celebrate individuals and organizations that have made outstanding contributions to the development of BC's science and technology industry.
- **Connect and the BC Innovation Council (BCIC) Awards:** BCIC has developed Connect, a unique networking event that provides technology start-ups with access to prominent BC technology leaders to receive valuable feedback and advice. The BCIC Awards are presented at Connect in recognition of outstanding achievement in BC's technology community.

BCIC GOALS AND PERFORMANCE MEASURES

BCIC plays an integral role in helping shape the development of British Columbia's knowledge economy. Because this role is so fundamental for economic development in British Columbia, the Council considers it critical to have accurate performance measures to track its progress in fulfilling its mandate.

GOAL 1: ENTREPRENEURIAL TALENT DEVELOPMENT & RETENTION

Building the entrepreneurial infrastructure and creating high quality jobs for British Columbians

To meet the growing need for highly qualified personnel within BC's technology sector, BCIC fosters an environment that encourages British Columbians to become technology entrepreneurs. BCIC is further helping to build the entrepreneurial infrastructure and create high quality jobs for British Columbians.

Objective

- To improve early stage commercialization skills of entrepreneurs in the BC science and technology community. Examples of these skills include business management, leadership, ability to communicate with investors, customers and other stakeholders.

Strategies

- Identify and provide relevant knowledge and training to support early stage entrepreneurs to commercialize their concepts.
- Partner with educational institutions and industry organizations to provide relevant knowledge and training for early stage entrepreneurs.

Program Example

BCIC has developed a program with the Bootup Entrepreneurial Society, a community-based start-up organization that supports early stage digital media and web 2.0 entrepreneurs. The goal of this program is to increase the number of digital media start-ups that reach commercial success and to raise awareness of BC's burgeoning digital media start-up community locally and abroad.

Measure 1: Action Plans for Technology Entrepreneurs			
The number of Action Plans completed by BCIC for technology entrepreneurs that will directly advance their early stage commercialization skills and improve their chances for commercial success.			
Future performance targets			
2010/11	2011/12	2012/13	
75	77	80	

Description of Measure

This measure records the number of Action Plans developed and completed for early stage entrepreneurs by the Council. An Action Plan is a document describing strategies and next steps as recommended by Council experts to improve entrepreneurs' business plans, enhance their skills and marketability and improve their opportunities to gain access to capital funding. Performance targets are based on similar past Council activities.

Importance of Measure

An Action Plan provides expert advice to help budding entrepreneurs understand what their "best and most important next steps" are in the development of their enterprises. A solid business foundation of key skill sets is vital in the early stages of entrepreneurial development – an area where the Council can provide invaluable advice and guidance. Each technology entrepreneur that receives an Action Plan will have a much greater chance of commercial success, leading to long-term business growth and higher quality jobs for British Columbians.

BCIC GOALS AND PERFORMANCE MEASURES

Measure 2: Satisfaction Rating of BCIC's Programs and Services

The percentage of BCIC clients who are satisfied that the Council's programs and services will help advance the commercialization of their technology.

Future performance targets		
2010/11	2011/12	2012/13
70%	73%	75%

Description of Measure

This measure provides a percentage of the general satisfaction BCIC clients have with the Council's programs. This measure is based on sample surveys where satisfaction is defined as a value of 7 or more on a 10-point satisfaction scale. Performance targets are based on similar past Council surveys.

Importance of Measure:

An important measure of BCIC's success comes from the feedback received by its technology clients who participate in the programs and services offered by the Council. The results will enable BCIC to assess how well it is delivering on its mission. The resulting information will help to shape, refine and improve Council offerings and position BCIC as an integral component to the growth and success of its client companies.

GOAL 2: COMMERCIALIZATION OF TECHNOLOGY

Building incubators, accelerators and facilitating partnerships between academia and industry to strengthen technology commercialization in British Columbia

BCIC is supporting the provincial shift from a resource to a knowledge-based economy by helping to commercialize technology and to effectively strengthen the province's global competitive position. The net result will be a more vibrant economy and more high quality jobs for British Columbians.

Objective

- To increase the number of new businesses in BC's technology sector.
- To increase the growth rate of small- and medium-sized (SME) businesses in BC's technology sector.

Strategies

- Build a network of incubators inside educational institutions to train students to be entrepreneurs and launch start-up companies.
- Build a network of business accelerators to rapidly grow early stage technology companies.

Program Examples

- **Entrepreneurship@UVIC:** This incubator program is a partnership between BCIC and Wesley Clover at the University of Victoria. The programs' mandate is to turn post-secondary students and recent graduates, working in pre-commercialization teams, into entrepreneurs through practical training and mentoring as they develop marketable technology solutions for existing industry problems.
- **BCIC's Annual Connect Event:** This annual networking event provides an unparalleled opportunity for university research teams to meet and connect with industry executives.

BCIC GOALS AND PERFORMANCE MEASURES

Measure 3: Revenue Growth of Technology Companies in BCIC's Programs and Services

Number of technology companies supported through BCIC's programs and services that have grown their revenue by 25% or more.

Future performance targets		
2010/11	2011/12	2012/13
50	53	55

Description of Measure

This measure reflects BCIC's impact on the revenues of technology companies it supports through its programs and services. The measure is tabulated through a survey undertaken by BCIC's program participants. To be included in this measure, participant companies must indicate that their revenue has grown by at least 25% in the current fiscal year due in part to BCIC's support. Survey participants will include all companies participating in BCIC programs and services.

Importance of Measure

BCIC's role in developing and retaining entrepreneurial talent and commercializing technology ultimately increases company revenues, as indicated by this measure. This directly results in more high quality jobs and a better quality of life for British Columbians.

Measure 4: Start-up Growth Components Achieved by Entrepreneurs

The number of key Start-up Growth Components achieved by entrepreneurs who have been directly supported through BCIC's programs and services.

Future performance targets		
2010/11	2011/12	2012/13
122	130	135

Description of Measure

This measure captures key Start-up Growth Components entrepreneurs need to accomplish to effectively commercialize their concepts, paving the way for their early stage growth. These Components can be customized to meet the unique needs of each entrepreneur, such as for their specific industry sector or for their company's life stage. The following are examples of Start-up Growth Components: i) early stage market research plan, ii) IP strategy, iii) revenue model, iv) risk assessments, v) financing plan and vi) strategic selling and sales processes. Please see Appendix A for a complete list of these Components. Performance targets are based on similar past Council activities.

Importance of Measure

It is imperative that BC is able to expedite the commercialization of technology to increase the province's rate of economic growth as well as its competitive advantage. To help accomplish this, entrepreneurs need to have as many key Start-up Growth Components achieved as possible for a solid business foundation for the success of their companies. The higher the number of key Start-up Growth Components achieved by an entrepreneur, the greater their chance of commercial success.

BCIC GOALS AND PERFORMANCE MEASURES

GOAL 3: INCREASE AWARENESS OF BC'S KNOWLEDGE ECONOMY

It is important to increase the awareness of the knowledge economy in BC and its vital role for the future growth of the province. BCIC supports this by increasing the awareness of successful local technology companies and by helping to establish BC as a world class destination for international technology companies to establish a presence.

Objective

- Increase awareness of BC's science and technology sectors and its achievements domestically and internationally.

Strategies

- Develop and promote success stories of BC technology entrepreneurs through print, digital, broadcast and social media, industry associations and other channels.
- Increase the Council's awareness amongst BC's science and technology stakeholders.

Program Example

BCIC will be partnering with industry associations, regional science and technology councils, academic institutions and other organizations to identify and promote technology success stories.

Measure 5: Technology Success Stories Promoted by BCIC		
The number of technology success stories, promoted by BCIC, published through print, digital, broadcast and social media, industry associations and other channels		
Future performance targets		
2010/11	2011/12	2012/13
110	115	120

Description of Measure

This measure captures the reach of BC technology success stories and is a count of the number of stories placed by BCIC through print, digital, broadcast and social media, industry associations and other channels.

Importance of Measure

It is essential to increase the awareness of the economic impact and success of technology companies to encourage new entrepreneurs, motivate existing ones and to create an environment that supports the growth of a knowledge economy. This will ultimately lead to more commercial success stories, greater employment in the sector and increased economic benefits for the province.

PERFORMANCE MANAGEMENT SYSTEM

BCIC's performance management system is designed to provide efficient and practical measurements of the Council's goals. The measurements chosen are quantifiable. This results-focused approach will enable BCIC to see when targets are met, objectives are achieved and assess whether changes to programs and strategies are necessary.

The success of BCIC programs will be measured via the following:

- Surveys: Issued to event participants or attendees. They will be distributed via email following the event or by hand on location to either a random sample of participants or all in attendance.
- Tracking: BCIC will place phone calls to participants to obtain their feedback.

Performance measures will be collected and maintained in-house and reviewed quarterly, or as new data becomes available throughout the year. In cases where BCIC supports initiatives implemented by other organizations, as a condition of support, the Council will require that the same level of tracking and evaluation be implemented and that a report of the results be shared in a timely manner.

BENCHMARKING

As part of BCIC's ongoing effort to improve, it is looking at best practices for comparison to other organizations. As BCIC develops its programs under its refined focus areas, it will investigate several organizations for benchmarking purposes. Organizations investigated will include similar crown corporations in other jurisdictions as well as academic and private organizations focusing on entrepreneurial talent development and the commercialization of technologies.

PRINCIPAL PARTNERS, CLIENTS AND STAKEHOLDERS

BCIC develops and implements many of its initiatives through partnerships. To that end, the Council frequently enters into partnerships with federal and provincial government agencies, research institutions, industry and regional groups to develop its programs.

BCIC also has a unique role in facilitating partnerships, between academia and industry, to solve real world problems through direct and applied research. Such partnerships result in increased commercial activity.

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 core government goals and objectives as outlined in the annual *Shareholder's Letter of Expectation*.

SIGNIFICANT RISKS AND OPPORTUNITIES

The current economic downturn, which is being felt across the globe in all sectors of business, has resulted in a general slow-down in the growth of the knowledge economy. In a volatile and uncertain economic outlook, individuals become more risk adverse and in some cases hesitant to branch out and start their own companies.

It is during these tough economic times when the programs and partnerships supported by BCIC are more important than ever. Innovation and the commercialization of technology are widely acknowledged as a major driving force of economic growth and prosperity. As we turn the corner and make our way into a new decade, BCIC will be at the core of strengthening and developing our province's knowledge economy through its established partnerships with industry, government and research institutions. The net result will be an entrepreneurial infrastructure necessary to support the commercialization of technology.

POTENTIAL IMPACT OF RISKS AND MITIGATION STRATEGIES

BCIC operates with support from its primary funder, the Ministry of Small Business, Technology and Economic Development. In addition, BCIC relies on both the financial support from the private sector and volunteer participation from recognized experts and leaders in their fields. Further, BCIC leverages funding from other sources 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 objective and an opportunity requiring partners at all levels of government, institutions and the private sector to remain committed to its growth. The current economic climate may lead to temporary set-backs, including hesitation from emerging entrepreneurs to launch their start-ups as a number of sectors in the overall economy face a tough business climate. However, it is BCIC's role to remind British Columbians that jobs in science and technology based industries contribute to the overall economy at a higher rate than the average job created in our province. Therefore, investment in these sectors creates a proportionately greater tax-base and accelerates economic growth.

Despite a gloomy outlook in the short term, there is a light at the end of the tunnel. BC remains strategically located on the Pacific Rim (West Coast), earning its reference as Canada's Pacific Gateway and will benefit from the business opportunities and awareness that will result from hosting the 2010 Olympic and Paralympic Winter Games. With world-class infrastructure, central geography and desirable resources, BC will continue to be seen and known as 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 the success of many BCIC programs are contingent on alliances with partners, collaborators and other organizations, changes within any of these entities 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 reflects a reduction of both expenditures and human resources over last year. The Council remains committed to spearhead new initiatives, programs and activities. It should be noted, however, that certain programs will be discontinued due to insufficient funding.

Further, BCIC supports the operations of nine regional science and technology councils and industry liaison offices. 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 and will align capacity and programs in accordance with funding levels.

KEY STRATEGIC ISSUES

The Council continues to work with industry, government and the province's academic institutions to identify opportunities and gaps in its strategies directed at developing entrepreneurs and promoting the commercialization of technologies. Once identified, BCIC will work together with these partners to address these needs through the development of new initiatives or the refinement of existing ones.

To help expand the R&D investment level in the province, as well as BC's research, development and production capabilities, BCIC will identify and develop programs to meet market needs. This will include leveraging our contributions through collaborative partnerships as a condition of funding. New initiatives aligned with our mandate will help balance various community needs and policy considerations.

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 additional funds from other sources for projects, programs and initiatives. The other sources may include organizations within the federal and provincial governments as well as private, public and non-profit science and technology organizations that require the Council's expertise through contract services.

KEY FORECAST ASSUMPTIONS

- The forecast revenues are presented under current government financial requirements guidelines.
- In previous years, the Council was able to use its "Surplus & Deferred Revenue" to support its operations and programming (funds accumulated from past years that were not spent and have been directed to future programs).
- This year, the Council must either use current year funding to continue previous programs where the funding was deferred, or cease the programs.
- The pace of program delivery and activity will not continue at the same rate due to a decline in funding.
- The current forecast reflects the same level of funding as last year without the use of surplus and deferred revenues. The expenditures have been adjusted through a reduction of program delivery; as a result, a number of programs and services will be cutback during the current year.
- The Natural Resources and Applied Sciences Endowment Fund, which is held in trust by BCIC, is external to the Council's core operations. Programs are delivered by the Council under a Memorandum of Understanding with the BCFRST Foundation. It is presented as a separate operating segment and its revenues and program expenditures appear in a separate summary chart.
- Provincial funding is forecast to remain flat. The funding for BCIC is reviewed annually through the budget process.
- Interest rates are set at our current rate ranging from 0.26% on deposit accounts to 0.75% in GIC investments.
- Staff reductions took place in 2009/10, and the number of full time equivalent (FTE) staff is expected to remain unchanged over the next 3 years.
- The Council receives funding from the Province to support nine regional science and technology councils and seven technology transfer offices. The Science and Technology Fund (S&T) transfers remain consistent with the current year; however, these amounts are under review. The forecast includes \$2,951,030 of S&T funding annually.
- A portion (\$1,216,000) of the previous year's operating expenses has been reclassified in the current and future years to Programs and Initiatives.
- The forecast expenditures for the Commercialization of Agricultural Technologies Competition (CAT) competition is \$1,006,000.

FORECAST RISKS AND SENSITIVITIES

If there are changes to the level of funding the Council receives from the Ministry of Small Business, Technology and Economic Development, the Council's ability to leverage Ministry funds to secure additional financing for projects, programs and initiatives from other sources may be affected. Such sources may include various organizations within the federal and provincial governments as well as private, public and non-profit science and technology organizations. Revenues from all program funders depend on those funders' activities and plans.

FUTURE FINANCIAL OUTLOOK

- At the present time, it is assumed that the Council will not be able to access its "Surplus & Deferred Revenue" (funds accumulated from past years that were not spent and have been directed to future programs) and therefore they have not been budgeted for in the Council's forecasts; however, if economic conditions improve, the use of these funds can be reviewed in future years.
- Interest rates are set at our current rate ranging from 0.26% on deposit accounts to 0.75% in GIC investments, although it is likely interest rates will increase over the future periods.
- The S&T Fund transfers remain intact in the current year; however, these amounts will be reviewed if budget conditions change in future years.

SUMMARY FINANCIAL OUTLOOK

SUMMARY FINANCIAL CHART

	Actual 2008/2009	Forecast 2009/2010	Budget 2010/2011	Forecast 2011/2012	Forecast 2012/2013
Operating Revenues					
Ministry of STED (1)					
Annual Funding	5,293,000	4,500,000	4,500,000	4,500,000	4,500,000
Additional Funding	4,000,000	4,050,000	4,000,000	4,000,000	4,000,000
	9,293,000	8,550,000	8,500,000	8,500,000	8,500,000
External Program Funding	345,000	185,000	126,000	210,000	210,000
Internal Program Funding (2)	948,000	2,195,000	-	-	-
Interest & other	217,000	65,000	44,000	45,000	45,000
Total Operating Revenues	10,803,000	10,995,000	8,670,000	8,755,000	8,755,000
Operating Expenses					
Programs and Initiatives	12,233,000	8,079,000	5,670,000	5,690,000	5,616,000
Programs Administration	405,000	459,000	588,000	603,000	618,000
Operating/General & Admin (3)	1,401,000	339,000	260,000	257,000	264,000
Salaries and Benefits	1,890,000	1,791,000	1,796,000	1,842,000	1,887,000
Rent	252,000	254,000	278,000	285,000	292,000
Amortization	64,000	73,000	78,000	78,000	78,000
Total Operating Expenses	16,245,000	10,995,000	8,670,000	8,755,000	8,755,000
Net Income (loss)	(5,442,000)	-	-	-	-
Retained Earnings	7,186,606	6,216,606	6,216,606	6,216,606	6,216,606
FTE #	26	22	22	22	22
Capital Expenditures	124,000	85,000	50,000	50,000	50,000

Notes:

Note 1: S&T funding is \$2,951,030 out of the STED annual base funding provided to BCIC.

Note 2: Internal Program Funding is drawn from deferred revenue (\$1,225,000) and contributed surplus (\$970,000)

Note 3: PTC funding is moved from Operating/G&A to Programs and Initiatives.

Sponsorship and Initiatives budget moved from operations to Programs and Initiatives (\$1M in 2009/10)

Operating expenses were higher in the previous year due to travel (\$100k), consulting (\$500k) and legal/contract fees (\$100k).

Note 4: NRAS is not included in the forecast above

The above financial information, including forecast information, was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP)

SUMMARY FINANCIAL OUTLOOK

	Actual 2008/2009	Forecast 2009/2010	Budget 2010/2011	Forecast 2011/2012	Forecast 2012/2013
NRAS Endowment Fund (4)	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Interest Accumulated, beginning	4,272,764	3,031,420	1,331,420	231,420	131,420
Annual investment income	1,758,656	300,000	900,000	900,000	900,000
Program expenditures	(3,000,000)	(2,000,000)	(2,000,000)	(1,000,000)	(1,000,000)
Forecast Interest Balance	3,031,420	1,331,420	231,420	131,420	31,420

The above financial information, including forecast information, was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP)

APPENDIX A: START-UP GROWTH COMPONENTS

CONCEPT

1. Early stage market research plan
2. Concept description PowerPoint
3. Product positioning statement(s)
4. One page strategic plan (next 12 months)
5. Product or technology focus

RESEARCH

6. Acquiring research customer(s) for market testing
7. Customer pain and demand assessment
8. Competitive analysis
9. Detailed market analysis
10. Business plan PowerPoint (business plan summary)
11. IP strategy (trademarks and patents)
12. Starting a company (trademark name, register company, banking, tax numbers, licenses, permits, company charter and bylaws)
13. Capital or corporate structure
14. Assembling core team
15. IRAP or other sources of government funding (Futureworks, EBC, WD, SRED)
16. Tax jurisdictions (state, provincial, city, federal, capital and permanent residence)
17. Statutory compliance (WCB, labor statutes, licenses, taxes)
18. Compulsory requirements (insurance, bonding, safety, environmental, standards)
19. Identification of the target customer (ideal customer profile)

PROOF OF CONCEPT

20. Secure alpha and beta customers
21. Product commercialization analysis
22. Prototype
23. Business plan
24. Detailed budget and finance plan
25. Key market identification and market size analysis
26. Marketing/sales plan
27. Angel investment PowerPoint
28. Operations
29. Revenue model
30. Pricing strategy
31. Product cost model
32. Warehousing and distribution models

APPENDIX A: START-UP GROWTH COMPONENTS

EARLY TRACTION

- 33. Secure lead customer(s) (early adopters)
- 34. Operations plan
- 35. Business plan executive summary
- 36. Business plan
- 37. 1st or 2nd financing
- 38. Getting or ensuring the right people are “on the bus”
- 39. Key agreements: shareholders agreement, employment, contracts, etc.
- 40. ESOP plan and tracking
- 41. Financing requirements
- 42. Financing plan
- 43. Financing presentation
- 44. Identify and introduce to sources of financing (angels, VCs, strategic partners)
- 45. Debt versus equity analysis

EARLY STAGE GROWTH

- 46. Technology roadmap
- 47. Strategic selling and sales process
- 48. Sales funnel and management
- 49. Channels to market
- 50. Strategic partnerships
- 51. Marketing plan
- 52. Product roadmap
- 53. Branding statements
- 54. Sales plan
- 55. Exit strategy

OPERATIONS

- 56. Operations plan
- 57. Execution plans
- 58. Price elasticity and sensitivity/ability to manage costs
- 59. Capital acquisitions versus leasing options
- 60. Risk assessments
- 61. Cross border transactions
- 62. Financial models
- 63. Budget and cash plan
- 64. Mission, vision and core values
- 65. Purchasing, supply chain and logistics strategy
- 66. Manufacturing or outsourcing strategy
- 67. Quality control and revision or batch management



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